Delek Group

FINANCIAL STATEMENTS

UNAUDITED

AS OF JUNE 30, 2026

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the June 30, 2026, financial report of Delek Group Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on August 19, 2026.

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

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TABLE OF CONTENTS

Delek Group

Chapter

A

Corporate Description

Revised Chapter A (Description of the Corporation's Business) of the Periodic Report for 2025[1] of Delek Group Ltd. (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

(1) On July 10, 2026, the Company completed a restructuring and listing of its holding stake in Delek Leviathan Overriding Royalty Ltd. (hereinafter - the "**Royalty Company**"). Under the process, the Company distributed to all of its shareholders who are entitled to such distribution on the record date, as a dividend in kind, all of the shares of Delek Property Development Ltd., a wholly-owned subsidiary of the Company (hereinafter - "**Delek Development**"), such that Delek Development became a sister company of the Company, held by the same shareholders at holding stakes identical to their holdings in the Company. Subsequent to the abovementioned distribution, the Company's entire holding stake in the royalty company were transferred to Delek Development, such that at the conclusion of the process, Delek Development holds directly the entire issued and paid-up share capital of the Royalty Company, and Delek Development's shares were listed on the TASE. For further details, see the Company's immediate reports dated May 28, 2026 (Ref. No.: 2026-01-049868); dated May 29, 2026 (Ref. No.: 2026-01-050900); dated July 1, 2026 (Ref. No.: 2026-01-061986); dated July 1, 2026 (Ref. No.: 2026-01-061992); dated: July 1, 2026 (Ref. No.: 2026-01-061993) and dated July 12, 2026 (Ref. No.: 2026-01-065772), the details of which included herein by way of reference, as well as Note 3(d) to the Company's financial statements as of June 30, 2026.

(2) Further to the approval of the Company's General Meeting on July 1, 2026, a 1:10 split of the Company's share capital was executed, such that as of the effective date, i.e., July 19, 2026, each one (1) ordinary share with a par value of NIS 1, and each one (1) preferred share with a par value of NIS 1, were split into ten (10) shares with a par value of NIS 0.1 each (hereinafter - the "**Split**"). Trading of the Company's share subsequent to the Split commenced on July 20, 2026. For further details regarding the division and modification of the Company's Articles of Association, accordingly, see the Company's immediate reports dated May 20, 2026 (Ref. No.: 2026-01-046685); dated July 1, 2026 (Ref. No.: 2026-01-062269); dated July 2, 2026 (Ref. No.: 2026-01-062407); dated July 2, 2026 (Ref. No.: 2026-01-062403); and dated July 19, 2026 (Ref. No.: 2026-01-0668421), the details of which included herein by way of reference.

(3) On June 23, 2026, the Company approved the expansion of the Company's share Buyback Plan of March 25, 2026, as detailed in Section A to the revised Part One of Chapter A (Description of the Corporation's Business) to the First Quarter 2026 Report (hereinafter - the "**Previous Buyback Plan**"). Under the abovementioned expansion, an additional budget of up to NIS 100 million was approved for buyback of the Company's shares for a period from June 23, 2026 to December 31, 2026 (hereinafter - the "**Buyback Plan Expansion**"). During the second quarter and subsequent to the balance sheet date, the Company acquired (through a 100% subsidiary partnership) 122,371 shares (before the Split) worth NIS 100 million by virtue of the Previous Buyback Plan and utilized 100% of its buyback capacity. Subsequent to the balance sheet date and through the report publication date, the Company acquired (through a 100% subsidiary partnership) 8,910 shares of the Company (before the Split) for a total consideration of approx. NIS 7 million by virtue of the Buyback Plan Expansion. For further details, see the Company's immediate reports dated June 24, 2026 (Ref. No. 2026-01-059221) and dated July 19, 2026 (Ref. No. 2026-01-068429), the details of which are included herein by way of reference.

(4) On July 9, 2026, the Company approved the cancellation of 300,830 dormant shares held directly by it. For further details, see the Company's immediate report dated July 9, 2026 (Ref. No. 2026-01-065482) and dated July 9, 2026 (Ref. No. 2026-01-065487), the details of which are included herein by way of reference.

(5) For details regarding changes in the holdings of interested parties in the Company, see the Company's immediate reports dated July 14, 2026 (Ref. No.: 2026-01-066617) and July 19, 2026 (Ref. No.: 2026-01-068429), the details of which included herein by way of reference.

[1] The update contains material changes or developments in the Company's business in the second quarter of 2026 and up to immediately prior to the date of this report, in any matter requiring disclosure in the Periodic Report and which was not updated in the quarterly report for the first quarter of 2026, as published on May 20, 2026 (Ref. No.: 2026-01-046633) (hereinafter - the "**First Quarter 2026 Report**"). The update refers to the section numbers in Chapter A (Description of the Corporation's Business) in the 2025 Periodic Report, as published on March 25, 2026 (Ref. No. 2026-01-026822) (hereinafter - the "**Periodic Report**") and supplements the content disclosed therein.

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

(1) Further to the provisions of Section A(1) above, on July 1, 2026, the Company announced the distribution of all of its holdings in Delek Property Development Ltd., as a dividend in kind, to the Company's shareholders. The record date for distribution was July 8, 2026 and the distribution date was July 9, 2026. For further details see the immediate reports issued by the Company on July 1, 2026 (Ref. No.: 2026-01-061993), the information in which is included herein by way of reference.

(2) On May 20, 2026, the Company declared a dividend distribution totaling NIS 250 million, which was paid in June 2026. For further details see the immediate reports issued by the Company on May 20, 2026 (Ref. No.: 2026-01-046640), the information in which is included herein by way of reference.

Part Two – Other Information:

Referring to Section 1.6.6 and 1.7.2(h) – the Iron Swords War and the Security Situation

As of the report approval date, the military conflict between the United States and Israel with Iran, which began on February 28, 2026 with a combined attack against Iran has not yet ended. During the abovementioned conflict, a temporary ceasefire was reached, and on June 18, 2026, the United States and Iran signed a memorandum of understanding aimed at ending the conflict and reopening the Strait of Hormuz. However, the situation remains unstable and a permanent settlement has not yet been reached between the relevant parties. In addition, a ceasefire agreement was reached between Israel and Lebanon, and concurrently, talks are being conducted between the United States, Israel, and Lebanon aimed at reaching a permanent agreement. As of the report approval date, there is no certainty that the fighting against Iran or Lebanon will not resume in the near or long term.

Following the effects of the conflict with Iran, and in view of the signing of the abovementioned memorandum of understanding between the United States and Iran on June 18, 2026, and the resulting increase in shipping traffic in the Strait of Hormuz, and assuming that most of the crude oil production activities will return to pre-conflict average levels by the end of 2026 and that most of the suspended production will resume in the first quarter of 2027, the United States' Energy Information Administration (EIA) revised its forecast for the average price of Brent crude for 2026 to approx. USD 82 per barrel under a review of July 2026.

It is noted that the revenue forecast for 2026 from the sale of natural gas and condensate from the Leviathan Project (100%), with respect to 2P reserves, as included in the reserves, contingent resources, and discounted cash flows report published by the Company in an immediate report dated January 19, 2026 (Ref. No.: 2026-01-007472), was calculated, among other things, based on the assumption that the average Brent crude price in 2026 will be USD 63 per barrel, and accordingly, the total revenue forecast for this year was calculated at approx. USD 2.55 billion (hereinafter - the "**Original Calculation**"). In the First Quarter Report it was noted that based on the Original Calculation, taking into account actual sales in January-April 2026, and based on an average Brent crude price of approx. USD 90 per barrel through the end of 2026 (without change to any other assumptions), the revenue forecast calculation for 2026 totaled approx. USD 2.88 billion (i.e., additional revenue of approx. USD 330 million compared to the Original Calculation). It is noted that as of the report approval date, taking into account actual sales in January-July 2026, and based on an average Brent crude price of approx. USD 82 per barrel through the end of 2026 (without change to any other assumptions), the revenue forecast calculation for 2026 totals approx. USD 2.74 billion (i.e., additional revenue of approx. USD 184 million compared to the Original Calculation).

It should be clarified that the foregoing constitutes forward-looking information, as defined by the Securities Law, 1968 and is based on various assumptions and estimates, including the assumption on the price of a Brent oil barrel, as stated, whose materialization is uncertain. It is further clarified that actual revenues may differ materially from the abovementioned estimate, due to, among other things, changes in energy prices, actual selling prices, production and sales volumes, market and regulatory conditions, geopolitical developments and actual project performance.

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

A. 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 August 13, 2026, the Partnership announced a profit distribution totaling USD 60 million (hereinafter - "**USD**"); the record date for the distribution is August 24, 2026. The profit distribution will take place on September 3, 2026. The Company's share of the distribution is approx. USD 32.5 million.

(2) Referring to Section 1.7.4 to the Periodic Report - Leviathan Project

Further to Sections 1.7.4(b)(15)(d) and 1.7.29(b) to the Periodic Report regarding the intention to conduct a three-dimensional seismic survey in the Leviathan Reservoir, including, among other things, for the purpose of locating deep target exploration prospects in the Leviathan Leases, it is noted that on July 9, 2026, the Leviathan partners approved the execution of the abovementioned survey, with a budget of approx. USD 68.8 million (100%, the Partnership's share - approx. USD 31.2 million), whose main objective is to improve the existing data with respect to the reservoir. It is also noted that according to the planned schedules, the survey is expected to begin during September to October 2026 and last several months.

(3) Referring to Section 1.7.5 to the Periodic Report - Interests in Cyprus

(a) Further to the provisions of Section 1.7.5(k) to the Periodic Report and further to the provisions of Section A(3) to the revised Part Three to Chapter A (Description of the Corporation's Business) to the First Quarter 2026 Report regarding the initialing of a memorandum of understanding for the sale of the entire producible natural gas quantities from the Aphrodite Reservoir located within Block 12 in Cyprus (hereinafter - the "**Aphrodite Reservoir**") between the interest holders in the Aphrodite Reservoir, the Cyprus Hydrocarbon Company and the Egyptian Natural Gas Holding Company (hereinafter - the "**EGAS**" and the "**Memorandum of Understanding**", respectively), and the host government agreement (hereinafter - the "**HGA**") between the interest holders in the Aphrodite Reservoir and AMC (as defined in the Company's immediate report dated April 9, 2026, (Ref. No.: 2026-01-032473) and the Egyptian Government with respect to a project for the development of a gas transmission system within Egypt's maritime zone to the EGAS, it is noted that on July 22, 2026, the Partnership received the fully signed Memorandum of Understanding, and that in the opinion of the Aphrodite Reservoir operator - Chevron Cyprus Limited - the HGA will be fully signed in the forthcoming weeks. For further details, see the immediate reports issued by the Company on July 22, 2026 (Ref. No.: 2026-01-069627), where the information appearing in said report is included herein by way of reference.

(b) In accordance with the announcement by Royal Dutch Shell Plc. (hereinafter - "**Shell**"), Shell entered into a transaction to sell all of BG Cyprus Limited's interests in the Aphrodite Reservoir (35%) to MOL Group. For further details see the immediate reports issued by the Company on July 31, 2026 (Ref. No.: 2026-01-072381), where the information appearing in said report is included herein by way of reference.

(4) Referring to Section 1.7.6 to the Periodic Report - Yam Tethys Project

Further to Section 1.7.6(a) to the Periodic Report, regarding the letter of the Petroleum Commissioner (hereinafter - the "**Commissioner**") of September 21, 2025, in which he invited the Yam Tethys Project partners and the Tamar Project partners to present their position with respect to the decommissioning of the Yam Tethys platform, it is noted that on June 25, 2026, Chevron, the operator of the Yam Tethys Project and the Tamar Project informed the Commissioner that it intends to decommission the Yam Tethys platform in 2028, subject to agreements to be reached between the Yam Tethys Project partners and the Tamar Project partners, including, among other things, with respect to the schedules and allocation of such decommissioning costs.

(5) <u>Referring to Section 1.7.7 to the Periodic Report - Right to Overriding Royalties from the Tanin and Karish Leases</u>

Further to the provisions of Section 1.7.7(a) to the Periodic Report, regarding the overriding royalties to which the Partnership is entitled from the Tanin and Karish leases, it is noted that Energean Israel Ltd. (hereinafter - "**Energean**") informed the Partnership that the investment recovery date with respect to the Karish Lease occurred during June 2026, and that accordingly the overriding royalty rate declined from 5.12% to 2.47% as from that date. The Partnership intends to review the underlying calculation of the abovementioned assessment through its external advisors. For further details, see Note 4(g) to the Company's Financial Statements as of June 30, 2026.

(6) <u>Referring to Section 1.7.9 to the Periodic Report - Exploration licenses in Cluster "I" in the area of Blocks 4, 5, 6, 7, 8 and 11 in the EEZ of the State of Israel (hereinafter - the "Cluster I Licenses")</u>

Further to the provisions of Section 1.7.9(c) to the Periodic Report regarding the intention of the partners in the Cluster I Licenses to engage with an international supplier to conduct an integrated two-dimensional and three-dimensional seismic survey, it is noted that in July 2026 the operator in the Cluster I Licenses entered into engagement with such a supplier, such that the survey is expected to start during September 2026 and last approx. 3 months. It is further noted that the total budget approved for the survey by the partners in the Cluster I Licenses is approx. USD 22 million (100%, the Partnership's share - approx. USD 7.3 million).

(7) <u>Referring to Section 1.7.14 to the Periodic Report - Agreements for the Supply of Natural Gas from the Leviathan Project</u>

(a) Further to the provisions of Section 1.7.14(c) to the Periodic Report regarding the amendment to the agreement for the export of gas from the Leviathan Reservoir to Blue Ocean Energy in Egypt (hereinafter - "**Blue Ocean**"), it is noted that upon completion of the Combined Section project, as detailed in Section 8 below, all conditions were met under the said amendment to the agreement for increasing the daily quantity of gas that the Leviathan Partners are required to supply to Blue Ocean under the First Tranche. For further details see the immediate reports issued by the Company on July 9, 2026 (Ref. No.: 2026-01-065227), where the information appearing in said report is included herein by way of reference.

(b) On May 19, 2026, the Partnership and Ratio Energies - Limited Partnership (hereinafter - the "**Sellers**") entered into an agreement with Dalia Energy Companies Ltd. (hereinafter - the "**Acquirer**") for the supply of natural gas from the Leviathan Project. For further details, see the immediate reports issued by the Company on May 20, 2026 (Ref. No.: 2026-01-046647), where the information appearing in said report is included herein by way of reference.

(c) During the second quarter of 2026 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.

(d) As of the report approval date, the Partnership continues to conduct negotiations, at various stages, with other potential customers in the local market, including independent power producers, subject, among other things, to the supply capacity of the Leviathan Project.

(8) <u>Referring to Section 1.7.15(b) to the Periodic Report - Export</u>

Further to the provisions of Section 1.7.15(b)(2)(a) to the Periodic Report and further to the provisions of Section A(7) to the revised Part Three of Chapter A (Description of the Corporation's Business) of the First Quarter 2026 Report, regarding a project executed by Israel Natural Gas Lines Ltd. (hereinafter - "**INGL**") for the laying of a subsea pipeline in the offshore transmission section between Ashdod and Ashkelon (hereinafter - the "**Combined Section**"), and regarding the delay in completing its construction, it is noted that on July 8, 2026, the operator received INGL's notice according to which the commissioning hot tests were completed and the piping of natural gas in the Combined Section has commenced. For further details see the immediate reports issued by the Company on July 9, 2026 (Ref. No.: 2026-01-065227), where the information appearing in said report is included herein by way of reference.

(9) Referring to Section 1.7.17 – Competition

Further to the provisions of Section 1.7.17(b) to the Periodic Report, regarding the notice issued by the Minister of Energy and Infrastructure (hereinafter - the "**Minister of Energy**") on February 25, 2026 regarding the launch of a fifth tender for natural gas exploration in Israel's exclusive economic zone, it is noted that such a tender was published on July 6, 2026, in which 5 clusters at a total area of approx. 7,100 sq. km, are proposed for exploration (instead of 6 clusters at a total area of approx. 8,600 sq. km, as noted in the abovementioned notice). In accordance with the published schedule, the deadline for submitting questions is September 15, 2026, the submission of bids is expected to open on September 23, 2026, and close on November 11, 2026, and the announcement of the winning bids and the award of the licenses are expected during the period from December 2026 to the first quarter of 2027. The bids will be scored based of the quality of the proposed work plan and a signing bonus, and the tender's rules were formulated with the support of the Israel Competition Authority. It is further noted that, in accordance with an opinion of the Israel Competition Authority published with respect to the tender, the Partnership is included in the third rating group, which represents the lowest priority. The Partnership is studying the abovementioned opinion and is looking into its options.

(10) Referring to Section 1.7.23 to the Periodic Report - Financing

(a) General

(1) On July 7, 2026, Midroog Ltd. published an updated rating report for the Partnership, according to which the Partnership's rating is A1.il with a stable rating outlook.

(2) The Partnership is weighing the possibility of issuing to the public two series of new Debentures (Series B and C), which will be listed for trading on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**TASE**"). The issuance of the debentures by the Partnership, if and to the extent it is executed, will be carried out by way of a uniform offering,[2] through a tender for the annual interest rate to be borne by the debentures, according to the shelf offering report to be published by the Partnership, pursuant to the Partnership's shelf prospectus. It should be clarified that, as of the Report approval date, there is no certainty that such an issuance will indeed be executed, that this report does not constitute an indication or create any obligation of the Partnership to execute it, and that the aforesaid does not constitute an offer to the public or a solicitation to purchase the Partnership's securities.

(b) Leviathan Bond debentures

Further to the provisions of Section 1.7.23(b) of the Periodic Report and Section 8(a)(3) of the revised Part Three of Chapter A (Description of the Corporation's Business) of the First Quarter 2026 Report, regarding the plan to buy the debentures issued by Leviathan Bond Ltd., a wholly-owned subsidiary of the Partnership, to foreign qualified investors and in Israel, listed on the Tase TACT Institutional System (hereinafter - the "**Debentures**"), as approved by the Partnership's Board on January 6, 2026, for an aggregate total of up to USD 100 million, for a period of two years (hereinafter - the "**Partnership's Buyback Plan**"), it is noted that through the report approval date, the Partnership has executed buybacks, in accordance with the Partnership's Buyback Plan totaling approx. USD 57.7 million p.v. of debentures.

[2] As this term is defined in the Securities Law, 1968, and in the Securities Regulations (Manner of Offering Securities to the Public), 2007.

(c) Credit facilities

(1) Further to that which is stated in Sections 1.7.23(c)(1), 1.7.23(c)(2) and 1.7.23(c)(3) to the Periodic Report, with regard to agreements signed for the provision of credit facilities from 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, details regarding the abovementioned financial covenants appear below, in accordance with the data in the Partnership's Consolidated Financial Statements as of June 30, 2026:

Covenant	Calculated value as of June 30, 2026
The ratio between the Partnership's asset value and its net financial debt must not fall below the following ratios: for net financial debt of up to USD 2.5 billion – no less than 1.5; for any additional net financial debt exceeding USD 2.5 billion and not exceeding USD 2.75 billion – no less than 2.5; and for any additional net financial debt exceeding USD 2.75 billion – no less than 4.1, on two consecutive specified dates	The Partnership's net financial debt is lower than USD 2.5 billion, and the said ratio stands at approx. 4.44
The Partnership's (separate) liquidity shall not fall below USD 20 million	Approx. USD 603 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 excess sources ratio will not be negative	Not negative

(2) Further to the provisions of Section 7.21.31.7.23(c)(3) to the Periodic Report, regarding an agreement for the provision of credit facilities by an Israeli Bank as signed by the Partnership, it is noted that through the report approval date the Partnership withdrew, in several drawdowns, a total of USD 150 million, out of a total of USD 500 million.

(11) <u>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</u>

(a) Further to the provisions of Section 1.7.26(k)(6) to the Periodic Report regarding the Policy Background Paper published by the Ministry of Energy and Infrastructures (hereinafter - the "**Ministry of Energy**") with respect to the use of subsoil for reaching zero emissions of greenhouse gas under carbon dioxide storage or sequestration operations, it is noted that on July 16, 2026, a draft bill to amend the Mines Ordinance (Storage of Substances), 2026 was published for public comment. The draft bill is open to public comments until August 20, 2026, and its purpose is to create a regulatory framework for promoting subsoil storage, including carbon dioxide sequestration, natural gas and hydrogen storage, and the use of subsoil for energy production purposes. Under the draft bill, it is proposed, among other things, to regulate the award of exploration permits and licenses to identify suitable geological structures, as well as the award of a certificate of discovery and storage rights. With respect to storage of natural gas and hydrogen, it is proposed that the certificate of discovery be awarded by the Director General of the Natural Gas Authority, with the approval of the Commissioner with respect to the geological aspects, and that the storage be conditional on obtaining a storage license under the Natural Gas Sector Law, 2002. It is also proposed to vest in the Minister the power to award, under the conditions set in the draft law and without a tender or other public procedure, a permit to conduct a pilot test for the storage of natural gas or hydrogen, including, among other things, to a holder of a lease if the reservoir where the pilot is requested is located within the lease area and is in effect.

(b) Further to the provisions of Section 1.7.26(m) to the Periodic Report regarding the Overview of the Natural Gas Sector for 2024, it is noted that on June 3, 2026, the Natural Gas Authority published the Overview of the Natural Gas Sector for 2025. According to the review, in 2025 consumption of natural gas - in the domestic market and for export purposes - totaled approx. 26.8 BCM, of which approx. 14.4 BCM were consumed in the domestic market and approx. 12.4 BCM were exported. It was further noted that in 2025 natural gas accounted for approx. 74% of Israel's electricity generation mix. Among other things, the review refers to the ongoing development of the transmission infrastructures, including the Combined Section and the Ramat Hovav-Nitzana exports pipeline project, and the expansion of production capacity in the Leviathan and Tamar reservoirs, which is expected, according to the review, to enhance redundancy and energy security in Israel.

(c) Further to the provisions of Section 9(b) to the revised Part Three of Chapter A (Description of the Corporation's Business) of the First Quarter 2026 Report, regarding the publication of the draft for public comment of the Natural Gas Sector Regulations (Management of the Natural Gas Sector in an Emergency Situation) (Amendment No. 1), 2026, which includes amendments to the existing regulations of 2017, it is noted that on July 14, 2026, the Government approved the Natural Gas Sector Regulations (Management of the Natural Gas Sector in an Emergency Situation) (Amendment), 2026, which were published in the Official Gazette on July 19, 2026 (hereinafter - the "**Amendment to the Regulations**"). It is clarified that the amendment to the Draft Regulations is not identical to the version of the draft regulations published for public comment on March 26, 2026 as stated above. The Amendment to the Regulations includes, among other things: (1) The cancellation of the arrangements applicable in a situation where there is a single significant gas field and the application of a uniform mechanism for managing the natural gas sector during a state of emergency; (2) The establishment of an obligation on any natural gas supplier capable of actually supplying natural gas to offer for sale to consumers the remaining natural gas it is able to produce and supply; (3) The establishment of a mechanism for allocating natural gas during a shortage, according to which priority will be given to Israeli domestic market consumers (according to a predetermined hierarchy), and export will be permitted only with respect to the quantity remaining after such allocation; (4) The establishment of a mechanism regarding the price of natural gas to be sold during a state of emergency, according to which, in the event of a binding agreement and with respect to the quantity stipulated therein, the price stated in the agreement will apply, whereas with respect to a quantity for which there is no binding agreement, the price will not exceed the latest general average quarterly natural gas price published by the Natural Gas Authority; (5) The establishment of reporting obligations regarding the supply and consumption capacity of natural gas during a period declared as a state of emergency in the natural gas sector; and (6) The extension of the term of the Minister of Energy and Infrastructures' directives under Regulation 8 (Powers in Special Situations) from 5 to 8 days.

(d) On June 24, 2026, the State Comptroller's report was published on the subject of Securing the Natural Gas Needs of the Israeli Economy. The report addresses, among other things, the policy of securing natural gas reserves for the domestic market, the natural gas export policy, natural gas demand forecasts, the development of additional supply sources, and backup infrastructures and redundancy in the natural gas sector. Under the report, the State Comptroller recommended, among other things: (1) That the Dayan Committee consider recommending that the Government discuss narrowing the gap between the forecast demand of the domestic market and the gas supply, by utilizing the remaining available gas of approx. 105 BCM, as long as it is expected that demand will exceed the required reserve until 2048; (2) That the Dayan Committee reassess the natural gas needs of the domestic market over a 25-year period, including by taking into account revised demand forecasts; (3) That the Ministry of Energy and the National Economic Council, in consultation with government entities and relevant entities in the electricity sector, optimize the economic model for assessing the gas policy, including with respect to the reserve obligation, the costs associated with bringing forward the construction of importation infrastructures, and the costs of potential supply interruption; (4) That the Ministers of Energy, Finance, and Foreign Affairs and the National Security Council perform staff work to assess the natural gas export approval mechanism, such that it accounts for all considerations and economy-wide effects; (5) That the Ministry of Energy publish the criteria and considerations for awarding export permits, including the effects of exports on energy security, competition, gas prices in the domestic market, and the geopolitical conditions, and assess the claims by the gas partnerships regarding export permits; (6) that the Ministry of Energy act to regulate a natural gas sector which is as competitive as possible, and ensure, when approving additional export volumes, that the needs of the domestic market are met, that the natural gas price is appropriate, that regulatory certainty is maintained, and that the public interest be taken into account in future negotiations between the IEC and the gas partnerships; (7) That the Ministry of Energy look into the reasons for the failure to utilize prospective resources and act to utilize them where there is technical and economic feasibility to do so, and examine, in collaboration with the Israel Competition Authority, the restrictions applicable to the participation of gas partnerships in exploration procedures and the effects of export permits on the economic viability of new explorations; and (8) That the Ministry of Energy establishes incentive mechanisms for the development of small reservoirs in accordance with an assessment of economic viability from an economy-wide perspective.

(e) On July 5, an ordinance regarding Engagement in Natural Gas (Judea and Samaria) (No. 2300), 2026 was signed, which regulates the engagement in the construction and operation of natural gas transmission systems and distribution networks in the Judea and Samaria region. The ordinance entered into effect on its signing date. The ordinance stipulates, among other things, that a transmission license holder under the Natural Gas Sector Law will be awarded a permit to engage exclusively in the construction and operation of a transmission system in the region, in accordance with the terms of its transmission license, mutatis mutandis, and that such a license holder will be awarded a license or a distribution permit in the region, in accordance with the conditions set in the ordinance. The ordinance also includes provisions regarding the terms of licenses and permits, business continuity, construction of gas facilities, provision of services without discrimination, tariffs, supervision and enforcement.

(12) Referring to Section 1.7.27(i) to the Periodic Report - Payment of Royalties to the State and Undertaking to Pay Royalties to Related and Third Parties

(a) Further to the provisions of Section 1.7.27(i)(3) to the Periodic Report, regarding the draft royalty audit reports of the Tamar Project for 2019-2020, which were delivered by the Ministry of Energy to the Tamar Project operator in February 2025, it is noted that in May 2026, the Ministry of Energy delivered final audit reports to the Tamar Project operator for 2019-2020, in accordance with understandings reached between the parties on the matter. Based on the abovementioned final audit reports, the Partnership is expected to pay immaterial amounts to the state and royalty holders for 2019-2020.

(b) Further to Section 1.7.27(i)(4) to the Periodic Report regarding the investment recovery date with respect to the Leviathan Project, it is noted that, according to an up-to-date assessment of the Partnership's management, such investment recovery date occurred during July 2026. It is clarified that the investment recovery date is affected by various factors (including gas and/or condensate prices, the production rate, production and development costs), and is also subject to the approval of the investment recovery date calculation in an audit procedure by the Partnership's independent auditors, which has not yet been completed, and approval by the Partnership’s competent organs.

(13) Referring to Section 1.7.28 to the Periodic Report - Legal Proceedings

For details regarding developments in the material legal proceedings to which the Partnership is a party, see Note 6 to the Company's Financial Statements as of June 30, 2026.

(14) **Natural gas and condensate production data from the Leviathan Project for the first and second quarters of 2026**:[3, 4]

		Q1		Q2	
		Natural gas	**Condensate**	**Natural gas**	**Condensate**
Total output (attributable to the holders of the Company's equity interests) in the period (in MMCF for natural gas and Mbbl for condensate, as the case may be)		16,535.93	29.28	23,495.78	46.10
Average price per output unit attributable to the holders of the Company's equity interests (USD per Mcf and bbl, as the case may be)		5.29	69.44	6.68	75.08
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 the holders of the Company's equity interests) (USD per Mcf and bbl, as the case may be)	The State	0.54	7.14	0.72	8.12
	Third parties	0.13	1.71	0.17	1.95
	Interested parties	0.07	0.86	0.09	0.97
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 bbl, as the case may be).		0.12	1.57	0.16	1.78
Average production costs per output unit (attributable to the holders of the Company's equity interests) (USD per Mcf and bbl, as the case may be)[5,6]		1.07	8.07	0.92	7.51
Average net proceeds per output unit (attributable to the holders of the Company's equity interests) (USD per Mcf and bbl, as the case may be)		3.60	53.23	4.94	58.31

B. Foreign Energy Segment

Referring to Section 1.8.1 to the Periodic Report - The Company's Holdings in Ithaca Energy Plc (hereinafter - "Ithaca")

(1) In August 2026, Ithaca approved a profit distribution of USD 255 million, which will be carried out in September 2026. The Company's share of the distribution is approx. USD 129 million.

(2) **Referring to Section 1.8.4 to the Periodic Report - Ithaca's Oil Assets on the UK Continental Shelf:**

(a) Referring to Section 1.8.4(m) to the Periodic Report - The Rosebank Reservoir:

Ithaca reports that the development of the Rosebank reservoir is under advanced stages, and the operator expects that the first oil date will fall in the first half of 2027, with a gradual increase to peak output during the summer of 2027, subject to obtaining the required regulatory approvals.

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

As of June 30, 2026 and the approval date of the report, 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)(a)(4) to the Periodic Report.

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3 The data in the above 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.

4 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.

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

6 It is noted that the average production costs per output unit of natural gas include natural gas transmission costs using INGL's transmission system to EMG's connection point in Ashkelon to the connection point at the border with Jordan, as well as the transmission costs using the regional transmission system to the delivery point in Aqaba, Jordan, for supplying gas to Egypt; in the first quarter of 2026, these costs totaled approx. USD 23.1 million, approx. USD 36.2 million in the second quarter of 2026 (100%). In addition, the average production costs per output unit of condensate include condensate transmission costs using the Europe Asia Pipeline (EAPC) totaled approx. USD 0.5 million in the first quarter of 2026 and a total of approx. USD 0.8 million in the second quarter of 2026 (100%).

(4) **<u>Production data for Ithaca's producing oil assets:</u>**[7]

(a) <u>Production data attributable to the Company's share in the Captain reservoir for the first and second quarters of 2026:</u>

	Q1			Q2		
	Oil	**Natural gas**	**Conden sate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	593,894 BBL	-	-	1,169,323 BBL	-	-
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	68.1	-	-	91.1	-	-
Average production costs per output unit (USD per BOE)	37.6	-	-	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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	30.5	-	-	70.4	-	-

(b) <u>Production data attributable to the Company's share in the Elgin-Franklin Area for the first and second quarters of 2026:</u>

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	206,902 BBL	2,637 MMCF	69,652 BBL	199,364 BBL	2,610 MMCF	67,362 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	87.9	72.2	28.6	82.8	87.8	79.6
Average production costs per output unit (USD per BOE)	13.4	13.4	13.4	12.0	12.0	12.0
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-		-	-
Net proceeds per output unit (USD per BOE)	74.5	58.8	15.2	70.8	75.8	67.6

[7] The total output figures in the tables are adjusted to the Company's holding stake in Ithaca - approx. 50.47%.

(c) Production data attributable to the Company's share in the J Area for the first and second quarters of 2026:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	432,198 BBL	3,139 MMCF	98,318 BBL	404,053 BBL	3,141 MMCF	95,200 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	103.9	75.6	51.5	86.4	85.9	56.6
Average production costs per output unit (USD per BOE)	10.7	10.7	10.7	13.0	13.0	13.0
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	93.2	64.9	40.8	73.4	72.9	43.6

(d) Production data attributable to the Company's share in the Schiehallion reservoir for the first and second quarters of 2026:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	264,437 BBL	128 MMCF	-	60,412 BBL	32 MMCF	-
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	87.8	75.5	-	121.7	38.7	-
Average production costs per output unit (USD per BOE)	9.8	9.8	-	56.4	56.4	-
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	78.0	65.7	-	65.3	(17.7)	-

(e) Production data attributable to the Company's share in the MonArb Area for the first and second quarters of 2026:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	181,695 BBL	434 MMCF	5,425 BBL	167,740 BBL	424 MMCF	5,107 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	107.5	78.8	44.5	84.3	89.2	76.6
Average production costs per output unit (USD per BOE)	27.8	27.8	27.8	34.7	34.7	34.7
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	79.7	51.0	16.7	49.6	54.5	41.9

(f) Production data attributable to the Company's share in the GBA Area for the first and second quarters of 2026:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	86,062 BBL	1,185 MMCF	23,547 BBL	76,599 BBL	1,185 MMCF	18,378 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	142.4	69.2	26.9	73.0	78.1	45.5
Average production costs per output unit (USD per BOE)	16.5	16.5	16.5	18.7	18.7	18.7
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	125.9	52.7	10.4	54.3	59.5	26.8

(g) Production data attributable to the Company's share in the Mariner Area for the first and second quarters of 2026:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	148,594 BBL	-	-	133,888 BBL	-	-
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	75.9	-	-	82.4	-	-
Average production costs per output unit (USD per BOE)	18.6	-	-	23.6	-	-
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	57.3	-	-	58.8	-	-

(h) Production data attributable to the Company's share in the Cygnus Area for the first and second quarters of 2026:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period		5,069 MMCF	18,484 BBL	-	5,785 MMCF	14,282 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	-	66.7	53.8	-	66.7	76.5
Average production costs per output unit (USD per BOE)	-	13.1	13.1	-	12.3	12.3
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	-	53.6	40.7	-	62.7	64.2

(i) Production data attributable to the Company's share in (including the Other Non-Operated Assets group, and the Other Operated Assets group) for the first and second quarters of 2026:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	243,536 BBL	1,198 BBL	27,052 BBL	126,158 BBL	1,044 MMCF	22,574 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	102.9	72.1	46.6	62.6	90.0	64.2
Average production costs per output unit (USD per BOE)	49.3	49.3	49.3	34.3	34.3	34.3
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 the holders of the Company's equity interests) (USD per BOE)	0.3	0.3	0.3	-	-	-
Net proceeds per output unit (USD per BOE)	52.7	21.9	-	28.3	55.7	29.9

(j) Production data attributable to the Company's share in the Group of Other Non-Operated Assets for the first and second quarters of 2026:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	508,207 BBL	980 BBL	36,503 BBL	556,272 BBL	859 MMCF	31,047 BBL
Average price per output unit (attributable to the holders of the Company's equity interests) (USD per BOE)	84.4	73.9	46.1	99.0	86.2	68.6
Average production costs per output unit (USD per BOE)	13.0	13.0	13.0	22.4	22.4	22.4
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 the holders of the Company's equity interests) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	71.4	60.9	33.1	76.6	63.8	46.2

C. Financial Segment

(1) Further the provisions of Section 1.2.1(c) to the Periodic Report and Section C(1) to the revised Part Three of Chapter A (Description of the Corporation's Business) in the First Quarter 2026 Report - regarding a non-binding memorandum of understanding signed by Isracard for the acquisition of 100% of the share capital of Esh Bank Israel Ltd. (hereinafter - "**Esh Bank**") and 25% of the share capital of technology company Esh OS Ltd. (hereinafter - "**Esh OS**"), it is noted that, on July 17, 2026, the memorandum of understanding expired, without having been extended by the parties, and accordingly, no binding agreements have been signed between the parties.

(2) For further details regarding the Financial Segment, see **Appendix A** attached to this update, the Financial Segment, by attaching Isracard's Report of the Board of Directors for the second quarter of 2026.

D. Additional activities

(1) Referring to Section 1.10.2 to the Periodic Report - Activity in the Fuel Sector in Israel

(a) Further to the provisions of Section 1.10.2A to the Periodic Report and Section D(1) to the Revised Part Four of Chapter A (Description of the Corporation's Business) to the First Quarter 2026 Report regarding a non-binding memorandum of understanding signed by Delek The Israel Fuel Corp. (hereinafter - "**Delek Israel**") for the acquisition of 100% of the share capital of HOT Mobile Ltd., it is noted that on June 30, 2026, an agreement was signed for the acquisition of the entire share capital of HOT Mobile Ltd. in consideration for approx. NIS 1.218 billion (subject to adjustments), by Delek Israel (40%), Keystone Infra Ltd. (40%) and Leumi Partners Ltd. (20%), through a limited partnership owned by them (under formation). The completion of the transaction is subject to the fulfillment of conditions precedent, including obtaining the required regulatory approvals.

(b) Further to the provisions of Section 1.10.2A to the Periodic Report and Section D(2) of the Revised Part Four of Chapter A (Description of the Corporation's Business) to the First Quarter 2026 Report regarding a non-binding memorandum of understanding for investment in Delek Israel by Leumi Partners Ltd., it is noted that on July 6, 2026, a binding agreement was signed and completed between Delek Israel and Leumi Partners Ltd., according to which Leumi Partners Ltd. invested in Delek Israel a total of approx. NIS 213 million, at a pre-money valuation of NIS 850 million and a post-money valuation of NIS 1,063 million, in consideration for the allocation of ordinary shares equivalent to 20% of Delek Israel's issued capital.In addition, Leumi Partners and the existing shareholders in Delek Israel have signed a new shareholders agreement. As of the report approval date, the Company holds approx. 19.49% of Delek Israel's issued capital.

(2) Referring to Section 1.10.3 to the Periodic Report - InPlay Oil Corp (hereinafter – "Inplay") – Negligible Oil Assets of the Company

On August 5, 2026, InPlay (an associate of the Company, held at approx. 32.7%) entered into a detailed agreement to acquire the full share capital of a private oil and gas producer (hereinafter – the "**Acquired Company**") for approx. CAD 54.25 million (approx. NIS 116 million), before adjustments to be made on the transaction completion date. According to InPlay's report, the Acquired Company holds a cluster of oil and gas assets located in proximity to InPlay's existing assets. Completion of the transaction is conditional upon the fulfillment of certain conditions precedent, and it is expected to be financed through InPlay's credit facility.

Part Four – Matters Relating to the Company as a Whole

A. Referring to Section 1.12(c) to the Periodic Report - Officers and Senior Management Employees in the Group

(1) On July 1, 2026, the Company's General Meeting decided, among other things, as follows: (1) To reappoint, for an additional term of office, Ms. Heelee Kriesler as an independent director in the Company as of the General Meeting date until the Company's next annual general meeting; (2) To reappoint Ms. Ruthy Dahan Portnoy as an external director in the Company for an additional three-year term of office, commencing on the expiry date of her current term of office (i.e., as from August 25, 2026). For further details see the immediate reports issued by the Company on July 1, 2026 (Ref. No.: 2026-01-062269), the information in which is included herein by way of reference.

(2) On July 31, 2026, Mr. Yossi Abu ceased to serve as the Partnership's CEO, and on August 1, 2026, Mr. Niv Sarne commenced his term of office as the Partnership's CEO instead of his term of office as Chairman of the Partnership's Board which started on June 1,[8] 2026. For further details, see the Company's immediate reports dated May 4, 2026 (Ref. No. 2026-01-041057) and July 26, 2026 (Ref. No. 2026-01-070499), the details of which included herein by way of reference.

B. Referring to Section 1.14.3 to the Periodic Report - Financing - Credit Facilities

Further to Section 1.14.3(1) to the Periodic Report, it should be noted that the repayment date of the credit facility of NIS 250 million granted on August 19, 2025, has been extended to August 19, 2027.

C. Referring to Section 1.14.5 to the Periodic Report - Financing - Debentures

(1) On June 4, 2026, the Company's Board of Directors approved a private placement - for investors listed in the First Addendum to the Securities Law - of NIS 246,132,000 p.v. of Company Debentures (Series B40) and NIS 175,060,000 p.v. of Company Debentures (Series B41) by expanding the series of Debentures (Series B40 and B41) listed on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**Private Placement**"). The full consideration received by the Company under the Private Placement totaled approx. NIS 450 million; this amount was used to repay a short-term bank debt and for operating activities. For further details, see the Company's immediate reports of June 5, 2026 (Ref. No.: 2026-01-053679), June 8, 2026 (Ref. No.: 2026-01-054465) and June 10, 2026 (Ref. No.: 2026-01-055123), the information in which is included herein by way of reference.

(2) On August 10, 2026, trading of Debentures (Series B42) started under the market making plan of the Tel Aviv Stock Exchange Ltd. (hereinafter - the "**TASE**") in accordance with the rules set in the TASE Rules and Regulations, the guidance thereunder, and the resolutions of the TASE's Board, as they will be from time to time. The Company joined for a period of two years, or for the term of the security, whichever is shorter.

D. Referring to Section 1.14.6 to the Periodic Report - Liens

As of June 30, 2026 and immediately prior to the report publication date, there was no change in the number of pledged Partnership participation units compared to the number published in the First Quarter 2026 Report. All Ithaca's shares held indirectly by a wholly-owned (100%) investee of the Company are unencumbered.

E. Referring to Section 1.14.8 to the Periodic Report - Credit rating

On August 6, 2026, Midroog announced that it is reiterating the A2.il rating with a stable rating outlook of the Company and the Debentures it issued (Series B40, B41 and B42).

F. Referring to Section 1.19 to the Periodic Report - Legal Proceedings

For details regarding the main legal proceedings to which the Partnership is a party, see Note 6 to the Company's Financial Statements as of June 30, 2026.

Delek Group Ltd.

Date: August 18, 2026

Names and titles of the signatories:

Ehud Erez, Chairman of the Board of Directors

Idan Wallace, CEO

[8] As of the Report approval date, there is no chairman of the board on the General Partner's Board of Directors.

Appendix A

Revising Chapter A (Description of the Corporation's Business)

Report of the Board of Directors and Management of Isracard Ltd. and Its Consolidated Companies

As of June 30, 2026

Isracard Ltd. and Its Consolidated Companies
Report of the Board of Directors and Management
As of June 30, 2026

The review presented in This Report of the Board of Directors is limited in scope and refers to events and changes that occurred in the Group's affairs during the Reporting Period, and, as applicable and with respect to certain matters, also as of to the signing date of the report; it should be read together with the Report of the Board of Directors for 2025 and with the Financial Statements for the year ended December 31, 2025, which were attached to the Company's Periodic Report for 2025 (hereinafter - the "Financial Statements for 2025"). It is clarified (unless stated otherwise) that the changes and updates detailed in This Report of the Board of Directors with respect to the Reporting Period are in addition to the material changes and updates that occurred in the Company's business during the Reporting Period and were described in the Company's Periodic Report for 2025.

List of Tables

1. Overview, Goals and Strategy

1.1. Concise description of the Group and main areas of activity

Isracard Ltd. (hereinafter – the "**Company**" or "**Isracard**") was founded in Israel in 1975 and is a prudential payment service provider (hereinafter - "**PPSP**") as defined in the Banking Law (Licensing), 1981, a credit card company, and/or an "acquirer" as the term is defined under the directives and procedures of the Banking Supervision Department; together with its material investees, it operates mainly in the credit and payments subsegments (including issuing and processing of payment cards)[1] for private customers, and in credit and advanced payment solutions (including the acquiring of payment cards) for business customers. The Company issues (including as an issuing operator) and acquires the "Mastercard", "American Express", "Visa", and "Isracard" brands, [2](hereinafter – the "**Group Brands**")[3] and offers its customers products and financing solutions according to the nature of the customer's activity and characteristics, with attention to whether the customer is classified as a private individual or business.

Isracard and its wholly owned subsidiary (100%) Premium Express,[4] are subject to the monitoring of the Banking Supervision Department with respect to, among other things, their activity as a PPSP, as "credit card companies", and as an "acquirer".[5]

The Group's activity is presented in two operating segments as detailed in Section 1.1.D of the Report of the Board of Directors for 2025, i.e., the Private Customers Segment and the Business Customers Segment. For details regarding these segments, see Section 2.4 of the Report of the Board of Directors for 2025 and Section 2.4 of This Report of the Board of Directors.

The Company has been a publicly-traded company since April 2019, and its securities are traded on the Tel Aviv Stock Exchange Ltd. As of July 24, 2025, the controlling shareholder (directly) of the Company is Delek Group Ltd. (hereinafter - "**Delek Group**"), a publicly-traded company controlled by Mr. Itshak Sharon (Tshuva). For further details regarding control over the Company, see Section 7.2 to the Corporate Governance Report for 2025.

For details regarding trends, phenomena, developments, and material changes in the Group's operating segments and regulatory procedures, see Section 2.1 of the Report of the Board of Directors for 2025 and Note 24.C.2. to the Financial Statements for 2025, as well as Section 2.1 of This Report of the Board of Directors and Note 10.C.2. to the Condensed Financial Statements as of June 30, 2026.

Further to the provisions of Section 1.1.E to the Report of the Board of Directors for 2025, as from June 25, 2026, the accounting firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar & Co. (Deloitte) have been serving as the Company's joint independent auditors.

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1 "**Processing**" and "**issuing processor**" (as applicable) – performing the actions and services ancillary to issuing payment cards (excluding the issuing of the payment cards and determination of the fees and costs to the customer associated with issuing the payment cards and using them). In the issuing activity, the Group serves as an "issuer" and an "issuing operator" with respect to non-bank cards, and as an "issuer"/"co-issuer" and/or an "issuing operator" with respect to bank cards (within the meaning of these terms in the Law for Promoting Competition and Minimizing Market Concentration in the Israeli Banking System (Legislative Amendments), 2017 (hereinafter – the "**Strum Law**"). Unless otherwise stated or implied by the content or context, the description of the issuing activity in this report includes "processing".

2 As of the signing date of the report, the number cards under the local Isracard brand name of (cards which can only be used at merchants using acquiring services in Israel) is immaterial.

3 The Group's issuing and acquiring activity is carried out through the Company and Premium Express Ltd. (hereinafter – "**Premium Express**"), a wholly owned subsidiary of the Company.

4 For details regarding the activity of acquirers as aggregators in the Closed Brands American Express and Diners in light of the Regulation of Engagement in Payment Services and Payment Initiation Law, 2023 (hereinafter – "**Regulation of Engagement Law**"), see Section 2.1.4 to the Report of the Board of Directors for 2025.

5 For details regarding the Company's acquirer license and its terms, see Section 2.1.6 below to the Report of the Board of Directors for 2025.

1.2. The security situation in the State of Israel

On October 7, 2023, the Iron Swords War began (hereinafter - the "**War**" or the "**Iron Swords War**"), and since that date, the State of Israel has been in a security situation characterized by multiple arenas and periods of fighting at varying levels of intensity.

In this context, in late February 2026, a direct conflict between Israel and Iran began (hereinafter - **"Operation Lion's Roar"**) resumed, in which Israel and the United States launched a large-scale aerial attack on Iran, which responded with a ballistic missile and drone attack against Israel and other countries in the region. At the beginning of March 2026, the conflict also expanded to the Lebanese front, where fighting is taking place with varying intensity between Israel and Hezbollah. During April 2026, a temporary agreement was reached to stop the fighting between the United States, Israel and Iran; however, since the beginning of July 2026, another conflict of varying intensity has been taking place between the United States and Iran, which, as of the signing date of the report, does not involve Israel. The period during which Operation Lion's Roar took place, which included Passover, and the period immediately following it, were characterized by relatively low turnovers compared to the corresponding period last year,[6] specifically in outbound and inbound tourism, alongside a certain slowdown in consumer credit. As from May 2026 and through immediately prior to the signing date of the report, turnovers in Israel and abroad recovered alongside a continued increase in consumer credit balances. For further details regarding material developments in revenues and expenses in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year, see Section 2.2 to This Report of the Board of Directors.

Shortly after the outbreak of the Iron Swords War and from time to time during the period which had elapsed since then, the Group granted various benefits and reliefs to its customers, some of them in accordance with the Bank of Israel's framework, some according to provisions of other government entities (see Note 24.C.2[b] to the Financial Statements for 2025), and some at the Group's initiative. As of the signing date of the report, the balance of deferred credit, balance of credit in which terms were modified for financially distressed borrowers and the balance of defaulted debts following modification of terms, are immaterial.

The Company continuously monitors the business activities of the Group companies, maps their customers' needs, and assesses the need for actions in connection therewith. In addition, the Company implements relevant measures to ensure business continuity in accordance with the Group's plans (as adjusted) for addressing emergency situations under various scenarios, aimed at ensuring the continued provision of services through its different channels.

In the Company's assessment, the security situation (including wartime conditions), to the extent it continues, may have further effects on the activity of the economy and, consequently, on the Group's activity and results. Some of the effects depend on the actions that will be taken by the Government of Israel, international responses to such actions, the reigniting and expansion of the fighting, and regulatory directives that have been issued and that will be issued in this regard. As of the signing date of the report, it is evident that both the inbound (mostly in Northern Israel) and outbound tourism sector is the one most affected by the security situation and its various ramifications.

Additionally, as of the signing date of the report, uncertainty persists regarding the extent of the harm caused by the War and security situation and its ramifications to the Israeli economy (for further details, see also Section 2.1.2 to This Report of the Board of Directors). In addition, there is uncertainty regarding the ways in which the Government will address the implications of the War and subsequent security situation in order to maintain economic stability. Government involvement has the potential to affect the likelihood of risks materializing for the Company, with an emphasis on credit risks. For details regarding the impact of the War and security situation on the Group's collective provision for credit

[6] It is noted that in June 2025 a direct conflict unfolded between Israel and Iran, which lasted about two weeks (hereinafter - "**Operation Rising Lion**").

losses and on the assessment of credit quality of debts, including those under payment deferral, see Section 3.2 to the Report of the Board of Directors for 2025 and This Report of the Board of Directors.

It should be clarified that the security situation and its ramifications (including prolongation and resumption of the fighting on the various fronts) may affect various matters related to Isracard's operations, such as the activity of merchants, credit card transaction turnovers in Israel and abroad, a decline in demand for credit, and a possible impairment of borrowers' repayment capacity. As of the signing date of the report, the Company is unable to assess the overall impact of the current and potential security situation (including from a global perspective) on the Group's results, inter alia in view of the uncertainty regarding the duration of the security situation and its direct and indirect implications for the Group, which may adversely affect it (including substantially so). For further details regarding actions taken and the Company's monitoring of the impact of the War and security situation, see Section 3 to the Report of the Board of Directors for 2025 and This Report of the Board of Directors.

1.3. Key condensed financial information[7]

Table 1 - Condensed financial information and key performance indicators over time

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
Key performance indicators (in %)					
Rate of return on net income to average equity, net of one-off effects	1.8%(1)	11.1%(2)	3.7%(1)	9.0%(2)	9.8%(2)
Rate of return on net income (loss) to reported average equity	9.8%	(19.0%)	7.7%	(9.0%)	(1.3%)
CET1 capital ratio	10.6%	10.5%	10.6%	10.5%	10.7%
Key income statement data (in NIS million):					
Earnings attributable to the Company's shareholders, net of one-off effects	15(1)	88(2)	60(1)	143(2)	305(2)
Reported earnings (loss) attributable to the Company's shareholders	80	(150)	125	(143)	(40)
Revenues from credit card transactions	633	606	1,230	1,200	2,497
Interest revenues, net	251	244	498	482	992
Credit loss expenses	83	39	154	108	227
Operating and other expenses net of one-off effects*	780	696(2)(5)	1,499	1,403(2)(5)	2,879(2)(5)
Operating and other expenses - reported*	780	986(5)	1,499	1,755(5)	3,304(5)
*Of which: Salaries and related expenses and defined benefit net of one-off effects	144	122	285	255	540(2)
*Of which: Salaries and related expenses and reported defined benefit cost	144	122	285	255	585
Basic net earnings per ordinary share net of one-off effects	0.04(1)	0.43(2)	0.18(1)	0.70(2)	1.22(2)
Diluted earnings per ordinary share net of one-off effects	0.04(1)	0.43(2)	0.18(1)	0.69(2)	1.21(2)
Reported basic earnings (loss) per ordinary share	0.24	(0.74)	0.38	(0.71)	(0.38)
Reported diluted earnings (loss) per ordinary share	0.24	(0.74)	0.38	(0.71)	(0.39)

7 The term 'credit card'/'card' as used in this section is in accordance with the Reporting to the Public Directives as published by the Banking Supervision Department and takes into account all cards issued and acquired by the Group.

	As of June 30		As of December 31, 2025
	2026	2025	
	In NIS million		
Total assets	28,518	25,350	27,883
Outstanding receivables for credit card transactions and amounts receivable from banks, net*	25,934	23,255	25,650
*Of which credit to private individuals under the Group's responsibility (gross)	9,313	7,988	8,583
*Of which: commercial credit under the Group's responsibility (gross)	3,752	2,933	3,259
Total liabilities	25,183	22,370	24,681
Total equity attributable to the Company's shareholders	3,335	2,980	3,202

	For the six months ended June 30		For the year ended December 31, 2025
	2026	2025	
Key credit quality indicators - for private individuals (in %)(3)			
Rate of outstanding credit loss provision for receivables for credit card transactions out of receivables for credit card transactions	2.68	3.12	2.92
Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions(4)	2.04	1.77	1.83
Rate of net write-offs of the average balance of receivables for credit card transactions(4)	1.99	1.78	1.73

(1) The operating results for the three- and six-month periods ended June 30, 2026 were materially affected by a one-off event: Net revenue totaling approx. NIS 65 million from a dividend received from Iplanet Technologies Ltd. (hereinafter - "**Iplanet**") subsequent to the sale of its holding stake in BUYME Technologies Ltd. (hereinafter - "**BUYME**") (for further details see Section 1.6.6(b) to This Report of the Board of Directors).

(2) The operating results for the three- and six-month periods ended June 30, 2025 and the year ended December 31, 2025 were substantially affected by one-off events: An expense of approx. NIS 290 million (approx. NIS 223 million post-tax) arising from an increase in the provision for VAT assessments in the Group for 2012-2025, due to a judgment handed down by the District Court on August 6, 2025 (for further details see Note 24.E to the Financial Statements for 2025); as well as from tax expenses in respect of previous years totaling approx. NIS 15 million, due to the effects of group companies' tax assessment agreements with the Israel Tax Authority with respect to 2020-2022. Additionally, the operating results for the six-month period ended June 30, 2025 and the year ended December 31, 2025 were substantially affected by a one-off event and the accounting treatment applied thereto: An expense of approx. NIS 62 million (approx. NIS 48 million post-tax) in respect of cancellation fee paid to Menora Mivtachim Holdings Ltd. (hereinafter - "**Menora**") (see Section 1.1.B to the Report of the Board of Directors for 2025). Furthermore, the operating results for the year ended December 31, 2025 were substantially affected by one-off events: expenses associated with the finalization of the agreement to acquire control of the Group by the Delek Group (see Section 1.1.B to the Report of the Board of Directors for 2025): salaries and related expenses totaling approx. NIS 45 million (approx. NIS 35 million post-tax) arising from the payment of a sale bonus to employees, run-off insurance expenses totaling approx. NIS 15 million (approx. NIS 11 million post-tax), and consulting expenses totaling approx. NIS 13 million (including post-tax).

(3) See also Table 21 below.

(4) Annualized.

(5) Reclassified.

1.4. Key risks to which the Group is exposed

The Group's activity involves risks, the principal of which are: credit risk, market and liquidity risk, operational risk, liquidity risk, information security and cybersecurity incident risks, model risk, climate risks, legal risk, regulatory risk, strategic and competition risk, and compliance risk (including conduct risk).

As detailed in Section 1.2 above, Israel's political, security, and geopolitical situation may have material macroeconomic ramifications that affect the realization potential of various risks, including credit and liquidity risks. As of the signing date of the report, uncertainty exists regarding the future ramifications of said situation for the Group's activity and results, the local economy, the Group's customers, and the manner in which the increase in the various risks may materialize, including a possible escalation of the current security situation and economic and political aspects in Israel and abroad.

For details regarding risks in general, including the risk factors to which the Group is exposed, see Chapter 3 “Risk Review” of This Report of the Board of Directors and of the Report of the Board of Directors for 2025, the Risk Management Report for the second quarter of 2026, and the Risk Management Report for 2025.

1.5. Business strategy and guidance

For details regarding the Group's targets and business strategy, see Section 1.5 of the Report of the Board of Directors for 2025.

For details regarding an agreement, signed in March 2026, between the Company, Premium Express and EL AL Frequent Flyer Ltd., which operates the Frequent Flyer loyalty program regarding the issuance of Fly Card cards, see Section 1.6.2.A to This Report of the Board of Directors.

Further to that which is stated in Sections 1.6.6(c) and 2.1.5(a) and (b) to This Report of the Board of Directors and Note 10.C.2 [a]1 and 9 to the Condensed Financial Statements as of June 30, 2026, the Company is taking steps to become a bank, while assessing the various alternatives available to it, taking into account, among other things, the Company's comparative advantage in its areas of activity, the scope of its business credit portfolio, the substantial number of its private and business customers, and the development of the non-bank business account (as stated above and in Section 1.6.4(b) to the Report of the Board of Directors for 2025). In addition, the Company is promoting streamlining and cost-cutting steps in order to save tens of millions of NIS as early as 2026.

Further to the provisions of Section 1.2 above, the Company’s management continuously monitors the various developments of the security situation and other economic and regulatory developments, examines their relevant ramifications for the Group’s activity and business, if any, and performs a risk and exposure assessment in respect thereof.

1.6. Strategic collaborations and material agreements

1.6.1. Agreements with Global Organizations

The Group’s issuance and acquiring activities involving the Mastercard, Visa and American Express brands, is carried out by virtue of its agreements with the organizations of the abovementioned global brands (hereinafter - the “**Global Organizations**").

For details regarding the aforementioned engagements, see Section 1.6.1 to the Report of the Board of Directors for 2025.

Further to Section 1.6.1(b) to the Report of the Board of Directors for 2025, as of the signing date of the report Premium Express and American Express Company (hereinafter - “**Amex**”) are conducting advanced negotiations for the renewal of a long-term agreement which sets out the economic conditions between them, instead of the current agreement which will expire on December 31, 2026. It is noted that the Company believes that as of the signing date of the report the renewal of the agreement is not expected to have a material effect on its financial results in the forthcoming years.[8]

[8] **The Company’s above assessment constitutes forward-looking information, as defined in the Securities Law, which is based, among other things, on the current negotiations with Amex, and on the assessments and forecasts of the Company's management and Premium Express regarding the expected number of American Express payment cards to be issued by Premium Express, the expected purchase transactions and acquiring turnovers involving those cards in Israel an abroad during the years of the agreement and their type, and accordingly - the net payments to Amex in the years of the agreement. Such estimates and forecasts may materialize differently, including materially, from what was assessed or expected, as a result of various factors that are not necessarily under the Company’s control, including suboptimal assessments, changes in Premium Express’s activity levels in the Credit Card Segment, which may also be affected by changes and trends in the Group’s activity markets, as well as the materialization of any of the risk factors detailed in Section 3 (“Risk Review”) of This Report of the Board of Directors and of the Report of the Board of Directors for 2025, the Risk Management Report for the second quarter of 2026, and the Risk Management Report for 2025.**

1.6.2. **Issuing and distribution channels**

For details, see Section 1.6.2 to the Report of the Board of Directors for 2025.

Following are details regarding developments and changes in additional principal engagements of the Group with banks and loyalty programs up to the report signing date:

A. On March 26, 2026, the Company and Premium Express (hereinafter jointly in this section - the "**Group**") signed an agreement with EL AL Frequent Flyer Ltd., which operates the Frequent Flyer customer loyalty program (hereinafter in this subsection - the "**Loyalty Program**") (hereinafter jointly in this subsection - the "**Parties**"), under which the Group issues Fly Card credit cards of various types and brand names, and the Parties act to transfer the existing card holders to the Group (hereinafter in this subsection - the "**Agreement**").

The Agreement term is 10 years, starting from April 1, 2026, and its provisions will also apply to Fly Card cards issued by Premium Express by virtue of its previous agreement with EL AL Frequent Flyer Ltd. of January 23, 2019, which was canceled upon the signing of the Agreement.

In accordance with the Agreement, among other things, the Group will provide the Loyalty Program with signing bonuses and marketing and support budgets, which will support the Program's growth and the marketing of the credit cards. Furthermore, a revenue distribution mechanism was set with respect to revenues from the Loyalty Program's credit cards and from the sale of credit, as is generally accepted in agreements of this type.

It is noted that a dispute arose between Israel Credit Cards Ltd. (hereinafter - "**ICC**"), the Loyalty Program and El Al Israel Airlines Ltd. (hereinafter - "**El Al**"), regarding, among other things, the commencement date of the issuance of Bronze loyalty cards by a third party and the use by the Loyalty Program of data of Fly Card holders issued by ICC; subsequent to the resolution of the above dispute, as from the beginning of June 2026, such Bronze cards may be issued and the abovementioned data may be used.

As of the signing date of the report, the transfer of the Loyalty Program's activity to the Group is increasing, and is estimated by the Company to further increase the number of the Group's non-bank and bank cards and the Group's turnovers in Israel and abroad to a substantial extent during the first year of the agreement's implementation (currently, the number of the Group's Fly Card cards stands at approx. 250 thousand), in a manner that is aligned with the Company's work plans regarding the Loyalty Program.

It is clarified that in view of the potential number of new enrollers, which is estimated at hundreds of thousands of new customers as soon as the first year of the Agreement, the Company believes that the agreement itself was expected to reduce the Company's profitability in 2026 by an estimated total of NIS 110 million to NIS 150 million (pretax), due to an excess of direct expenses over direct revenues, mainly for the purpose of converting existing customers, in addition to the recruitment of new customers. The abovementioned excess of expenses over revenues is expected to decline in 2027, and the Company believes that during the entire Agreement term there will be a positive contribution to the Group's profitability estimated at between NIS 120 million and NIS 160 million (pretax) on average per year (under an independent assessment of the effect of the Agreement's implementation).[9]

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[9] **The above information regarding increasing the number of cards, increasing the volume of card transactions and the effect on the Group's business results constitutes forward-looking information, as the term is defined by the Securities Law. The Company's estimates are based, among other things, on its assumptions regarding the scale of the Loyalty Program's activity as of the reporting date, and the potential conversion of existing Program cards to the Group's cards,**

B. Further to the provisions of Section 1.6.2[A]1 to the Report of the Board of Directors for 2025 - engagements with various banks in an agreement for the issuance of bank payment cards - in April 2026 the Company and Mizrahi Tefahot Bank Ltd. (hereinafter in this subsection - the “**Parties**") signed an agreement for joint issuance and issuance processing of payment cards effective through December 2029 (with an option for automatic extension by additional periods of one year each), under conditions which are mostly similar to those of a prior agreement between the Parties. Furthermore, the abovementioned agreement includes agreements regarding the operation of a customer loyalty program for the Bank's customers. The Company believes that the signing of the said agreement will not have a material effect on its financial results over the term of the agreement.

C. Further to the provisions of Section 1.6.2[b].a to the Report of the Board of Directors for 2025 regarding the formulation of understandings in principle between the Company and Rami Levy Hashikma Marketing 2006 Ltd. (hereinafter - "**Rami Levy**"), Rami Levy’s Club Ltd. (hereinafter - the "**Club Company**") and Israir Aviation and Tourism Ltd. (hereinafter - "**Israir**"), (hereinafter jointly with the Company in this subsection - the “**Parties**"), on May 28, 2026 agreements were signed between the Parties for Israir's entry as a partner in the Club Company and for extending the term of the Club Agreement by 8 additional years from the date the agreements come into effect (see below) (unless extended by the Parties by mutual consent and in advance in accordance with the provisions of the agreement).

   On August 6, 2026, subsequent to the fulfillment of the conditions precedent, the agreements entered into effect. In accordance with the agreements, Israir acquired from Rami Levy and from the Company 10% of the Club Company’s shares and they were diluted on a pari passu basis, in accordance with their current holding stake in the Club Company, such that as from the completion date Rami Levy holds 72% and the Company holds 18% of the Club Company’s shares.

   The agreements between the parties govern, among other things, the value propositions for customers - including unique benefits at the Rami Levy chain and a flight program through Israir; the sources of financing for the Club Company; the consideration to Rami Levy and to the Company for the shares in the Club Company; the consideration to the Club Company by Isracard; marketing budgets; the regulation of the parties’ relations as shareholders in the joint company; the options to terminate the agreement before its expiry on grounds agreed between the parties; and non-competition.

   The Company believes that although no material effect is expected on the Company's financial results, the agreements between the Parties are expected to improve the value proposition to the Loyalty Program’s customers and support the Company in realizing its growth engines in the fields of payments and credit.

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the Group's experience in recruiting new customers to bank and non-bank customer Loyalty Programs, and the Group's related expenses. Such assumptions and assessments may materialize in a manner which is different, and even materially different, than estimated, due to various factors, which are not under the Group's control, including non-optimal assessments, a decrease in the scope of the Group’s activity under the Agreement during its term, which may also be affected by changes and trends in the Group's activity markets in general and in the issuing and processing markets in particular, and by macroeconomic and/or security and/or at the country-level and/or geopolitical changes, competitive changes in the market which may affect the Loyalty Program’s activity, and due to the materialization of any of the risk factors, which apply to the Group's activity, as detailed in Section 3 (Risk Review) to This Report of the Board of Directors and the Report of the Board of Directors for 2025.

1.6.3. **Main service providers**

From time to time, and on as-needed basis, the Group enters into engagements with suppliers to obtain services in various areas, such as technological and operating services of service and sales call centers. For details regarding the Group's main service providers, see Section 1.6.3 of the Report of the Board of Directors for 2025.

1.6.4. **Major technology projects**

For details, see Section 1.6.4 to the Report of the Board of Directors for 2025.

It is noted that, due to the security situation and its ramifications, duration and severity, delays may occur in some of the Company's key technology projects; however, the Company believes that no such material delays are expected as of the signing date of the report.[10]

1.6.5. **Developments in sources of financing**

As of the signing date of the report, the Group finances its activity mainly through: cash flow from the payments activity (issuing and acquiring); equity capital; secured credit facilities from banks; marketable debentures, subordinated notes, and marketable commercial papers; long-term bank loans; and additional secured designated credit facilities available for use as short-term credit in accordance with the Group's ongoing needs. For further details regarding the Group's sources of financing, see Section 1.6.5 of the Report of the Board of Directors for 2025.

It is noted that in June 2026, the Company, Premium Express and one of the banks, with which they are engaged in agreements for the issuance and processing of the Group's branded payment cards, signed agreements for early extinguishment of the Bank's undertakings towards the Company and Premium Express in respect of certain payment transactions involving credit cards by the Bank's customers. These early payments, made by the Bank by virtue of the agreements, reduce the need to utilize credit facilities and lead to a decrease in risk-weighted assets, in accordance with the amounts repaid under early repayment.

[10] **The Company's above assessment constitutes forward-looking information, as defined by the Securities Law, which is based, among other things, on the security situation and its impacts (direct and indirect) on the economy and on the Company's technology employee and suppliers as of the signing date of the report. Naturally, such an assessment may change with developments in the security situation and the clarification of the uncertainty in the economy caused by it, including the strengthening or weakening of its effects (including its ramifications) on the economy and similar factors, as well as the materialization of any of the risk factors detailed in Section 3 ("Risk Review") of This Report of the Board of Directors and of the Report of the Board of Directors for 2025.**

Following are condensed details regarding the external sources of financing of the Company and its consolidated companies:

Table 2 - Details regarding all of the Group's external sources of financing

Creditor	Credit type	Debtor	Scope of liabilities as of[1]			General features and additional information
			Shortly before the Report Signing Date - August 5, 2026	June 30, 2026	December 31, 2025	
			In NIS million			
Banking system	Long term	Isracard	1,655	1,718	1,521	Bank loans repayable in installments.
	Short term	Isracard Ltd. and Consolidated Companies	6,078	1,452	886	Short-term and/or On-Call binding credit facilities
Marketable debentures (Series B)(2)	Long term	Isracard	228	227	284	On March 31, 2026, 20% of the debentures' principal was repaid in accordance with their terms
Subordinated Notes (Series C)[2]	Long term	Isracard	201	200	194	Subordinated Notes (Series C) were issued in September 2025 to institutional investors.
Marketable Commercial Papers (Series 4+5)[2]	Short term	Isracard	617	614	1,081	Commercial Papers (Series 4) were repaid during March 2026, in accordance with their terms and conditions
Total			**8,779**	**4,211**	**3,966**	

(1) Including interest payable.
(2) For details regarding the Company's Debentures (Series B), Subordinated Notes (Series C) and Commercial Papers (Series 5), their terms and the Company's key undertakings there under, see Note 19 to the Financial Statements for 2025. It is noted that during the reporting period and as of the signing date of the report, the Company has complied and is compliant with all its material undertakings in accordance with the terms and conditions of said securities.

Following are condensed details regarding the abovementioned credit facilities and their utilization as of the relevant dates:

Table 3 - Details regarding credit facilities and their utilization as of the relevant dates

	Shortly before the Report Signing Date - August 5, 2026	June 30, 2026	December 31, 2025
	In NIS million		
Total binding credit facilities	10,054	10,054	8,662
Total utilization of financial credit from secured facilities	6,078	1,452	886

Following are condensed details regarding the average utilization and the maximum utilization of all such credit facilities during the Reporting Period and immediately prior to the signing date of the report:

Table 4 - Details regarding average and maximum utilization of all credit facilities

	Average utilization during the period	Maximum utilization during the period
	In NIS million	
First quarter of 2026	3,092	7,342
Q2 2026	4,189	8,891
July 2026	3,765	8,304

B. Significant developments in sources of financing during the Reporting Period and up to the signing date:

Further to the provisions of Section 1.6.5 of the Report of the Board of Directors for 2025 under the heading “Material Developments in Sources of Financing in 2025 and Up to the Signing Date,” the following are additional material developments and changes up to the signing date of the report:

1. Further to the provisions of Section C under the abovementioned title in the Report of the Board of Directors for 2025 regarding with a general credit facility totaling NIS 2,400 million used to utilize short-term credit (hereinafter - the “**General Credit Facility**”), which was provided to the Company by one of the banks, on March 30, 2026 the Company entered into an agreement with the abovementioned bank to increase the “General Credit Facility” by NIS 500 million to a total of NIS 2,900 million. All other terms and conditions of the facility remain as described in the abovementioned Section C.

   In addition, at that date, the Company entered into an agreement with the abovementioned bank to take a loan totaling NIS 135 million (outside the credit facilities) for an average life of approx. 1.7 years, which bears a fixed annual interest rate of 2% to 3% and will be linked (principal and interest) to the Consumer Price Index. The loan principal and the interest thereon will be repaid (or were repaid, as applicable) in forty (40) consecutive monthly installments beginning on the date the loan was provided. The Company has the right to early repayment of the loan, at any given time, subject to an early repayment fee. The Company's undertakings to repay the loan were not secured by collateral.

   It is noted that in addition to the above, as of the signing date of the report, the abovementioned bank advanced to the Company several additional loans (outside the credit facilities), the total balance of which as of shortly before the signing date of the report is approx. NIS 611 million and a Dedicated Credit Facility of NIS 500 million. For further details, see the said Section C.

2. Further to the provisions of Section E under the abovementioned title in the Report of the Board of Directors for 2025 regarding credit facilities and loans, which the Company received from another bank, on March 30, 2026 the Company entered into an agreement with the abovementioned bank to take a loan totaling NIS 135 million (outside the credit facilities) for an average life of approx. 1.3 years, which bear a fixed annual interest rate of 2% to 3% and will be linked (principal and interest) to the Consumer Price Index. The loan principal and the interest thereon will be repaid (or were repaid, as applicable) in thirty (30) consecutive monthly installments beginning on the date the loan was provided. The Company has the right to early repayment of the loan, at any given time, subject to an early repayment fee. The Company's undertakings to repay the loan were not secured by collateral.

   It is noted that in addition to the above, as of the signing date of the report, the Company was provided with an additional loan by the abovementioned bank (outside the credit facilities) whose balance immediately before the signing date of the report is approx. NIS 145 million, a general credit facility totaling NIS 2,500 million and a dedicated credit facility totaling NIS 300 million. For further details, see the aforementioned Section E.

3. Further to the provisions of Section 1.6.5 to the Report of the Board of Directors for 2025 regarding the Company's sources of financing, in April 2026 the Company and one of the banks which provide it with credit facilities entered into an amendment to a credit-facility

agreement, according to which, among other things, the credit facility will increase from NIS 1,200 million to NIS 1,700 million. Subsequently, in August 2026, the Company and the abovementioned bank entered into an additional amendment to the credit facility agreement, according to which, among other things, the credit facility will increase from NIS 1,700 million to NIS 2,000 million, without change in the other terms of the facility. The credit facility will be valid through July 15, 2027, and may be utilized for short-term loans (of up to 30 days). The interest rate on the utilization of the credit facility is based on the prime interest rate, less interest at an annual rate of approx. 0.5%-1.5%; in addition, the credit facility includes a non-utilization fee at a rate in the range specified in Table 5 in Section 1.6.5 to the Report of the Board of Directors for 2025. The Company's liabilities to repay the utilized credit in respect of this facility are not guaranteed by any collateral or liens or in any other manner. It is noted that as of the signing date of the report, except for the abovementioned credit facility the Company does not have additional credit from the abovementioned bank.

4. Further to the provisions of Section 1.6.5 to the Report of the Board of Directors for 2025 regarding the Company's sources of financing, on June 30, 2026, the Company entered into an agreement with one of the banks which provide it with credit facilities, to take out two loans as follows: (a) A NIS 200 million loan (outside the credit facilities), with an average duration of approx. 1.5 years, which bears fixed annual interest of 2% to 3% and is linked (principal and interest) to the Consumer Price Index. The loan principal and the interest payable thereon will be repaid (or were repaid, as the case may be) in 36 equal monthly installments as from the date on which the loan was advanced; and (b) a NIS 120 million loan (outside the credit facilities) with an average duration of approx. 1.5 years, which bears variable annual interest of Prime less a 0.2%-1.2% spread, is not linked (principal and interest) to any linkage basis and/or currency, and will be repaid (or was repaid, as the case may be) (principal and interest) in 36 equal monthly installments as from the date on which the loan was advanced. With respect to each of the abovementioned loans, the Company has been given an early repayment right, at any time, subject to the payment of an early repayment fee. The Company's undertakings to repay the loans were not secured by collateral.

   It is noted that in addition to the abovementioned loans, as of the report date, the abovementioned bank advanced two additional loans to the Company (outside the credit facilities), whose balance as of the report date is approx. NIS 123 million, and a (binding) credit facility totaling NIS 1,200 million. Following are details regarding the abovementioned loans and credit facility: (1) A loan dated June 27, 2024 at an original amount of NIS 185 million – the loan bears a fixed annual interest of 2% to 3% and is linked (principal and interest) to the Consumer Price Index, and is repayable in equal monthly installments through June 27, 2027. The Company's undertakings to repay the loan were not secured by a collateral; (2) A loan dated December 11, 2025 at an original amount of NIS 80 million – the loan bears a fixed annual interest of 2% to 3% and is linked (principal and interest) to the Consumer Price Index, and is repayable in equal monthly installments through June 11, 2028. The Company's undertakings to repay the loan were not secured by a collateral; (3) a NIS 1,200 million (binding) credit facility effective through June 23, 2027, which may be utilized in the form of short-term loans (up to 30 days). The interest rate payable with respect to the utilization of the credit facility is Prime less annual interest of approx. 1% -2%. In addition, the credit facility includes a non-utilization fee, at a rate within the range detailed in Table 5 in Section 1.6.5 to the Report of the Board of

Directors for 2025. The Company's liabilities to repay the utilized credit in respect of this facility are not guaranteed by any collateral or liens or in any other manner (subject to offsetting rights, stay, retention, and other similar rights).

5. In August 2026, the Company and another bank which provides it with credit facilities entered into amendments to the credit facility agreements with the abovementioned bank, according to which, among other things: (a) A current credit facility advanced to the Company, will increase from NIS 850 million to NIS 1,000 million. The said credit facility will be valid through August 30, 2027, and may be utilized for short-term loans (of up to 30 days). The interest rate on the utilization of the credit facility is based on the prime interest rate, less interest at an annual rate of approx. 0.5%-1.5%; in addition, the credit facility includes a non-utilization fee at a rate in the range specified in Table 5 in Section 1.6.5 to the Report of the Board of Directors for 2025. The Company's undertakings to repay the credit utilized out of this credit facility are not secured by any collateral, pledges or in any other way; and (b) An autonomous credit facility advanced to the Company will increase from NIS 100 million to NIS 200 million. The said credit facility will be valid through August 30, 2027, and may be utilized for short-term loans (of up to 30 days). The interest rate on the utilization of the credit facility is based on the prime interest rate plus interest at an annual rate of approx. 0.5%-1.5%; in addition, the credit facility includes a non-utilization fee at a rate in the range specified in Table 5 in Section 1.6.5 to the Report of the Board of Directors for 2025. The Company's liabilities to repay the utilized credit in respect of this facility are not guaranteed by any collateral or liens or in any other manner.

   It is noted that in addition to the credit facilities referred to above in this section, as of the report date, the abovementioned bank advanced additional loans to the Company (outside the credit facilities), whose balance as of the report date is approx. NIS 221 million. Following are details regarding the abovementioned loans: (1) A loan dated March 21, 2023 with an original amount of NIS 400 million – the loan bears a variable annual interest of Prime less a 0.2%-1.2% spread (in semi-annual installments), is not linked (principal and interest) to any linkage basis and/or currency, and is repayable in six (6) equal annual installments through March 21, 2029; (2) A loan dated April 19, 2023 with an original amount of NIS 300 million – the loan bears a fixed annual interest of 2%-4% (in monthly installments), is linked (principal and interest) to the Consumer Price Index and repayable in forty-two (42) equal monthly installments through October 19, 2026.

   With respect to each of the abovementioned loans, the Company has been given an early repayment right, at any time, subject to the payment of an early repayment fee. The Company's undertakings to repay the loans were not secured by collateral.

   For details regarding various standard grounds upon which the Company's financing entities may declare the credit they have extended to it for immediate repayment, see Section 1.6.5 of the Report of the Board of Directors for 2025 under the heading - Further details regarding the said engagements.

For details regarding the Group's liquidity risk and its management, and an assessment of the effect of the above risk factor on the Group's activity, see Section 3.3 to This Report of the Board of Directors. For details regarding the financing limitations that apply and/or will apply to the Group pursuant to Proper Conduct of Banking Business Directive No. 313 (limitations on the indebtedness of a borrower and of a group of borrowers), see Section 3.2

of This Report of the Board of Directors (under the heading “Credit Risk Due to Exposures to a Group of Borrowers”).

As of the signing date of the report, the Company estimates that it has sufficient financing sources for its ongoing operations, including in the Credit Segment. The Company believes that Israel’s security, political and geopolitical situation in recent years (including on the back of the War and its ramifications) have not, as of the signing date of the report, materially affected the Group’s liquidity and availability risk and the cost of sources of financing, and the Group believes that it has sufficient sources of financing for its ongoing activity as well as for growth in its Credit Segment. However, the Company’s assessment may change and is subject, among other things, to uncertainty regarding developments in the security situation, the state of the economy and of households, in light of interest and inflation rates and further credit rating downgrades (if any) of the State of Israel and local banks, and their ramifications for the local economy, as well as developments in the global economy and in Israel’s political and geopolitical situation (and accordingly on the Group’s activity and outcomes). For further details, see also Sections 1.2 and 2.1.2 to This Report of the Board of Directors.

The Company’s abovementioned assessments constitute forward-looking information, as defined by the Securities Law, based on the Group's assessments and its understanding of the factors affecting the payments and credit market in which the Group operates. These assessments may not materialize, in whole or in part, or materialize in a different manner, including in a manner materially different than expected, due to, among other things, the development of the State of Israel’s security, political and geopolitical situation and its domestic and global effects and ramifications, its nature and duration, higher interest and inflation rates, developments and shocks to the global economy (including their effect on the domestic economy), additional credit rating downgrades (if any), suboptimal assumptions and analyses, developments which cannot be fully estimated as of the signing date of the report and/or the materialization of all or some of the risk factors which apply to the Company.

1.6.6. **Additional collaborations**

For details, see Section 1.6.6 to the Report of the Board of Directors for 2025.

Following are details regarding developments and changes in additional principal engagements of the Company up to the signing date of the report:

A. Further to Section 1.6.6(a) of the Report of the Board of Directors for 2025, Isracard Mimun Ltd. (hereinafter – “**Isracard Mimun**”), a wholly-owned subsidiary of Isracard, purchases car loan portfolios from time to time. For details, see Note 5.D to the Condensed Financial Statements as of June 30, 2026.

B. Further to the provisions of Section 1.6.6(d) to the Report of the Board of Directors for 2025 regarding the engagement with Iplanet - in which the Company holds 20% of the issued and paid-up share capital - in a transaction with a third party for the sale of Iplanet’s entire holding stake in BUYME, on May 14, 2026, and subsequent to the completion of the abovementioned transaction, the Company received a dividend from Iplanet totaling approx. NIS 72 million as a result of the distribution of a portion of the abovementioned sale consideration. Consequently, in the second quarter of 2026 the Company recognized a net revenue in respect of the above totaling NIS 65 million (after adjusting the balance of the investment in Iplanet, taking into account all of the transaction's terms).

C. Further to the provisions of Section 1.6.6(E) to the Report of the Board of Directors for 2025 regarding the signing of a non-binding Memorandum of Understanding for the acquisition of Esh Bank Israel Ltd. and an investment in Esh OS Ltd., on July 17, 2026 the abovementioned Memorandum of Understanding (which the includes due diligence works) expired and was not extended by the parties, and accordingly no binding agreements were signed between them.

It is noted that, from time to time, the Company assesses various options for investments in various ventures, which - in most cases - are linked to its areas of activity, which the Company believes may contribute to the expansion and/or strengthening of the Group's activity, by investing in shares, collaborations and provision of sources of financing with third parties, or a combination thereof, and from time to time it engages in agreements for collaboration and/or acquisition of ownership stakes in such ventures. In this context, it is noted that in May 2026 the Group entered into an investment agreement with a corporation engaged in mortgage-backed lending and holds an extended credit provider license from the Capital Market, Insurance and Savings Authority. Under the agreement, which entered into effect in July 2026, the Company holds 4.99% of the share capital of the said corporation.

2. Explanation and analysis of the financial performance and business position

2.1. Trends, Phenomena, Developments and Material Changes

2.1.1. For details regarding trends, phenomena, developments, and material changes in recent years in the segments in which the Group operates, including technological and regulatory developments, changes in consumer preferences and expectations, the entry of new competitors into the Group's operating segments, and similar topics, see Sections 2.1.1 through 2.1.4 and 2.1.8 of the Report of the Board of Directors for 2025, as well as Section 2.1.5 of This Report of the Board of Directors. It is noted that, from time to time, relevant Israeli regulators grant licenses to various domestic and international entities to engage in the Group's areas of activity, including issuing, acquiring and credit.

2.1.2. **Economic and financial overview**[11]

Economic activity in Israel

As of the signing date of the report, the State of Israel is still affected by the implications of the ongoing security situation since the outbreak of the Iron Swords War and, including by the effects of Operation Lion's Roar. Generally, the security situation is still characterized by a high degree of uncertainty, including, among other things, with regard to the current geopolitical environment and the direct and indirect economic and political effects of the protracted war, including the effect of security scenarios across various fronts and degrees of severity. As of the signing date of the report, there is still a possibility of a resurgence of a substantial conflict and an intensification of the fighting with Iran, Lebanon, and on other fronts, which, should it materialize, will lead to more severe adverse effects on the Israeli economy, higher security expenses, and, consequently, an increased need to make fiscal and monetary adjustments. In addition, there is uncertainty regarding the growth rate of Israel's exports and the profitability of exporters, specifically in the high-tech sector, which is affected both by the cumulative appreciation of the shekel's exchange rate against major foreign currencies and by structural and other global effects. Against this backdrop, economic forecasts, including those of the Bank of Israel, are characterized by a high level of uncertainty. As of the signing date of the report, the Company is unable to assess and/or estimate the abovementioned potential implications on the Group's activity and/or business.

According to the forecast of the Bank of Israel,[12] the GDP is expected to grow by a rate of 4.0% in 2026 and by 5.5% in 2027. Economic activity in Israel is adversely affected mainly by the restrictions on the home front due to the threat and firing of missiles, and the absences from work also due to the closure of the education system and due to the mobilization of reservists. Accordingly, the cessation of fighting in Iran and the ceasefire in Lebanon are expected to support a rapid recovery in activity beginning in the second quarter of 2026.

The average unemployment rate for 2026 is expected to rise relative to its 2025 level, reaching 4.6%, mainly due to a sharp increase during Operation Lion's Roar; however, as of the first half of 2026, it is stabilized at a relatively low level estimated at 3.0%.

[11] To the best of the Company's knowledge, and based on external sources.

[12] According to a press release issued by the Bank of Israel on July 6, 2026, titled: The Macroeconomic Forecast of the Research Department, July 2026.

Following are the credit rating data of the State of Israel as of the signing date of the report:

Rating agency	Current rating	Rating outlook
Moody’s	Baa1	Stable
S&P	A	Stable
Fitch	A	Negative

Future rating downgrades, insofar as they should occur, may have a negative and even material impact on the availability and cost of the Company's sources of financing, as well as on capital ratios and leverage. For further details, see Section 2.3.6 to This Report of the Board of Directors. For details regarding the Group's sources of financing, see Section 1.6.5 of This Report of the Board of Directors.

It should be noted that as of the signing date of the report, there is uncertainty in the Israeli economy regarding the evolvement of the security and political situation on the various fronts and the intensity of its expected consequences, and which, among other things, may have a material adverse effect on a variety of economic sectors, an others. As of the signing date of the report, the Company is unable to assess and/or estimate the abovementioned potential implications on its activity and/or business.

Fiscal and monetary policies

Following two consecutive 0.25% interest rate cuts in November 2025 and January 2026, in the two subsequent interest rate decisions in February and March 2026, the Bank of Israel held the monetary interest rate at 4.0%; however, subsequently, in each of the interest rate decisions of May and July 2026, the Bank of Israel cut the monetary interest rate again by 0.25%, such that as of the signing date of the report the Bank of Israel policy rate stands at 3.5%. According to the Bank of Israel’s forecast, the monetary interest rate is expected to stand at 3.0% on average in the second quarter of 2027. The forecast prices-in two additional interest rate cuts during the forthcoming year, and the Bank of Israel notes that the interest rate path will be determined in accordance with the development of the inflation environment, economic activity and developments in the financial markets, the geopolitical arena and fiscal policies.

Inflation and exchange rate

The Consumer Price Index for June 2026 remained without change compared to May 2026, thereby bringing the calculated 12-month trailing inflation rate to 1.6%, which is below the mid-band of the Bank of Israel's target range.

According to the Bank of Israel's forecast, the inflation rate in each of the years 2026 and 2027 is expected to be 1.8%. A certain decrease in global oil prices in the second quarter of 2026, subsequent to the signing of the temporary agreement between the United States and Iran and the opening of the Strait of Hormuz, contributed to a decline in the inflation environment in the short term. On the other hand, expectations for a subsequent decline in oil prices, for the easing of supply constraints, and for the decline in uncertainty following US-Iran negotiations, have led to an assessment that inflation will subside already in the second half of the year. On the other hand, further deterioration in the conflict between the United States and Iran may trigger a spike in oil prices and inflation.

During the second quarter of 2026, the NIS appreciated by approx. 5.9% against the USD and by approx. 6.6% against the EUR; since the beginning of 2026 and through June 30, 2026, the NIS appreciated by approx. 6.6% against the USD and by approx. 9.4% against the EUR. On the other hand, during July 2026, the NIS devalued by approx. 2.7% against the USD and by approx. 3.7% against the EUR.

Regarding possible effects of some of the macroeconomic factors listed above on the Group and its activities, see Section 3.3 to This Report of the Board of Directors.

Developments in the global economy

In July 2026, the United States published a program for the imposition of tariffs on imports to the United States, which applies to multiple countries, including Israel; the program was published further to a comprehensive tariff program published in 2025. The very existence of renewed uncertainty around this issue has the potential to adversely affect global economic activity, in addition to the uncertainty arising from potential economic and geopolitical effects due to the conflict between the United States and Iran.

In the United States, the inflation rate in June 2026 declined slightly compared to the previous month and reached an annualized rate of 3.5%; the core inflation in the United States - the inflation rate net of the food and energy categories - stood at an annualized rate of 2.6%. The Fed's latest interest-rate cut in December 2025 resulted in an interest rate of 3.5%-3.75% as of the signing date of the report. According to the Fed’s forecasts, interest rate cuts are expected to be halted and a rate increase later in 2026 is possible, based on the level of inflation.

The increase in inflation rate in the Eurozone in June 2026 slowed slightly and stood at an annualized rate of 2.8%, still above the Central European Bank's inflation target. As of the signing date of the report, the European Central Bank's deposit interest rate stands at 2.25% after it was increased in June 2026.

According to international forecasts published in the Bank of Israel’s forecast, it is estimated that the growth of the advanced economies will amount to 1.2% in 2026 and 1.4% in 2027. The forecasts for the global environment reflect an assessment of the impact of rising energy prices following the conflict with Iran.

Table 5 - Exchange rates and the CPI

Following are details regarding the representative exchange rates and CPI (2024 base =100) and the change rates therein:

	As of June 30		As of March 31		As of December 31, 2025
	2026	2025	2026	2025	
Consumer Price Index (in points) - in lieu	104.8	103.1	103.9	102.0	103.6
Consumer Price Index (in points) - known	104.8	102.8	103.5	101.5	103.6
USD exchange rate (in NIS per USD 1)	2.978	3.372	3.165	3.718	3.190
EUR (in NIS per EUR 1)	3.395	3.955	3.636	4.022	3.746

Rate of change in %:

	For the three months ended June 30		For the six months ended June 30		For the year ended December 31, 2025
	2026	2025	2026	2025	
Consumer Price Index - in lieu	0.9	1.1	1.2	2.1	2.6
Consumer Price Index - known	1.3	1.3	1.2	1.6	2.4
USD-NIS exchange rate	(5.9)	(9.3)	(6.6)	(7.5)	(12.5)
EUR-NIS exchange rate	(6.6)	(1.7)	(9.4)	4.2	(1.3)

2.1.3. **Effect of developments in the economic environment on the Group's operating results**

The Bank of Israel policy rate, which stood at 4.5% during most of 2025, was cut by 0.25% in November 2025 and again in January 2026, down to a rate of 4.0%; it was further cut by 0.25% in May 2026 and again in July 2026, such that as of the signing date of the report it stands at 3.5%.

As a rule, the existing assets and liabilities in the Group are affected in part by the Bank of Israel policy rates and in part are linked to the Consumer Price Index. In addition, most of the credit taken by the Company is based on variable interest and part of it bears fixed, linked and unlinked interest.

The relatively high interest-rate and inflation environment in 2022-2025 has been gradually declining; however, the monthly repayment of Group customers' loans bearing variable and linked interest rates (which constitute most of the Group's credit portfolio) remains high, and when combined with a volatile economic environment due to the security situation, raises concerns regarding the customers' repayment capacities and the credit portfolio's quality. Moreover, another increase in the interest rate environment and Consumer Price Index may lead, on the one hand, to an increase in the volume of the Group's turnover and on the other hand to erosion of the Company's customers' purchasing power, impairment of the Company's customers' repayment capacities, and consequently an increase in credit losses.

As stated above, in the second quarter and first half of 2026, there was a decrease in the interest rate environment and the change in the interest rate (price effect only) resulted in a decrease in net finance income totaling approx. NIS 5 million and NIS 14 million compared to the corresponding periods last year, respectively.

A decrease of 1% in the interest rate may lead to an annual decrease of NIS 85 million in the Group's net interest revenues, while an increase of 1% in the interest rate may lead to a similar increase in that amount (before the tax effect). Furthermore, a 1% decrease in the interest rate may lead to an increase of approx. NIS 29 million, while a 1% increase in the interest rate may lead to a decrease of approx. NIS 17 million, in liability for employee benefits (before the tax effect), due to the change in the capitalization rate (the effect will be recognized in other comprehensive income). The actuarial assessment as of June 30, 2026, compared to the estimate as of December 31, 2025, was influenced, among other things, by a decrease in the capitalization rate, due to a decrease in returns on government and corporate bonds that are used as the basis for calculating the capitalization rate. For further information regarding the effects of changes in the interest environment, see Tables 23-25 in Section 3.3 to This Report of the Board of Directors.

In order to contend with such developments, the Company constantly monitors the trends in the payment and credit market in Israel and around the world. As part of the Company's preparation in respect of these developments, the Company maintains ongoing control and monitoring processes of credit risks in its business activities, such as: approval of credit exposures, regular updating of underwriting procedures, etc. As of the signing date of the report, these processes are being conducted under increased monitoring due to the security situation and its ramifications, including with respect to debts that have undergone changes in their terms and conditions. For additional information about credit risks, see Section 3.2 of This Report of the Board of Directors.

As of the signing date of the report, the Company is unable to fully assess the impact of these factors and their extent, among other things due to the security situation and its ramifications, including the ramifications for the credit rating of the state and of the banks in Israel, as well as in light of the lack of clarity regarding the possible global and local impact of the ongoing security situation, particularly following Operation Lion’s Roar. The Company closely monitors, on an ongoing basis, the credit portfolio and the effects of these developments on the portfolio's risk profile and their implications for business operations and credit losses in subsequent reporting periods, and, insofar as is required and possible, it takes action to mitigate the risk.

2.1.4. **Legislative and standard restrictions and special constraints applicable to the Group; material regulatory changes in the Israeli credit card industry**

For details regarding legislative, regulatory, and significant special constraints applicable to the Group, see Section 2.1.6 of the Report of the Board of Directors for 2025. For details regarding material regulatory changes in the Credit Card Segment in Israel, see Section 2.1.7 of the Report of the Board of Directors for 2025.

2.1.5. **Impact of regulatory developments on the Group and its areas of activity**

For details regarding the impact of regulatory developments on the Group and the areas of activity in which it operates, and regarding the Group’s preparation for the ramifications of such regulation, see Section 2.1.8 of the Report of the Board of Directors for 2025.

The Company believes that the proliferation of regulatory procedures in the Group's areas of activity, and specifically the regulatory changes relating to the Group's activity, are expected and/or may have (as the case may be) material implications for the banking, services and financial products and credit cards subsegments in general, and for the Group and its areas of activity in particular (including implications that may have a material adverse effect on the Group's business and its results in any of its areas of activity); as of the signing date of the report, the Company is unable to estimate or quantify their overall impact with certainty.

Following are details regarding the main regulatory proceedings (in Israel), which the Company believes, may have implications in the business activity environment in which the Group operates, and which were promoted during the reporting period and until the signing date of the report, including abovementioned procedures, some of which have not yet been completed as of the signing date of the report:

	Directive	Further details	Details
(a)	Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2026, in Chapter 11, Promoting Competition in the Banking Sector (hereinafter - the "**Banking Sector Reform**").	Note 10.C.2[a]1 to the Condensed Financial Statements as of June 30, 2026 and Section 1.5 to This Report of the Board of Directors	Should the Company opt to obtain a license enabling it to conduct operations and offer additional banking products to its customers - including deposits - this is expected to affect the Company, taking into account, among other things, the protections and incentives enshrined in the legislation, and the powers of the oversight committee in this regard. This strategic move may have a positive effect on the Company, both in terms of the potential for a lower cost of sources and in terms of product diversification and strengthening customer engagement (taking into account the Company's comparative advantage in its areas of activity, the substantial number of its private and business customers, and the development of the non-bank business account). Alongside this, the move requires the Company to make a substantial investment in developing suitable infrastructure and formulating a strategy to generate added value for its customers.
(b)	Proper Conduct of Banking Business Directive No. 490 – Regulatory Framework for Small and New Banks.	Note 10.C.2[a]9 to the Condensed Financial Statement as of June 30, 2026	Should the Company seek to obtain a banking license, it will be required to make appropriate preparations in accordance with the abovementioned directive, specifically regarding capital and liquidity requirements.
(c)	Credit Data Law (Amendment No. 6), 2016.	Note 10.C.2 [a]3 to the Condensed Financial Statement as of June 30, 2026	In view of the expansion of the Central Credit Register such that it will also apply to corporations, along with the broadening of the sources and uses of information, the amendment of the law will enable receipt of more extensive information regarding corporations and accordingly will enable the streamlining and improvement of the credit offered to corporations. Alongside the above, the setting up of the database holds the potential to expand competition in non-bank credit to corporations. Accordingly, the Company will likely need to make preparations for implementing the new directives, including suitable technological developments and data retention as required.
(d)	Draft Securities Ordinance (Amendment of the Third Addendum A1 to the Law), 2026	Note 10.c.2 [a]5 to the Condensed Financial Statement as of June 30, 2026	To the extent that the ordinance is signed by the Minister of Finance and approved by the Knesset's Economic Affairs Committee, this can result in cheaper sources of financing to the Company.
(e)	Encouragement of Activity in the Capital Market Bill (Legislative Amendments). 2024	Note 10.c.2 [a]4 to the Condensed Financial Statement as of June 30, 2026	An amendment to the law (to the extent it is promoted), which allows for the extension of the repayment period of commercial papers to a total period of up to five years (instead of a one-year issuance), is expected to reduce the costs incurred by the Company in raising its sources of financing and allow for greater flexibility in their management.
(f)	Amendment to the Banking Law (Service to Customer), 1981	Note 10.c.2 [a]6 to the Condensed Financial Statement as of June 30, 2026	The amendment to the law requires, among other things, recording, saving and delivering calls to customers, necessitating preparations as well as technological and operational adjustments.
(g)	The Banking Supervision Department's Circular - Reform regarding Fees Collected from Households and SMBs for Account Management and Debit Card Services.	Note 10.C.2 [a]10 to the Condensed Financial Statements as of June 30, 2026	The revision of the maximum debit card fees from NIS 8.5 to NIS 7 affects the Company's revenues from the processing of such cards.

The multiplicity of provisions and changes in the payments domain, as detailed above and in Section 2.1.8 to the Report of the Board of Directors for 2025, including the application of the provisions of the Strum Law and anchoring provisions thereof for an additional period of time within the framework of the Banking Bill (Service to Customer), open banking, expansion of the aggregators' acquiring activity in the American Express closed brand, regulation of the engagement in payment services and initiation of payments, the activity of the payment apps, and the entry of new competitors into the Group's areas of activity, as well as the trends in this market, whether set forth in the above table or not, may have a material adverse effect on the Group, but at this stage it is not yet possible to assess their overall impact.

2.1.6. **Disclosure regarding the Company's joint independent auditors' emphasis of matter paragraph**

The Company's Condensed Financial Statements as of June 30, 2026, include an opinion which does not deviate from the uniform wording, and an emphasis of matter paragraph drawing attention to Note 10.C.2[a] regarding regulatory proceedings and Note 10.D.7-13 regarding motions to certify certain lawsuits filed against the Company as class actions, whose amount cannot be estimated.

2.2. Material developments in revenues expenses and other comprehensive income

The analyses of operating results data in this chapter, for the three- and six-month periods ended June 30, 2026 and June 30, 2025, are presented net of one-off events (see Table 6 below), unless otherwise stated. Therefore, the figures presented in the tables below vary from the figures presented in the Condensed Financial Statements as of June 30, 2026.

Table 6 - Condensed income statement

	For the three months ended June 30					
	2026			2025		
	Reported	One-off effects(2)	Net of one-off effects	Reported	One-off effects(3)	Net of one-off effects
	In NIS million					
Revenues from credit card transactions	633	-	633	606	-	606
Interest revenues, net	251	-	251	244	-	244
Other revenues	70	65	5	6(1)	-	6(1)
Total revenues	**954**	**65**	**889**	**856**	**-**	**856**
Credit loss expenses	83	-	83	39	-	39
Operating expenses	336	-	336	605(1)	290	315(1)
Selling and marketing expenses	267	-	267	207	-	207
General and administrative expenses	36	-	36	31	-	31
Payments to banks	141	-	141	143	-	143
Total expenses	**863**	**-**	**863**	**1,025**	**290**	**735**
Income (loss) before tax	**91**	**65**	**26**	**(169)**	**(290)**	**121**
Provision for profit taxes	11	-	11	(18)	(52)	34
Profit (loss), post-tax	**80**	**65**	**15**	**(151)**	**(238)**	**87**
The Company's share in post-tax profits, post-tax, of associates	*-	-	*-	1	-	1
The Company's net income (loss)	**80**	**65**	**15**	**(150)**	**(238)**	**88**

	For the six months ended June 30					
	2026			2025		
	Reported	One-off effects(2)	Net of one-off effects	Reported	One-off effects(3)	Net of one-off effects
	In NIS million					
Revenues from credit card transactions	1,230	-	1,230	1,200	-	1,200
Interest revenues, net	498	-	498	482	-	482
Other revenues	76	65	11	20(1)	-	20(1)
Total revenues	**1,804**	**65**	**1,739**	**1,702**	**-**	**1,702**
Credit loss expenses	154	-	154	108	-	108
Operating expenses	661	-	661	922(1)	290	632(1)
Selling and marketing expenses	489	-	489	421	-	421
General and administrative expenses	70	-	70	131	62	69
Payments to banks	279	-	279	281	-	281
Total expenses	**1,653**	**-**	**1,653**	**1,863**	**352**	**1,511**
Income (loss) before tax	**151**	**65**	**86**	**(161)**	**(352)**	**191**
Provision for profit taxes	27	-	27	(16)	(66)	50
Profit (loss), post-tax	**124**	**65**	**59**	**(145)**	**(286)**	**141**
The Company's share in post-tax profits, post-tax, of associates	1	-	1	2	-	2
The Company's net income (loss)	**125**	**65**	**60**	**(143)**	**(286)**	**143**

(*) An amount lower than NIS 0.5 million.
(1) Reclassified.
(2) The operating results for the three- and six-month periods ended June 30, 2026 were materially affected by a one-off event: Net revenue totaling approx. NIS 65 million from a dividend received from Iplanet subsequent to the sale of its holding stake in BUYME (for further details see Section 1.6.6(b) to This Report of the Board of Directors).
(3) The operating results for the three- and six-month periods ended June 30, 2025 were substantially affected by one-off events: An expense of approx. NIS 290 million (approx. NIS 223 million post-tax) arising from an increase in the provision for VAT assessments in the Group for 2012-2025, due to a judgment handed down by the District Court on August 6, 2025 (for details see Note 24.E to the Financial Statements for 2025); as well as from tax expenses in respect of previous years totaling approx. NIS 15 million, due to the effects of Company's tax assessment agreement with the Israel Tax Authority with respect to 2020-2022.
Additionally, the operating results for the six-month period ended June 30, 2025 were substantially affected by a one-off event - An expense of approx. NIS 62 million (approx. NIS 48 million post-tax) in respect of cancellation fee paid to Menora (see Section 1.1.B to the Report of the Board of Directors for 2025).

The business environment

The Group operates in a dynamic and competitive environment and is influenced, among other things, by the level of consumer and business activity in the economy, as well as by the volume of demand for credit and changes in the interest rate environment in the economy, from activity of competing entities, whether existing or in the future, as well as from legislative and regulatory changes in issues pertaining to its areas of activity.

For details regarding the Group's credit card activity see Table 10 below.

The Private Customers Segment experienced an increase in balances of credit to private individuals compared to June 30, 2025 and December 31, 2025; this increase totaled NIS 1,325 million (16.6%) and NIS 730 million (8.5%), respectively. For details regarding the acquisition of car loan portfolios, see Note 5.D to the Condensed Financial Statements as of June 30, 2026.

The Business Customers Segment experienced an increase in credit balances, and compared to June 30, 2025 and December 31, 2025 totaled NIS 819 million (27.9%) and NIS 493 million (15.1%), respectively.

Table 7 - Development of revenues

	For the three months ended June 30		Change		For the six months ended June 30		Change	
	2026	2025			2026	2025		
	In NIS million			(In %)	In NIS million			(In %)
Revenues from merchants, net	367	356	11	3.1	720	713	7	1.0
Revenues from credit card holders	266	250	16	6.4	510	487	23	4.7
Interest revenues, net	251	244	7	2.9	498	482	16	3.3
Other revenues	5	6(1)	(1)	(16.7)	11	20(1)	(9)	(45.0)
Total revenues	**889**	**856**	**33**	**3.9**	**1,739**	**1,702**	**37**	**2.2**

(1) Reclassified against operating expenses.

The increase in net revenues from merchants in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to an increase in domestic acquiring turnovers in Israel; on the other hand, there was a decrease in inbound tourism due to Operation Lion's Roar and due to Operation Rising Lion which took place last year.

The increase in revenues in respect of card holders in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year arises mainly from an increase in domestic issuer fees due to an increase in turnovers in Israel offset by a decrease in fees from cross-border transactions following Operation Lion's Roar and Operation Rising Lion which took place last year.

The increase in interest revenues, net in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to the effect of the increase in the Group's private and commercial credit balances. On the other hand, the downward trajectory in the Bank of Israel policy rate led to a decrease in interest revenues from commercial credit and credit advanced to private individuals, which is affected, among other things, by changes in the Consumer Price Index. Furthermore, an increase was recorded in the balance of interest-bearing liabilities, mostly in balances of credit from banks. The effect of the above caused a decrease in net return on interest-bearing assets in the three- and six -month periods ended June 30, 2026 compared to the corresponding periods last year. For further details, see Table 1 in the Appendix to the Condensed Financial Statements as of June 30, 2026.

The decrease in other revenues in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year arises, among other things, from the effect of exchange rate differences in respect of foreign currency transactions (executed by card holders in outbound tourism and e-commerce activities), netting arrangements with the Global Organizations and acquiring activity involving foreign currency transactions, offset by an increase in revenues from additional products and services.

For details regarding the effect of the security, political and geopolitical conditions in Israel due to, among other things, Operation Lion's Roar, on the Company's results in the reporting period, and in future periods, see Section 1.2 to This Report of the Board of Directors.

Table 8 - Development of expenses

	For the three months ended June 30		Change		For the six months ended June 30		Change	
	2026	2025			2026	2025		
	In NIS million			In %	In NIS million			In %
Credit loss expenses	83	39	44	112.8	154	108	46	42.6
Operating expenses*	336	315(1)	21	6.7	661	632(1)	29	4.6
Selling and marketing expenses*	267	207	60	29.0	489	421	68	16.2
General and administrative expenses*	36	31	5	16.1	70	69	1	1.4
Payments to banks	141	143	(2)	(1.4)	279	281	(2)	(0.7)
Total expenses	**863**	**735**	**128**	**17.4**	**1,653**	**1,511**	**142**	**9.4**
***Of which: salary expenses**	**144**	**122**	**22**	**18.0**	**285**	**255**	**30**	**11.8**

(1) Reclassified against other revenues.

The increase in credit loss expenses during the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to an increase in net write-offs and collective provision, inter alia in light of the growth in the credit portfolio's volume, offset by a decrease in the specific provision. For further details, see Section 3.2 to This Report of the Board of Directors.

Operating expenses net of salary expenses, which are affected, among other things, by changes in the volume of the Group's activity in Israel and abroad, increased during the three- and six-month periods ended June 30, 2026, compared to the corresponding periods last year at a rate of approx. 4.9% and approx. 3.1%, respectively. The increase arises mainly from variable expenses which include, among other things, current provisions in respect of VAT assessment judgment (for further details see Note 10.E to the Condensed Financial Statements as of June 30, 2026), partially offset by a decrease in payments to Global Organizations.

Selling and marketing expenses, net of salary expenses, increased during the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year at a rate of approx. 16.7% and approx. 30.8%, respectively. The increase arises primarily from Loyalty Programs management fees and customer retention and acquisition, including, among other things, an agreement to issue Fly Card cards (for details, see Section 1.6.2.A to This Report of the Board of Directors).

General and administrative expenses, net of salary expenses, decreased during the six-month period ended June 30, 2026, compared to the corresponding period last year at a rate of approx. 11.4%. The decrease arose primarily from professional services expenses.

Salary expenses[13] (operating, selling and marketing and general and administrative expenses) increased in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year, mainly due to an increase in current salary expenses as a result of a pay raise under the Collective Agreement applicable to the Group, as detailed in Section 7.6 to the Corporate Governance Report for 2025 and due to an increase in the employee headcount, especially in operations and marketing.

Payments to banks in the three- and six-month periods ended June 30, 2026, compared to the corresponding periods last year, remained essentially without change.

Table 9 - Developments in other comprehensive income

	For the three months ended June 30		Change		For the six months ended June 30		Change	
	2026	2025			2026	2025		
	In NIS million			In %	In NIS million			In %
Net income attributable to the Company's shareholders	15	88	(73)	(83.0)	60	143	(83)	(58.0)
Other comprehensive income (loss), post-tax	(4)	(4)	-	-	1	(10)	11	(110.0)
Comprehensive income	**11**	**84**	**(73)**	**(86.9)**	**61**	**133**	**(72)**	**(54.1)**

Development of comprehensive income

The change in comprehensive income net of non-recurring effects in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year arises mostly from the change in net income, and from adjustments in respect of actuarial estimates as of the end of the period. For further details, see Note 4 to the Condensed Financial Statements as of June 30, 2026.

13 Salary expenses (operating, marketing and selling, general and administrative) include pension expenses, including severance pay and retirement benefits and defined benefit cost components that are not a service cost.

Table 10 - Data on the Group's activity

No. of credit cards (in thousands)

No. of credit cards valid as of June 30, 2026[(1)]

	Active cards	Inactive cards	Total
Bank cards	3,382	736	4,118
Non-bank cards			
Credit risk for the Company	1,318	451	1,769
Credit risk for others	140	120	260
	1,458	571	2,029
Total	**4,840**	**1,307**	**6,147**

(1) In July 2026, the total number of valid and active non-bank cards increased by approx. 93 thousand and approx. 88 thousand, respectively, and as of July 31, 2026, their number totaled approx. 2,122 thousand and approx. 1,546 thousand, respectively. Furthermore, in July 2026, the total number of valid and active bank cards increased by approx. 30 thousand and approx. 33 thousand, respectively, and as of July 31, 2026, their number totaled approx. 4,148 thousand and approx. 3,415 thousand, respectively.

No. of credit cards valid as of June 30, 2025

	Active cards	Inactive cards	Total
Bank cards	3,345	768	4,113
Non-bank cards			
Credit risk for the Company	1,179	379	1,558
Credit risk for others	131	103	234
	1,310	482	1,792
Total	**4,655**	**1,250**	**5,905**

No. of credit cards valid as of December 31, 2025

	Active cards	Inactive cards	Total
Bank cards	3,370	707	4,077
Non-bank cards			
Credit risk for the Company	1,240	393	1,633
Credit risk for others	136	112	248
	1,376	505	1,881
Total	**4,746**	**1,212**	**5,958**

The stock of bank cards and the Group's ability to distribute non-bank cards to customers of banks in the arrangement is affected by the implementation of the provisions of the Strum Law, as of the signing date of the report, mainly as part of the Company's activity with Bank Hapoalim Ltd.

Turnover of credit cards issued by the Group (in NIS million)

	For the three months ended June 30			For the six months ended June 30			For the year ended December 31, 2025
	2026	2025	Change in %	2026	2025	Change in %	
Bank cards	50,786	47,507	6.9	99,060	94,975	4.3	198,117
Non-bank cards							
Credit risk for the Company	14,518	12,286	18.2	27,515	24,630	11.7	52,147
Credit risk for others	1,540	1,388	11.0	2,989	2,725	9.7	5,744
	16,058	13,674	17.4	30,504	27,355	11.5	57,891
Total	**66,844**	**61,181**	**9.3**	**129,564**	**122,330**	**5.9**	**256,008**

Definitions:
Valid credit card: a card issued and not canceled until the last day of the reporting period, excluding single-use prepaid cards (which cannot be recharged) or those honored in a closed list of merchants.
Active credit card: a credit card valid at the end of the reporting period and with transactions conducted during the last quarter of the reporting period.
Bank card: a card in which the customer's charges are made according to agreements the Group has with the banks and the charges in connection with it are the responsibility of the relevant bank.
Non-bank card: a card in which customer charges are made not in accordance with agreements the Group has with the banks, nor is it the responsibility of the banks.
Transaction turnover: The transaction turnover resulting from use of the Group's cards in the reporting period.

2.3. Developments in assets and liabilities, capital, capital adequacy and leverage[14]

Table 11 - Development of assets

	As of June 30		Change compared to June 30, 2025	As of December 31, 2025	Change compared to December 31, 2025
	2026	2025			
	In NIS million		In %	In NIS million	In %
Balance sheet - Assets					
Balance of cash and deposits with banks	591	349	69.3	485	21.9
Amounts receivable for credit card transactions, net(1)	6,061	6,730	(9.9)	7,313	(17.1)
Receivables for credit card transactions	20,363	17,013	19.7	18,828	8.2
Credit loss provision	(490)	(488)	0.4	(491)	(0.2)
Receivables for credit card transactions, net(2)	19,873	16,525	20.3	18,337	8.4
Balance of securities	83	62	33.9	88	(5.7)
Investments in associates	61	49	24.5	61	-
Balance of buildings and equipment	528	473	11.6	501	5.4
Goodwill	21	21	-	21	-
Balance of other assets	1,300	1,141	13.9	1,077	20.7
Total assets	**28,518**	**25,350**	**12.5**	**27,883**	**2.3**

(1) For details regarding an agreement for early extinguishment of a bank's undertakings towards the Group, see Section 1.6.5 to This Report of the Board of Directors.
(2) See Table 12 below.

14 The terms 'credit card'/'card' as used in this section is in accordance with the Reporting to the Public Directives as published by the Banking Supervision Department. In addition, the use of the term 'credit card'/'card' covers all the cards issued and acquired by the Group.

Table 12 - Analysis of receivables for credit card transactions, net

	As of June 30		Change compared to June 30, 2025	As of December 31, 2025	Change compared to December 31, 2025
	2026	2025			
	In NIS million		In %	In NIS million	In %
Receivables for credit card transactions:					
Outstanding credit card receivables for private individuals	5,183	3,920	32.2	4,610	12.4
Outstanding balance of credit loss provision for receivables with respect to credit cards for private individuals	(9)	(11)	(18.2)	(12)	(25.0)
Outstanding receivables for commercial credit cards	835	620	34.7	759	10.0
Outstanding balance of credit loss provision for receivables with respect to receivables for commercial credit cards	(2)	(2)	-	(2)	-
Credit:					
Outstanding credit balances with respect to private individuals	9,313	7,988	16.6	8,583	8.5
Outstanding balance of credit loss provision with respect to credit for private individuals	(379)	(360)	5.3	(373)	1.6
Outstanding credit balances - commercial	3,752	2,933	27.9	3,259	15.1
Outstanding balance of credit loss provision with respect to commercial credit	(90)	(105)	(14.3)	(94)	(4.3)
Other accounts receivable:					
Credit card companies and Global Organizations	1,197	1,471	(18.6)	1,534	(22.0)
Revenues receivable and other	83	81	2.5	83	-
Outstanding balance of credit loss provision with respect to other accounts receivable	(10)	(10)	-	(10)	-
Total receivables for credit card transactions, net	**19,873**	**16,525**	**20.3**	**18,337**	**8.4**

The increase in outstanding credit card receivables for private individuals and commercial credit cards as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 is mainly due to an increase in credit card transaction turnovers.

The increase in outstanding balance of credit with respect to private individuals as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 is mainly due to further growth trajectory in the credit portfolio. For details regarding the acquisition of car loan portfolios, see Note 5.D to the Condensed Financial Statements as of June 30, 2026.

The increase in the balance of the provision for credit losses in respect of credit to private individuals as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 arises primarily from growth in the volume of the portfolio.

The decrease in the balance of the provision for credit losses in respect of commercial credit as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 is mainly due to a decrease in the specific provision.

The decrease in the balances of credit card companies and Global Organizations as of June 30, 2026, compared to June 30, 2025 and December 31, 2025, stems mainly from the difference in netting with Global Organizations in view of difference between the turnovers of inbound tourism and the turnovers of outbound tourism, from a decrease in the balance of voucher factoring and from the difference between the issuance and acquiring turnovers in Israel.

Table 13 - Scope and severity of troubled debts

	As of June 30		Change in %	As of December 31, 2025	Change in %
	2026	2025			
	In NIS million			In NIS million	
Outstanding non-accruing debts	139	130	6.9	143	(2.8)
Outstanding balance of substandard debts	25	22	13.6	23	8.7
Outstanding balance of special mention debt	356	311(1)	14.5	362	(1.7)
Total troubled credit risk	**520**	**463**	**12.3**	**528**	**(1.5)**

(1) Reclassified against non-troubled credit.

The increase in troubled credit risk as of June 30, 2026 compared to June 30, 2025 is affected, among other things, by the growth in the credit portfolio, and is mainly due to an increase in the balance of outstanding non-accruing and balance of outstanding special mention debts. For details regarding credit risk, see Section 3.2 of This Report of the Board of Directors.

Following is an analysis of additional on-balance sheet line items:

The increase in the securities balance as of June 30, 2026 compared to June 30, 2025 is mainly due to investment in shares not held for trading.

The increase in the balance of investments in associates as of June 30, 2026 compared to June 30, 2025 is mainly due to investment in an associate.

The increase in the balance of buildings and equipment as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 arises mainly from an investment in technology projects.

The increase in the other assets balance as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 arises mainly from an increase in balances of advance payments.

Table 14 - Development of liabilities

	As of June 30		Change compared to June 30, 2025	As of December 31, 2025	Change compared to December 31, 2025
	2026	2025			
	In NIS million		In %	In NIS million	In %
Balance sheet - Liabilities					
Outstanding credit from banking corporations and others	3,170	2,656	19.4	2,407	31.7
Debentures, subordinated notes and commercial papers	1,041	1,082	(3.8)	1,559	(33.2)
Outstanding balance of payables for credit card transactions	19,746	17,090	15.5	19,459	1.5
Outstanding balance of other liabilities	1,226	1,542	(20.5)	1,256	(2.4)
Total liabilities	**25,183**	**22,370**	**12.6**	**24,681**	**2.0**

The increase in credit from banking corporations and others as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 arises, among other things, from an increase in the scope of the Group's credit and payments activity.

Marketable debentures and marketable commercial papers - In September 2025, the Company issued Subordinated Notes (Series C) at a par value of approx. NIS 192 million, and in November 2025, the Company issued Commercial Papers (Series 5) totaling approx. NIS 600 million. On the other hand, in March 2026, the Company's Commercial Papers (Series 4) totaling approx. NIS 462 million in par value were repaid, and the first payment of the Company's Debentures (Series B) - totaling approx. NIS 56 million in par value - was made. For details regarding the terms of Company's commercial securities, bonds and subordinated notes, see Note 19 to the Financial Statements for 2025.

The increase in payables for credit card transactions as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 is mostly due to an increase in credit card transaction turnovers.

The decrease in the outstanding balance of other liabilities as of June 30, 2026 compared to June 30, 2025 and December 31, 2025 is mainly due to a decrease in balances with the Israel Tax Authority.

2.3.1. Equity, Capital Adequacy and leveraging

As of the signing date of the report, capital measurement and adequacy requirements apply to the Company and its subsidiary - Premium Express.

As a rule, the Company's capital requirements are based on the Consolidated Financial Statements, in accordance with Proper Conduct of Banking Business Directives No. 201-211, Capital Measurement and Adequacy (hereinafter - "**PCBBs 201-211**"), Proper Conduct of Banking Business Directive No. 218, Leverage Ratio (hereinafter - "**PCBB 218**") and Proper Conduct of Banking Business Directive No. 299, Regulatory Capital - Transitional Provisions.

Table 15 - Capital adequacy and leverage

	As of June 30		As of December 31, 2025
	2026	2025	
	In NIS million		
1. Capital for capital ratio calculation purposes			
Common Equity Tier 1 capital and Tier 1 capital, after deductions[(1),(2)]	3,162	2,731	3,011
Tier 2 capital[(3)]	513	278	494
Total overall capital	**3,675**	**3,009**	**3,505**
2. Balance of risk-weighted assets			
Credit risk	25,579	22,055	23,970
Market risks	134	134	262
Operational risk[(5)]	4,096	3,838	4,016
Total balance of risk-weighted assets	**29,809**	**26,027**	**28,248**
3. Ratio of capital to risk-weighted components			
Ratio of CET1 capital and Tier 1 capital to risk-weighted components	10.6%	10.5%	10.7%
Ratio of total capital to risk-weighted components(3)	12.3%	11.6%	12.4%
Minimum CET 1 capital ratio set by the Banking Supervision Department	8.0%	8.0%	8.0%
Minimum total capital ratio set by the Banking Supervision Department	11.5%	11.5%	11.5%
3. Leverage ratio			
Leverage ratio	8.5%	8.3%	8.5%
Minimum total leverage ratio set by the Banking Supervision Department[(4)]	4.5%	4.5%	4.5%

(1) For details regarding dividend distribution, see Section 2.3.9 below.

(2) Includes adjustments in respect of the effect of initial application of accounting principles for current expected credit losses, which were gradually reduced until December 31, 2025.

(3) For details regarding the issuance of subordinated notes (CoCo) in September 2025, see Note 19 to the Financial Statements for 2025.

(4) For details regarding the minimum leverage ratio, see Section 2.3.8 below.

(5) On June 19, 2024, the Banking Supervision Department published a revision to Proper Conduct of Banking Business Directive No. 206 Capital Measurement and Adequacy – Operational Risk, which redefined the calculation of the capital allocation in respect of operational risk, such that it will be based, among other things, on the business indicator component and on the internal loss multiplier, which is based on the average historical losses of the corporation. The Company has been applying the said revision to the directive as from January 1, 2026, except for implementation of the internal loss multiplier, for which the Banking Supervision Department will publish specific guidance no later than 2028. The component of the directive which applies as from January 1, 2026 has had no material effect on the capital adequacy ratio.

For further details in accordance with the discovery requirements of the Basel Committee's Pillar 3 (i.e., provisions regarding the manner and scope of the information (qualitative and quantitative) presented to the public regarding the risks to which the Company is exposed) (hereinafter - "**Pillar 3**"), see the Risk Management Report for the second quarter of 2026.

A major subsidiary - Premium Express[(1)]

	As of June 30		As of December 31, 2025
	2026	2025	
Ratio of CET1 capital and Tier 1 capital to risk-weighted components	14.6%	11.4%	11.6%
Ratio of total capital to risk-weighted components	14.7%	11.5%	11.8%
Minimum CET 1 capital ratio set by the Banking Supervision Department	8.0%	8.0%	8.0%
Minimum total capital ratio set by the Banking Supervision Department	11.5%	11.5%	11.5%

(1) For further details regarding changes in Premium Express's capital, see Section 2.5 to This Report of the Board of Directors.

2.3.2. Minimum capital ratios

Proper Conduct of Banking Business Directive No. 472, Merchant Acquirers and Acquiring Payment Card Transactions, includes an expedient for acquirers concerning their equity requirement applicable to those with a receivable balance exceeding NIS 2 billion in the latest annual financial statements, which will be calculated in accordance with PCBBs 201-211 (Capital Measurement and Adequacy). Accordingly, despite that which is stated in Section 40 to Proper Conduct of Banking Business Directive No. 201, for such an acquirer, the Common minimum Common Equity Tier 1 capital ratio shall not fall below 8%, and the minimum total capital ratio shall not fall below 11.5%.

2.3.3. Minimum capital adequacy target

The Company's minimum capital adequacy target is the appropriate level of capital required in respect of the various risks to which the Company is exposed as these have been identified, estimated and assessed by the Company. This target takes into account the actions of the Company's management, which are designed to reduce the risk level and/or increase the capital base.

The following are the Company’s minimum capital adequacy targets as approved by the Company's Board of Directors in November 2025:

- The Company’s ratio of CET1 capital to risk-weighted components is 9.75%.
- The Company’s total capital ratio target to risk-weighted components is 11.75%.

Management is responsible for formulating recommendations regarding the required changes to the capital ratios set by the Board, based on the conclusions of the capital adequacy assessment process, and for formulating and implementing recommendations regarding the actions and adjustments required to comply therewith in view of the Company's revised work plans and in view of business developments.

2.3.4. Capital management

The purpose of capital management is to bring about compliance with the detailed risk appetite definitions and the Company's objectives as defined by the Company's Board of Directors, subject to the regulator's provisions in terms of the capital requirement while striving to effect its efficient allocation, and hence capital management will ensure:

- A capital base that will serve as a buffer against the unexpected risks to which the Company is exposed, will support the business strategy and enable compliance at all times with the regulatory minimum capital requirement (with respect to the mix and the amount of capital backing the Company's strategy and risks).
- A response to future developments in the capital base and the capital requirement.
- An endeavor to ensure the effective allocation of capital in the Company’s ordinary course of business.

2.3.5. Guiding principles in capital management

Capital management is an annual process with a three-year rolling planning horizon.

Capital management is considered an integral part of the Company's strategic and financial plan. Capital management relies on the growth plans of the various business units, in order to assess the capital requirement during the program period and serves the strategic planning process, while referring to the feasibility and the capital allocation to the units.

2.3.6. **Capital adequacy**

The Company implements the standardized approach to assessing its regulatory capital adequacy (for credit risks, market risks and operational risks). Accordingly, the credit risk weighting is determined, among other things, by attributing the exposure to the counter-party to the transaction as stipulated in Proper Conduct of Banking Business Directive No. 203 (hereinafter - "**PCBB 203**"), taking into account the external credit ratings assigned by external credit rating institutions (ECAIs) and used to measure credit risk in a standardized manner.

Regarding the credit risk, which is affected, among other things, by the rating of the State of Israel, the Company uses multiple ECAIs, as allowed under PCBB 203, such that the lower of the two highest ratings by ECAIs is implemented. As of the signing date of the report, the current ratings of the State of Israel as assigned by the external rating agencies (as detailed in Section 2.1.2 to This Report of the Board of Directors), have no effect on the Company's compliance with the applicable capital adequacy requirements, as stated above, and no additional downgrade of the State of Israel's rating shall affect the Company's compliance therewith. Even under an extreme scenario of further downgrades of the State of Israel's rating - by two notches (or more) - by S&P or Fitch to BBB+ (or lower), the Common Equity Tier 1 capital adequacy ratio will be higher than the minimum ratio required by the Bank of Israel; however, such an extreme scenario may affect the Company's compliance with the total capital ratio (based on data as of June 30, 2026). In this context, it is clarified that as of the signing date of the report, the Company considers the likelihood of further rating downgrades to BBB+ (and below) to be low.

The Company performs an internal capital adequacy assessment under which it created a multi-year plan for compliance with capital adequacy targets. This plan takes into account the Company's existing and future capital needs in accordance with the strategic plans against available capital sources. The plan addresses all of the Company's current and future risk-weighted assets, in accordance with the allocation requirements under PCBBs 201-211 and 218 against the capital adequacy targes and the risk appetite.

2.3.7. **Liquidity coverage ratio**

In accordance with Proper Conduct of Banking Business Directive No. 221 - Liquidity Coverage Ratio, which applies the recommendations of the Basel Committee regarding liquidity coverage ratio to the Israeli banking system, the Company, as a PPSP, is exempt from implementing this directive, subject to complying with the requirements of Proper Conduct of Banking Business Directive No. 342, subject to two conditions:

(a) The Company will maintain an internal liquidity management model, which takes into account its liquidity needs and their characteristics.

(b) The Company will hold sufficient liquid assets at all times, based on the internal model, with an additional a safety cushion that takes into account stress scenarios.

The Company has an internal liquidity management model in the Group, which takes into account its liquidity needs, and liquidity means designed to address these needs, including under stress scenarios.

2.3.8. Leverage ratio

The Company has been implementing PCBB 218 Leverage Ratio (hereinafter in this sub-section - the **“Directive"**). The directive sets a straightforward, transparent and non-risk based leverage ratio to serve as a supplementary and reliable measure for risk-based capital requirements with the purpose of limiting excess leverage in banking corporations and credit card companies. The leverage ratio is expressed as a percentage, and is defined as the ratio between capital measurement and exposure measurement. For further details, see Note 9.E to the Condensed Financial Statements as of June 30, 2026 and Note 23.C.5 to the Financial Statements for 2025.

In this context, it is noted that on September 14, 2025, the Banking Supervision Department published a circular, which revises PCBB 218 - Leverage Ratio. In accordance with the circular, the Temporary Order regarding the expedient pertaining to the leverage ratio requirements according to which the leverage ratio applicable to the Company will not fall below 4.5% (instead of 5% prior to the Temporary Order), was extended through June 30, 2027 and it was clarified that the leverage ratio shall not fall below the lower of the ratio as of December 31, 2026 or the leverage ratio required from the Company.

Immediately prior to the signing date of the report and as of June 30, 2026 and December 31, 2025, the Company complies with all the abovementioned provisions pertaining to capital requirements, capital adequacy and leverage ratio. Subject to the provisions of Section 2.3.6 above, the Company believes that it has a robust capital structure and will comply with the minimum capital and leverage ratios set by the Banking Supervision Department and the capital targets set by the Company's Board of Directors, which are in line with the Group’s work plans.[15]

2.3.9. Dividend distribution

<u>External restrictions on dividend distribution:</u>

Dividend distribution by the Company is subject to the distribution tests set in the Companies Law and in the Banking Supervision Department’s directives. In addition, the Company is subject to restrictions by virtue of its capacity as an acquirer and PPSP, including Proper Conduct of Banking Business Directive No. 331, and by virtue of its undertakings to holders of debentures and commercial papers issued (and which are outstanding).

[15] **The Company’s abovementioned assessments constitute forward-looking information, as defined by the Securities Law; they are made to the best of its management’s understanding and judgment as of the signing date of the report, based on the Company's capital and leverage ratios as of the signing date of the report and on management’s assessments and understanding of the factors affecting the payments and credit market in which the Group operates (including based on publications by official entities such as the Bank of Israel, the Central Bureau of Statistics and the Ministry of Finance, and based on its experience in and knowledge of the industry, combined with monitoring and control tools), and the expected effect of those factors on the Company's capital and leverage ratios; all of the above was considered taking into account the prevailing uncertainty in the market due to various factors, including inflation and interest rates, domestic and global political, economic and/or security conflicts, etc., their intensity and effects on the economy and consumer behavior in Israel and globally. Accordingly, such assessments may be revised from time to time by the Company's management, including taking into account the Company’s actual operating data, which may vary from those expected, including to a material extent, due to, among other things, suboptimal assumptions and analyses, developments which cannot be fully assessed with respect to the effects of the abovementioned factors, their duration, intensity, severity and effect on the Group's areas of activity and the financial position of its customers, decisions by Global Organizations with respect to the terms of engagement with companies they are contracted with, downgrades of the rating of Israel and/or Israeli banks by the international rating agencies, regulatory changes and/or the materialization of all or some of the risk factors, which apply to the Company as detailed in Section 3 to This Report of the Board of Directors and Section 3 to the Report of the Board of Directors for 2025.**

For details regarding external restrictions on dividend distribution, applicable (or may apply, as the case may be) to the Company, see Section 2.3.9 to the Report of the Board of Directors for 2025 and Note 19 to the Financial Statements for 2025.

Such requirements and provisions may restrict the Company's ability to make a distribution and/or affect its amount.

Dividend distribution policy:

On March 17, 2026, the Company's Board reapproved the Dividend Distribution Policy, as follows:

Subject to statutory provisions and the resolutions of the Company's Board, as they will be from time to time, the Company's Dividend Distribution Policy is to distribute a semi-annual dividend, out of the balance of the Company's 'earnings' (as defined in Section 302 to the Companies Law) at a rate of up to 40% of the Company's semi-annual net income as per its latest consolidated financial statements for the earnings accumulation period for which the dividend will be distributed (the Company's results in the first half and the Company's results in the second half), all, subject to the approval or non-objection of the Banking Supervision Department (where required) and the provisions of any law, including the distribution tests set in Section 302 to the Companies Law.

When discussing a dividend distribution and determining the actual dividend to be distributed (if any), the Company's Board of Directors takes into account, among other things, business considerations, including the Company's investment plan, financial position, compliance with financial requirements and restrictions imposed thereon (including compliance with capital adequacy and leveraging target requirements) and other matters.

The above distribution policy will be reviewed by the Company's Board of Directors at least once a year. It is noted that under the Banking Supervision Department's approval, review of the dividend distribution policy by the Company is required, at the very least, in the event of material deviation from the capital ratios presented to the Banking Supervision Department in the Company's request for approval of the abovementioned policy change, or in the event of a substantial decline in the capital ratio under the stress scenarios implemented by the Company.

Following are details regarding dividends declared and paid from 2025 through the signing date of the report:

Declaration date	Payment date	Distribution rate	Dividend per share	Total dividend
			(In agorot)	(In NIS million)
July 15, 2025	August 4, 2025	Special dividend[16]	608.65740	1,246.6
March 11, 2025	March 30, 2025	(*)40%	26.04993	52.7

(*) Out of the semi-annual net income preceding the declaration date.

16 Approved and distributed in accordance with an investment agreement with Delek Group (see Section 1.1.B to the Report of the Board of Directors for 2025), after fulfillment of all the conditions required for its completion.

2.4. Operating segments

2.4.1. General

An operating segment is a component of a group engaged in activities from which it may generate revenues and incur expenses; the operating results of the operating segment are reviewed on an ongoing basis by management and the board of directors in order to make decisions regarding the allocation of resources and assessment of its performance; there is also separate financial information regarding such segments. The Company's segment reporting format, in accordance with the management approach, is consistent with the manner in which the information is presented to the Company's chief operating decision maker,[17] as stated in the Reporting to the Public Directives of the Banking Supervision Department.

In accordance with the Company's management approach, the Group's activity is presented under two operating segments, which constitute its core activity, as follows: **(a) The Private Customers Segment** (including credit to private individuals, issuing and processing of payment cards) and **(b) the Business Customers Segment** (including commercial credit and advanced payment solutions, including acquiring of payment cards). Such a segmental presentation is based on two distinct markets - i.e., private customers and business customers - to whom the Group sells financial services and products and complementary and ancillary services and products in the course of its Financial Activity, while providing a range of solutions tailored to customer needs. This presentation is consistent with the market in which the Company operates, the current and expected developments in the relevant markets, and the Group's strategic plan. For further details, see Section 2.4 to the Report of the Board of Directors for 2025.

2.4.2. Seasonality and the effect of the security situation

The Company's activity, both in the Private Customers Segment and in the Business Customers Segment, is affected by the security situation and is subject to volatility in revenues and operating results, mainly due to an increase in consumption around the holiday periods (the High Holidays and Passover), which fall in different quarters in different years, and during the summer months, which leads to a corresponding increase in the use of credit cards, an increase in loans taken, and an uptick in the use of other credit products to finance consumption.

2.4.3. Commission arrangements

An interchange fee (issuer fee) between a local acquirer and issuer is the payment made by an acquirer to the issuer with respect of the execution of a transaction with a merchant receiving acquiring services from the acquirer, and which was paid using a payment card issued by the issuer. For details regarding commission arrangements, see Section 2.4.3 of the Report of the Board of Directors for 2025.

17 The Company's CEO - see Note 11 to the Condensed Financial Statements as of June 30, 2026.

2.4.4. Private Customers Segment

This segment includes, among other things, credit to private individuals, issuing and processing of payment cards.

For details regarding the Private Customers Segment, see Section 2.4.4 of the Report of the Board of Directors for 2025.

For details regarding regulatory developments with potential effect on the Group’s activity in the Private Customers Segment, see Section 2.1.5 to This Report of the Board of Directors and Section 2.1.8 to the Report of the Board of Directors for 2025, and Notes 10.C.2 to the Condensed Financial Statements as of **June 30, 2026** and Note 24.C.2 to the Financial Statements for 2025.

For details regarding the Group's credit card activity see Table 10 to This Report of the Board of Directors.

For details regarding an agreement between the Company, Premium Express and EL AL Frequent Flyer Ltd., which operates the Frequent Flyer Loyalty Program regarding the issuance of Fly Card cards, see Section 1.6.2.A to This Report of the Board of Directors.

Table 16 - Development in revenues and expenses in the Private Customers Segment(1)

	For the three months ended June 30						Change	
	2026			2025				
	Reported	One-off effects(4)	Net of one-off effects	Reported	One-off effects(5)	Net of one-off effects		
	In NIS million							(In %)
Total revenues from fees and commissions	494	-	494	466	-	466	28	6.0
Interest revenues, net	180	-	180	173	-	173	7	4.0
Other revenues (expenses)	58	65	(7)	(11)(2)	-	(11)	4	(36.4)
Total segment revenues	**732**	**65**	**667**	**628**	**-**	**628**	**39**	**6.2**
Credit loss expenses	76	-	76	40	-	40	36	90.0
Operating, selling, marketing, and general and administrative expenses	482	-	482	703(2)(3)	290	413	69	16.7
Payments to banks	141	-	141	143	-	143	(2)	(1.4)
Pretax income (loss) for the segment	**33**	**65**	**(32)**	**(258)**	**-**	**32**	**(64)**	**(200.0)**

	For the six months ended June 30						Change	
	2026			2025				
	Reported	One-off effects(4)	Net of one-off effects	Reported	One-off effects(5)	Net of one-off effects		
	In NIS million							(In %)
Total revenues from fees and commissions	960	-	960	925	-	925	35	3.8
Interest revenues, net	360	-	360	342	-	342	18	5.3
Other revenues (expenses)	56	65	(9)	(3)(2)	-	(3)	(6)	200.0
Total segment revenues	**1,376**	**65**	**1,311**	**1,264**	**-**	**1,264**	**47**	**3.7**
Credit loss expenses	141	-	141	105	-	105	36	34.3
Operating, selling, marketing, and general and administrative expenses	917	-	917	1,120(2)(3)	290	830	87	10.5
Payments to banks	279	-	279	281	-	281	(2)	(0.7)
Pretax income (loss) for the segment	**39**	**65**	**(26)**	**(242)**	**-**	**48**	**(74)**	**(154.2)**

(1) The segment's results in the six-month period ended June 30, 2025 do not include an expense in respect of cancellation fee to Menora as detailed in Section 1.1B to the Report of the Board of Directors for 2025.
(2) Reclassified.
(3) Reclassified against the Business Customers Segment, see Table 17 below.
(4) In the three- a six-month periods ended June 30, 2026, the operating results of the Private Customers Segment were materially affected by a one-off event: Net revenue totaling approx. NIS 65 million from a dividend received from Iplanet subsequent to the sale of its holding stake in BUYME (for further details see Section 1.6.6(b) to This Report of the Board of Directors).
(5) In the three- and six-month periods ended June 30, 2025, the operating results of the Private Customers Segment were materially affected by a one-off event under which the Company recognized an expense of approx. NIS 290 million (approx. NIS 223 million post-tax) arising from an increase in the provision for VAT assessments in the Group for the years 2012-2025, following a judgment handed down by the District Court on August 6, 2025 (for additional information see Note 24.E to the Financial Statements for 2025).

The increase in revenues from fees and commissions in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year arises mainly from an increase in domestic issuer fees due to an increase in turnovers in Israel offset by a decrease in fees from cross-border transactions following Operation Lion's Roar and Operation Rising Lion which took place last year.

The increase in interest revenues, net in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to the effect of the increase in the Group's private credit balances. On the other hand, there was a decline in interest income from credit to private individuals, which is affected, among other things, by the Bank of Israel policy rate and by changes in the Consumer Price Index.

The change in other revenues (expenses) the three- and six-month period ended June 30, 2026 compared to the corresponding periods last year arises mainly from the effect of exchange rate differences in respect of foreign currency transactions (executed by card holders in outbound tourism and e-commerce activities) and in respect of netting arrangements with the Global Organizations.

The increase in credit loss expenses during the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to an increase in net write-offs and collective provision, inter alia in light of growth in the credit portfolio's volume.

The increase in operating, selling and marketing and general and administrative expenses in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year arises mainly from an increase in variable expenses which include, among other things, current provisions in respect of VAT assessment judgment (for further details see Note 10.E to the Condensed Financial Statements as of June 30, 2026), partially offset by a decrease in payments to Global Organizations, and from an increase in loyalty programs' management fees and from customer retention and acquisition, due to, among other things, the agreement for issuance of Fly Card cards (for details see Section 1.6.2.A to This Report of the Board of Directors.

In the three-month period ended June 30, 2026 **payments to banks** did not change materially compared to the corresponding period last year.

2.4.5. Business Customers Segment

The Business Customers Segment includes, among other things, commercial credit and advanced payment solutions, including acquiring of payment cards. As of the signing date of the report, the Group acquires Visa, Mastercard, American Express and Isracard cards, and also provides business customers with a range of financial services and financing solutions.

For details regarding the Business Customers Segment, see Section 2.4.5 of the Report of the Board of Directors for 2025.

For details regarding regulatory and technology developments with potential effect on the Group's activity in the Business Customers Segment, see Section 2.1.5 to This Report of the Board of Directors and Sections 2.1.2, 2.1.4 and 2.1.8 to the Report of the Board of Directors for 2025, and Notes 10.C.2 to the Condensed Financial Statements as of June 30, 2026 and Note 24.C.2 to the Financial Statements for 2025.

Table 17 - Development in revenues and expenses in the Business Customers Segment[(1)]

	For the three months ended June 30		Change		For the six months ended June 30		Change	
	2026	2025			2026	2025		
	In NIS million			(In %)	In NIS million			(In %)
Total revenues from fees and commissions	139	140	(1)	(0.7)	270	275	(5)	(1.8)
Interest revenues, net	71	71	-	-	138	140	(2)	(1.4)
Other revenues	12	17	(5)	(29.4)	20	23	(3)	(13.0)
Total segment revenues	**222**	**228**	**(6)**	**(2.6)**	**428**	**438**	**(10)**	**(2.3)**
Credit loss expenses	7	(1)	8	(800.0)	13	3	10	333.3
Operating, selling, marketing, and general and administrative expenses	157	140[(2)]	17	12.1	303	292[(2)]	11	3.8
Pretax income for the segment	**58**	**89**	**(31)**	**(34.8)**	**112**	**143**	**(31)**	**(21.7)**

(1) The segment's results in the six-month period ended June 30, 2025 do not include an expense in respect of cancellation fee to Menora as detailed in Section 1.1B to the Report of the Board of Directors for 2025.
(2) Reclassified to the Private Customers Segment; see table 16 above.

The decrease in revenues from fees and commissions in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to an increase in inter-segment fee with the Private Customers Segment, which is partially offset by an increase in fees and commissions from external sources due to the increase in domestic acquiring turnovers in Israel; on the other hand, inbound tourism declined due to Operation Lion's Roar and due to Operation Rising Lion which took place last year.

The decrease in interest revenues, net in the six-month period ended June 30, 2026 compared to the corresponding period last year is mainly due to an increase in the balance of interest-bearing liabilities attributable to the segment and to a decrease in the interest rate, which is affected, among other things, by the Bank of Israel policy rate, partially offset by an increase in the volume of the commercial credit portfolio.

The decrease in other revenues in the three and six-month periods ended June 30, 2026 compared to the corresponding periods last year arises mainly from exchange rate differences due to acquiring activity involving foreign currency transactions, which is partially offset by an increase in revenues from acquiring activity involving additional products and services.

The increase in credit loss expenses during the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to an increase in net write-offs and collective provision, inter alia in light of the growth in the credit portfolio's volume, offset by a decrease in the specific provision.

The increase in operating, selling and marketing and general and administrative expenses in the three- and six-month periods ended June 30, 2026 compared to the corresponding periods last year is mainly due to an increase in variable expenses, which are affected by turnovers and by the scope of the business credit portfolio.

For details regarding the potential effect of Israel's security, political and geopolitical situation on the Company's results, during the Reporting Period and future periods, see Sections 1.2 and 3 to This Report of the Board of Directors.

For further details regarding the Group's operating segments, see Note 11 to the Condensed Financial Statements as of June 30, 2026 and Note 25 to the Financial Statements for 2025.

2.5. **Activity of main investees**

The Company has several of wholly-owned subsidiaries, the principal of which are listed below. In addition, as of the signing date of the report, the Company has several collaboration and investment agreements with companies and other ventures, which confer or may confer upon it minority shareholdings (at holding rates of up to 50% of their issued capital),[18] none of which is material to the Company as of the signing date of the report.

For details regarding the Company's ownership structure, see Section 7.1 to the Corporate Governance Report for 2025.

For further details, including regarding the activities of the companies below, see Section 2.5 to the Report of the Board of Directors for 2025 and Note 14 to the Financial Statements for 2025.

For details regarding a permanent acquirer license, which refers to the Company's holding in its primary investees and for details regarding the Company's application to the Banking Supervision Department to obtain a PPSP license, which will replace its acquirer license, see Section 2.1.6 to the Report of the Board of Directors for 2025.

[18] It is noted that in accordance with the investment agreements with some of the abovementioned companies, the Company has rights to increase its share of capital subject to the provisions of any law, and, as the case may be, excess rights to profits in those companies (if any) beyond its share of capital, all subject to the conditions set forth.

Table 18 - Details regarding the contribution to the net income and remaining stake with respect to each of the Company's principal investees

	Contribution of net income (loss) of the investee to the Company's operating results for the three months ended June 30		Contribution of net income (loss) of the investee to the Company's operating results for the six months ended June 30		Remaining stake in the investee as of June 30	
	2026	2025	2026	2025	2026	2025
	In NIS million					
Premium Express	7	(42)	14	(32)	629(1)	401
Isracard Mimun Ltd.	(2)	26	(1)	12	868	837
Tzameret Mimunim Ltd.	3	3	6	6	288	277

(1) In June 2026, March 2026 and September 2025, the Company injected Premium Express with capital in the amount of NIS 90 million, NIS 60 million and NIS 44 million, respectively.

3. Risk review

3.1. General description of the risks and their management

The Group's activities involve financial risk, credit risk and other non-financial risks, such as regulatory risk and operational risk. Additional risks to which the Group is exposed are addressed directly under the business management activity. The risk management strategy is conducted while meeting the risk appetite and supporting the Company's business goals and objectives. The risk management framework is implemented through policies, procedures, restrictions and authorizations, which determine the business activity framework.

Some of the information detailed in this Section 3, even if based on processing of historical data, constitutes forward-looking information as defined by the Securities Law, as detailed in the preamble to This Report of the Board of Directors.

For details regarding the general description of the risks and management thereof, see Section 3.1 to the Report of the Board of Directors for 2025.

Since the outbreak of the Iron Swords War and through the signing date of the report, the Group has taken various actions aimed at mitigating, as far as possible, the impact of the security, political and geopolitical situation and ensuring its regular operations, including providing continuous services to its customers across its various operating segments. The Group is monitoring the effects of the security situation on the various risks associated with its activities and is making preparations in accordance with developments. For further details, see Section 1.2 to This Report of the Board of Directors.

As of the signing date of the report, it is impossible to assess all the effects of Israel's security, political and geopolitical situation on the level of the Group’s various risks. The uncertainty embodied in the said situation, the manner in which the government handles and supports the business and home front, as well as the possible downgrading implications of the credit rating of the State of Israel and/or Israeli banks, are significant factors, which may directly or indirectly affect a higher exposure by the Group to the various risks and the manner in which they materialize. Due to the increase in uncertainty levels resulting from the continuation of the security situation and changes therein, the Group adopted enhanced monitoring and control processes across various risk aspects, and additional work and control processes may be adapted according to developments.

For further details regarding the risks associated with the Group's activities as of June 30, 2026, see the Risk Management Report for 2025 and the Risk Management Report for the second quarter of 2026.

3.2. Credit risk

Credit risk is the possibility that a borrower/counterparty fails to meet its obligations under the agreed terms and conditions.

Credit risk is managed, monitored, and controlled by the Company, as required by the nature of its activities as a group engaged, among other things, in the provision of credit. The credit risk management process supports the Group in its management of risk across all aspects of its credit portfolio: credit models, sales and underwriting processes, as well as monitoring and collection through appropriate control processes.

The Company considers the credit activity as one of the Group’s main growth drivers, while exercising informed risk management. Accordingly, in recent years, the Group features a growth trend in credit activity, both in credit to private individuals and in commercial credit. Further to the above, in the first half of 2026, the growth trend in the balances of credit to private customers and commercial credit balances continued.

The overall increase in recent years in credit balances to private customers and commercial credit, increases the Group's credit risk. Furthermore, the interest rate and inflation environment which remained relatively high, even after a gradual decline from peak levels in 2023, has increased the amount of customers' monthly repayment of linked loans bearing variable interest, which, in turn, increased concerns regarding the repayment capacity of households and business customers and may affect the quality of the credit portfolio. However, under an assumption of a de-escalation in the regional conflict, economic forecasts are mostly positive and the Bank of Israel's forecast of July 2026[19] estimates that the GDP is expected to grow by 4.0% in 2026 and by 5.5% in 2027, inflation will continue subside and the average interest rate in the second quarter of 2027 is expected be cut to 3.0%. Furthermore, broad unemployment rate among key working-age populations is indeed expected to rise to 4.6% on average in 2026 (mainly due to the effects of the conflict with Iran), but later on, is expected to drop to a relatively low rate of 3.0% on average in 2027. For further details, see Section 2.1.2 to This Report of the Board of Directors.

As of the signing date of the report, the full materialization of the credit risk on private and business borrowers as a result of the security situation following the Iron Swords War has not yet been observed and Operation Lion’s Roar. However, the uncertainty as to the duration of the security, political and economic situation and the government's response and support of the business and home front are substantial factors, which may directly or indirectly affect credit risk. The Group has reinforced its monitoring and control processes over the credit portfolio and is examining the effect of the security situation on its credit underwriting models and, in accordance with developments, additional work and control processes may be adapted.

Taking a forward-looking perspective, there is uncertainty regarding the development of macroeconomic environmental indicators and their implications for the Group. The Group monitors market trends and regularly assesses changes in the macroeconomic environment and their effects on the various exposures, including credit exposure.

For further details, see Section 3.2 to the Report of the Board of Directors for 2025.

[19] See the press release issued by the Bank of Israel on July 6, 2026, titled: The Macroeconomic Forecast of the Research Department, July 2026.

Analysis of credit quality, troubled credit risk and non-performing assets

Table 19 - Analysis of credit quality, troubled credit risk and non-performing assets

	As of June 30, 2026				As of June 30, 2025				As of December 31, 2025			
	Credit risk without bank guarantees		Guaranteed by banks and other	Total	Credit risk without bank guarantees		Guaranteed by banks and other	Total	Credit risk without bank guarantees		Guaranteed by banks and other	Total
	Private individuals	Commercial			Private individuals	Commercial			Private individuals	Commercial		
	In NIS million											
Credit risk in credit performance rating[1]												
On-balance-sheet credit risk	13,741	4,506	-	18,247	11,172[6]	3,471	-	14,643	12,350	3,930	-	16,280
Off-balance-sheet credit risk[3]	24,508	2,173	-	26,681	18,881	1,807	-	20,688	20,480	1,800	-	22,280
Total credit risk in credit performance rating	**38,249**	**6,679**	**-**	**44,928**	**30,053**	**5,278**	**-**	**35,331**	**32,830**	**5,730**	**-**	**38,560**
Credit risk not in credit performance rating												
Non-troubled	319	-	-	319	360	-	-	360	408	-	-	408
Troubled[4] accruing	317	64	-	381	288[6]	45	-	333	326	59	-	385
Troubled[4] non-accruing	119	17	-	136	88	37	-	125	109	29	-	138
Total on-balance sheet credit risk	**755**	**81**	**-**	**836**	**736**	**82**	**-**	**818**	**843**	**88**	**-**	**931**
Off-balance-sheet credit risk[3]	28	-	-	28	30	-	-	30	34	-	-	34
Total non-investment grade credit risk	**783**	**81**	**-**	**864**	**766**	**82**	**-**	**848**	**877**	**88**	**-**	**965**
Of which: Accruing debts, in arrears of 90 days or more	-	-	-	-	-	-	-	-	-	-	-	-
Credit risk - others[5]												
Non-troubled	-	-	7,948	7,948	-	-	8,649	8,649	-	-	9,430	9,430
Troubled[4] accruing	-	-	-	-	-	-	-	-	-	-	-	-
Troubled[4] non-accruing	-	-	3	3	-	-	5	5	-	-	5	5
Total on-balance sheet credit risk	**-**	**-**	**7,951**	**7,951**	**-**	**-**	**8,654**	**8,654**	**-**	**-**	**9,435**	**9,435**
Off-balance-sheet credit risk[3]	-	-	39,683	39,683	-	-	38,491	38,491	-	-	37,767	37,767
Total credit risk - Others[5]	**-**	**-**	**47,634**	**47,634**	**-**	**-**	**47,145**	**47,145**	**-**	**-**	**47,202**	**47,202**
Total overall credit risk of the public[2]	**39,032**	**6,760**	**47,634**	**93,426**	**30,819**	**5,360**	**47,145**	**83,324**	**33,707**	**5,818**	**47,202**	**86,727**
Additional information on total non-performing assets:												
Non-accruing debts	119	17	3	139	88	37	5	130	109	29	5	143
Total non-performing assets of the public	**119**	**17**	**3**	**139**	**88**	**37**	**5**	**130**	**109**	**29**	**5**	**143**

(1) Credit risk whose credit rating at the report date matches the credit rating for granting new credit in accordance with the Company's policy.
(2) On- and off-balance sheet credit risk, including for derivatives. Includes: Receivables for credit card transactions, deposits with banks, and other debts.
On-balance-sheet credit risk and off-balance sheet credit risk is presented before the effect of credit loss provision and the effect of collateral which is deductible for the purpose of indebtedness of a borrower or group of borrowers.
(3) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower credit indebtedness limitations.
(4) Troubled credit risk - Credit risk that is non-accruing, substandard or special mention.
(5) Amounts receivable from banks, deposits with banks, credit card companies and Global Organizations, revenues receivable, and other accounts receivables.
(6) Reclassified.

Table 20 - Movement in balances of non-accruing debts examined specifically(1)

	For the three-month period ended June 30		For the six-month period ended June 30		For the year ended December 31, 2025
	2026	2025	2026	2025	
	In NIS million				
Outstanding balance of non-accruing debts as of the beginning of period	**32**	**43**	**38**	**44**	**44**
Balances classified as non-accruing debts during the period	(2)	6	(2)	9	11
Charge-offs	(5)	*-	(11)	*-	(2)
Collection of loans classified as non-accruing during the period[2]	(5)	(3)	(5)	(7)	(15)
Outstanding balance of non-accruing debts at the end of the period[3]	**20**	**46**	**20**	**46**	**38**

(*) An amount lower than NIS 0.5 million.
[1] Receivables for credit card transactions and other debts.
[2] Collection from merchants is mostly executed by offsetting new vouchers entered into the system.
[3] The balance of the specific provision in respect of these debts in June 30, 2026 and 2025 and December 31, 2025 is NIS 18 million, NIS 38 million and NIS 33 million, respectively.

Table 21 - Quality analysis indicators of receivables for credit card transactions, expenses and credit loss provision

		As of June 30				As of December 31, 2025	
		2026		2025			
		Private individuals	Commercial	Private individuals	Commercial	Private individuals	Commercial
		In %					
Analysis of quality of loans to the public							
A	Rate of outstanding receivables for credit card transactions which are non-accruing for credit card transactions out of receivables for credit card transactions	0.82	0.37	0.74	1.04	0.83	0.72
B	Rate of receivables that are non-accruing or 90 days or more in arrears for credit card transactions out of outstanding receivables for credit card transactions	0.82	0.37	0.74	1.04	0.83	0.72
C	Rate of troubled receivables for credit card transactions out of receivables for credit card transactions(1)	3.01	1.77	3.16(3)	2.31	3.30	2.19
D	Rate of troubled credit risk out of total credit risk(1)	1.12	1.20	1.22(3)	1.53	1.29	1.51
Analysis of credit loss expenses for the reporting period							
E	Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions(2)	2.04	0.75	1.77	0.23	1.83	0.06
F	Rate of net charge-offs of the average balance of receivables for credit card transactions(2)	1.99	0.93	1.78	0.29	1.73	0.39
Analysis of the credit loss provision in respect of receivables for credit card transactions							
G	Rate of balance of the provision for credit losses of outstanding receivables for credit card transactions	2.68	2.01	3.12	3.01	2.92	2.39
H	Rate provision for credit losses of outstanding receivables which are non-accruing or in arrears of 90 days or more for credit card transactions	(*)	(*)	(*)	(*)	(*)	(*)
I	Ratio of credit loss provision out of charge-offs, net	1.43	2.30	1.77	10.70	1.82	6.86

(*) Higher than 100%.
(1) For details regarding the change in troubled debts balances, see Table 13 to This Report of the Board of Directors.
(2) Annualized.
(3) Reclassified.

Credit quality analysis

As part of the Group's ongoing management of its credit portfolio and risk management, debt balance arrears are regularly monitored. The abovementioned monitoring of findings serves as one of the key indicators of credit quality. The extent of a debt's arrears affects the classification of debts, which are assessed on a collective basis (the longer the arrears, the lower the debt quality classification), and typically after a debt is 150 days in arrears, the Group executes a debt charge-off.

During the reporting period, the rate of troubled receivables for credit card transactions out of receivables for credit card transactions declined both with respect to private individuals and with respect to commercial credit, compared to the corresponding period last year and December 31, 2025. On the other hand, there has been an increase in the rate of net charge-offs and the rate of expenses for credit losses out of the average balance of receivables for credit card transactions.[20]

Credit to private individuals

The primary credit products for private customers are: Payments (shopping) using credit cards, which do not bear interest and interest-bearing credit, both on account of a credit facility under a credit card (card lending) and not on account of a credit facility under a credit card (non-card lending). Furthermore, from time to time the Company acquires car loan portfolios (see Note 5.D to the Condensed Financial Statements as of June 30, 2026).

The Company considers this field as one of its main growth drivers, while exercising informed and responsible risk management. Having achieved growth in credit balances for private individuals in recent years, **the Company continued to expand its credit portfolio for private individuals during the first half of 2026 and up to the signing date of the report.**

As of June 30, 2026, the on-balance sheet credit risk in respect of private individuals totaled NIS 14,496 million, compared to NIS 11,908 million as of June 30, 2025 and NIS 13,193 million as of December 31, 2025, an increase of 21.7% and 9.9%, respectively.

Since the outbreak of the Iron Swords War, the Group has taken several steps in its private individuals credit activity, including payment deferral (for details, see Note 24.C.2[b] to the Financial Statements for 2025). Furthermore, since the first months of the War and where required, the Group took action to adjust the provision for credit losses, which included, among other things, tightening the macroeconomic indicators used to calculate the collective provision for credit losses due to uncertainty arising from the effects of the security situation on the Group's customers, and the implementation of the Bank of Israel's letter of October 2023 regarding the Iron Swords War – supervisory emphasis regarding handling of debts and reporting to the public.

On the back of the security and economic situation, the Group adapts the underwriting conditions to the level of uncertainty in the economy and changes in the volume of activity therein, the availability of information in the Central Credit Register, and the increase in risk associated with financial activity in Israel; the Group also closely monitors the credit risk of private customers due to the abovementioned concerns regarding the increase in risk.

The Group routinely monitors the volume of customers granted payment deferrals and their repayment behavior following the end of the deferral program, as well as debts of other customers whose terms have been modified. The accounting classification of these customers is carried out in accordance with the Company's methodology for classifying troubled debts and takes into account, among other things, the customer's rating and refunded charges.

20 See Sections C, E and F as detailed in Table 21 above.

For information regarding underwriting of credit (automated and manual) to private individuals, monitoring and follow-up processes, risk management activity, and collection and control activities – see Section 3.2 to the Report of the Board of Directors for 2025 after Table 27, under the respective titles.

Commercial credit

The principal commercial credit products are: loans to merchants and other business customers in a range of sectors, including the real estate sector, provision of credit through business cards, voucher factoring (mainly against credit card vouchers whose proceeds serve as a source for settling debt, some of which can be canceled by card holders if the product/service is not received, in accordance with the provisions of the Payment Services Law, 2019), guarantees, payment account, and reverse factoring.

The commercial credit activity is one of the Group's growth engines. Further to the growth in commercial credit balances in recent years, in the first half of 2026, the increase in demand continued, which led to an increase in commercial credit balances.

As of June 30, 2026, the on-balance sheet credit risk in respect of commercial credit totaled NIS 4,587 million, compared to NIS 3,553 million as of June 30, 2025 and NIS 4,018 million as of December 31, 2025, an increase of 29.1% and 14.2%, respectively.

Most of the commercial underwriting is carried out manually based on the customer's financial data as required under the provisions of Proper Conduct of Banking Business Directive 311, and on information from internal and external databases. For information regarding underwriting (automated and manual), approval of credit for commercial customers and monitoring and control processes – see Section 3.2 to the Report of the Board of Directors for 2025 after Table 27, under the relevant headings.

The ramifications of the security situation following the Iron Swords War and Operation Lion's Roar may, specifically if worsened, adversely affect commercial credit balance and risk; in particular, it may lead to a sharp decline, and even full or partial suspension of activity in certain sectors of the economy (such as leisure, apparel, tourism and recreation, etc.). In practice, the balance of the specific provision as of June 30, 2026 arose primarily from customers from the tourism and leisure, transport services, and construction and refurbishment sectors. The credit activity and business activities in these sectors, as well as in other sectors, is regularly monitored by the Company.

As of the outbreak of the Iron Swords War, it was decided to implement a series of steps in the Group, including postponement of current payments by businesses (for details see Note 24.C.2[b] to the Financial Statements for 2025), to tighten the macroeconomic indicators used to calculate the collective provision for credit losses due to uncertainty arising from the effects of the security situation on the Group's customers, to implement the Bank of Israel's letter of October 2023 regarding the Iron Swords War – supervisory emphasis regarding handling of debts and reporting to the public and to tighten underwriting thresholds for high-risk industries.

Collective provision

In order to estimate the rates of collective provision for credit losses, the Company uses macroeconomic assumptions, which are based, among other things, on Bank of Israel publications, forecasts of financial entities and the Central Bureau of Statistics' data. Furthermore, the Company's assessments are also incorporated into such estimate based on its experience in and knowledge of its areas of activity, while incorporating monitoring and control tools; however, uncertainty levels are high and require the exercise of critical judgments in the assessment of expected credit losses, which is particularly evident in the context of the security situation and its derivatives, including the potential effect of the duration and scope on the expected economic activity. Accordingly, over time, if significant additional information becomes available to the Company regarding the situation of the borrowers and the collection prospects of troubled debts, the estimates used to determine the provision rates are revised and may be revised. In view of the above, credit losses may develop differently and even to a materially different extent from the Company's estimates, and, among other things, will increase during the next quarters in 2026 and 2027, even beyond the Company's estimates, possibly even beyond a pessimistic scenario; however, as of the signing date of the report, the Company is unable to assess when and to what extent (if any).

For details regarding critical estimates and provision for credit losses, see Section 4.1 to This Report of the Board of Directors for 2025 and Note 2.D.4 to the Financial Statements for 2025.

Credit risk in respect of exposures to group of borrowers

Until June 30, 2026, the Company applied Proper Conduct of Banking Business Directive No. 313, Limitations on Indebtedness of a Single Borrower and a Group of Borrowers (hereinafter - "**PCBB 313**").

- **Regarding a non-bank group of borrowers (in accordance with the provisions of PCBB 313) -** as of June 30, 2026, June 30, 2025 and December 31, 2025 and immediately prior to the signing date of the report, there is no non-bank group of borrowers, whose outstanding indebtedness exceeds 15% of the Company's capital (as defined in PCBB 313).
- **Regarding a "banking group of borrowers" (in accordance with the provisions of PCBB 313)** - under the Group's activities, the indebtedness to the Group by the groups of Banks Participating in the Arrangement and the other credit card companies exceeds the single borrower limit (15% according to PCBB 313). However, on January 1, 2025, the Bank of Israel published a circular, which extends the exclusion from this limit - under PCBB 313 - of indebtedness of a banking group of borrowers to a credit card company until the application date of a new directive superseding PCBB 313 (see below).

On July 1, 2026, a new PCBB 313 - Regulatory Framework for Measurement and Control of Major Exposures (hereinafter - "**New PCBB 313**") entered into effect, which replaced PCBB 313. The New PCBB 313, prescribes, among other things, a large exposure limit whereby the amount of all exposure values to a group of banking counterparties will not exceed 15% of the Company's Tier 1 capital; however, alongside the above, it is prescribed that exposures of a license holder who is a prudential payment service provider to a group of banking counterparties will not include exposures arising from the processing of payment cards issued by a group of banking counterparties for its customers. The Company believes that, due to the nature of the Group's activities, and specifically its issuing and processing activity, the Group's credit exposures to banking corporations and credit card companies are not expected to decrease.

For further details, see Note 24.C.2[a]2 to the Financial Statements for 2025.

Credit exposure to foreign financial institutions and foreign countries

The Company has an immaterial credit exposure to the Global Organizations: Mastercard Organization, Visa Organization and American Express Organization as well as to international banks, in respect of the balance of transactions executed by tourists in Israel, net of the balance of transactions executed by Israelis abroad, in respect of which the Company has not yet been credited by the Global Organizations.

For detailed information regarding the credit risk in accordance with the Pillar 3 disclosure requirements, and for more information regarding the risks, see the Risk Management Report for 2025.

3.3. Market and liquidity risk

For details regarding the structure and organization of the market and liquidity risk management function, the Chief Risk Officer, and the breakdown of the various market and liquidity risks, see Section 3.3 to the Report of the Board of Directors for 2025.

Market risk

Market risk is the risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to a change in market conditions, a change in price levels on various markets, interest rates, foreign exchange rates, the consumer price index, prices of shares, commodities, etc.)”. The Group's business activities are exposed to market risks arising from volatility in interest rates (NIS and foreign currency), exchange rates, the Consumer Price Index, and the value of securities.

The Company's market risk management policy is based on the Israeli banking system’s sound practice and on the revised guidance of Proper Conduct of Banking Business Directives No. 201-211, regarding market risk management, Proper Conduct of Banking Business Directive No. 339, Market Risk Management and Proper Conduct of Banking Business Directive No. 333, Management of Interest Rate Risk, with adaptations to the Group's specific risk profile. The policy was recently approved by the Company's Board of Directors in August 2026.

For detailed information regarding the market risk in accordance with the Pillar 3 disclosure requirements, and for more information regarding the risks, see the Risk Management Report for 2025.

Table 22 - Net book balance and net adjusted fair value of financial instruments of the Company and its consolidated companies(1)

	June 30, 2026		
	NIS	Foreign currency	Total
	In NIS million		
Net book balance(1)	2,019	147	2,166
Adjusted fair value(1)	2,055	149	2,204
Of which: Effect of behavioral assumptions(2)	-	-	-

	June 30, 2025		
	NIS	Foreign currency	Total
	In NIS million		
Net book balance(1)	2,208	98	2,306
Adjusted fair value(1)	2,232	103	2,335
Of which: Effect of behavioral assumptions(2)	-	-	-

	December 31, 2025		
	NIS	Foreign currency	Total
	In NIS million		
Net book balance(1)	2,071	193	2,264
Adjusted fair value(1)	2,083	193	2,276
Of which: Effect of behavioral assumptions(2)	-	-	-

(1) Net book balance and net fair value of the financial instruments, excluding non-monetary items and after the effect of the employee benefits liability.
(2) The effect of material assumptions regarding early repayments and other behavioral assumptions on the interest rate exposure.

For further details regarding the assumptions used to calculate the fair value of the financial instruments, see Note 12A to the Condensed Financial Statements as of June 30, 2026.

Table 23 - Effect of scenarios of interest rate changes on the net adjusted fair value of the Company and its consolidated companies(1)

	June 30, 2026		
	NIS	Foreign currency	Total
	In NIS million		
Concurrent changes			
Concurrent increase of 1%	3	*-	3
Of which: Effect of behavioral assumptions(2)	-	-	-
Simultaneous decrease of 1%	(15)	*-	(15)
Of which: Effect of behavioral assumptions(2)	-	-	-

	June 30, 2025		
	NIS	Foreign currency	Total
	In NIS million		
Concurrent changes			
Concurrent increase of 1%	7	*-	7
Of which: Effect of behavioral assumptions(2)	-	-	-
Simultaneous decrease of 1%	(18)	*-	(18)
Of which: Effect of behavioral assumptions(2)	-	-	-

	December 31, 2025		
	NIS	Foreign currency	Total
	In NIS million		
Concurrent changes			
Concurrent increase of 1%	13	*-	13
Of which: Effect of behavioral assumptions(2)	-	-	-
Simultaneous decrease of 1%	(24)	*-	(24)
Of which: Effect of behavioral assumptions(2)	-	-	-

(*) An amount lower than NIS 0.5 million.
(1) Net book balance and net fair value of the financial instruments, excluding non-monetary items and after the effect of the employee benefits liability.
(2) The effect of material assumptions regarding early repayments and other behavioral assumptions on the interest rate exposure.

Table 24 - Effect of scenarios of interest rate changes on net interest revenues and on noninterest finance income(1)

	As of June 30, 2026			As of June 30, 2025			As of December 31, 2025		
	Interest revenues	Noninterest finance income	Total[2]	Interest revenues	Noninterest finance income	Total[2]	Interest revenues	Noninterest finance income	Total[2]
	In NIS million								
Concurrent increase of 1%	85	*-	85	82	*-	82	83[3]	*-	83
Simultaneous decrease of 1%	(85)	*-	(85)	(82)	*-	(82)	(83)[3]	*-	(83)

(*) An amount lower than NIS 0.5 million.
(1) The scenarios' effect on profit and loss takes into account actual repayments expected over the next 12 months and applies the new interest rate to those prepayments through the end of the measured period. The actual effect is contingent on various parameters such as: the actual repayment turnover and business considerations regarding the base interest, and therefore the actual outcome may vary.
(2) After netting effects.
(3) Reclassified.

Table 25 - Effect of scenarios of interest rate changes on equity (pre-tax)

	As of June 30		As of December 31, 2025
	2026	2025	
	In NIS million		
Concurrent increase of 1%	17	17	17
Simultaneous decrease of 1%	(29)	(28)	(28)
	#N/A	#N/A	#N/A

For detailed information regarding the market risk in accordance with the Pillar 3 disclosure requirements, and for more information regarding the risks, see the Risk Management Report for 2025 and Risk Management Report for the second quarter of 2026.

Table 26 - Total exposure of the Company and its consolidated companies to interest rate changes

	As of June 30, 2026												As of December 31, 2025		
	Demand of up to one month	**More than one month and up to 3 months**	**More than 3 months and up to one year**	**Over one year to 3 years**	**Over 3 years and up to 5 years**	**Over 5 years and up to 10 years**	**Over 10 years and up to 20 years**	**Over 20 years**	**No term to maturity**	**Total fair value**	**Internal rate of return**	**Effective average duration (in years)**	**Total fair value**	**Internal rate of return**	**Effective average duration (in years)**
Financial assets[1]	18,422	2,990	3,238	1,233	455	150	2	-	201	26,691	6.06	0.25	26,212	6.82	0.22
Other amounts receivable[2]	6	7	47	18	-	-	-	-	-	78	-	0.62	269	-	0.43
Financial liabilities[1]	17,024	2,966	2,837	1,205	54	176	-	-	54	24,316	3.67	0.21	23,766	4.21	0.22
Liabilities for employee benefits	-	-	2	9	9	18	31	15	-	84	4.69	13.61	82	4.82	13.79
Other amounts payable[2]	6	7	48	21	-	-	-	-	-	82	-	0.72	269	-	0.44
Exposure to interest rate changes	**1,398**	**24**	**398**	**16**	**392**	**(44)**	**(29)**	**(15)**	**147**	**2,287**			**2,364**		
Further details regarding the interest rate exposure															
A. By linkage bases															
Non-linked NIS	1,298	94	468	(91)	(51)	(33)	(29)	(15)	152	1,793	-	-	2,040		
CPI-linked NIS	(24)	(52)	(103)	89	443	(8)	-	-	-	345	-	-	131		
Foreign currency (including linked to foreign currency)	124	(18)	33	18	-	(3)	-	-	(5)	149	-	-	193		
B. Effects of exposure to interest rate changes															
Financial assets,[1] before assumptions	18,422	2,990	3,238	1,233	455	150	2	-	201	26,691	-	-	26,212		
The effect of behavioral assumptions[3]	-	-	-	-	-	-	-	-	-	-	-	-	-		
Financial assets[1]	18,422	2,990	3,238	1,233	455	150	2	-	201	26,691	-	-	26,212		
Financial liabilities,[1] before assumptions	17,024	2,966	2,837	1,205	54	176	-	-	54	24,316	-	-	23,766		
The effect of behavioral assumptions[3]	-	-	-	-	-	-	-	-	-	-	-	-	-		
Financial liabilities[1]	17,024	2,966	2,837	1,205	54	176	-	-	54	24,316	-	-	23,766		

(1) Excluding on-balance sheet derivatives and fair value of off-balance-sheet financial instruments.
(2) Receivables and payables in respect of derivative and off-balance-sheet financial instruments.
(3) The effect of exposure to interest of material assumptions regarding early repayments and other behavioral assumptions.

Liquidity and financial risk

Liquidity risk is a risk to the Company's profitability and stability, arising from its inability to meet its liquidity needs, finance asset growth and repay its obligations upon maturity, without incurring extraordinary losses.

The purpose of the liquidity risk management process is to ensure, in accordance with the stipulated risk tolerance, the Company's ability to finance the increase in assets and meet the timely repayment of its undertakings without encountering difficulties and without incurring substantial losses, including losses which may be caused by reputational damage due to the Group's inability to finance its business activities.

The liquidity risk includes the funding risk - a risk arising from adverse effect on the Company's ability to raise liquidity sources due to loss of market confidence, which may materialize due to, among other things, events of reputational damage or damage to the market in which the Group operates.

The Company implements a comprehensive liquidity risk management policy as approved by the Company's Board in August 2026, which is based on the Israeli banking system's sound practice and on the revised guidance of Proper Conduct of Banking Business Directives No. 201-211 and Proper Conduct of Banking Business Directive No. 342 - Liquidity Risk Management (hereinafter - "**PCBB 342**"), with adaptations to the Group's specific risk profile.

This policy is implemented through ongoing monitoring of the Company's liquidity by running an internal liquidity risk management model, monitoring a system of indicators for identifying liquidity pressures, conducting stress-scenario assessments, and using a support system for daily cash flow management. The Company's liquidity risk manager is the CFO.

Liquidity coverage ratio

In accordance with Proper Conduct of Banking Business Directive No. 221 - Liquidity Coverage Ratio ratio), which applies the recommendations of the Basel Committee regarding liquidity coverage ratio to the Israeli banking system, the Company, as a PPSP, is exempt from implementing this directive, subject to complying with the requirements of PCBB 342, subject to two conditions:

(a) The Company will maintain an internal liquidity risk management model that takes into account the Company's liquidity needs and their characteristics.

(b) The Company will hold sufficient liquid assets at all times, based on the internal model, with an additional a safety cushion that takes into account stress scenarios.

The Company has an internal liquidity management model which monitors the Group's liquidity needs on a daily basis. The Company regularly monitors the sources of financing mix and has set restrictions designed to ensure the adequate scope thereof. The Company implements a liquidity risk management policy in accordance with PCBB 342 (with adaptations to the Group's activity) including compliance with a minimum liquidity ratio, which is designed to ensure that the Company has an inventory of high-quality liquid assets, provides indication as to the status of the Group's liquidity, and assists in identifying financing gaps over various periods in the ordinary course of business and under stress scenarios, which include shocks specific to the Group, a systemic shock and a combined shock.

The Company's Board of Directors sets the risk capacity once a year according to the management's recommendations, which is reflected by setting the risk exposure limits and the financing strategy, which stipulates a minimum limit on guaranteed financing sources. Risk capacity is set in accordance with the Company's strategic plans, its business policies, and the state of the markets.

Sources of financing

As of the signing date of the report, the Group finances its activity mainly through: cash flows from payment activities (issuance and acquiring); equity; secured credit facilities from banks and additional dedicated secured credit facilities from banks which may be utilized as short-term credit to meet the Group's current needs; marketable debentures, subordinated notes and marketable commercial papers and long-term bank loans. In order to maintain the diversity of its financing sources, the Company makes sure to diversify the utilization of financing methods by utilizing different bank and non-bank financing sources each time, according to changing market conditions. The Company regularly monitors the sources of financing mix and has set restrictions designed to ensure the adequate diversification thereof.

As of the signing date of the report, the Company’s rating (domestic rating) and the rating of the Company’s Debentures (Series B) by the rating agency Midroog, stands at Aa2.il with a negative rating outlook; the rating of the subordinated notes with a contractual loss-absorption mechanism (CoCo) (Series C) issued by the Company to institutional investors stands at Aa3.il (hyb), with a negative rating outlook; the short-term rating of Commercial Papers (Series 5) issued by the Company stands at P-1.il.

For details regarding the Group’s liquidity profile and financing sources, including regulatory changes that may affect the Group’s financing needs, scope, and conditions, as well as material developments therein, see Section 1.6.5 to This Report of the Board of Directors and the Report of the Board of Directors for 2025.

For details regarding assets and liabilities by linkage basis, see Note 26 to the Financial Statements for 2025. For details regarding cash flows according to contractual maturity date, see Note 12 to the Condensed Financial Statements as of June 30, 2026. For detailed information regarding the liquidity risk in accordance with the Pillar 3 disclosure requirements, and for more information regarding the risks, see the Risk Management Report for 2025.

As of the signing date of the report, the Company estimates that it has sufficient financing sources for its ongoing operations, including growth in the credit and payments segment. The Company believes that the security, political, and geopolitical situation in Israel and its effects, including possible changes in the credit ratings of the State of Israel and Israeli banks as assigned by various rating agencies (see Section 2.1.2 to This Report of the Board of Directors) did not have a material effect on the Group’s liquidity risk and sources of financing as of the signing date of the report. However, the Company's assessment may change and is subject, among other things, to the uncertainty regarding developments in the security situation, the state of the economy and of households, and additional rating downgrades (if any) and their effects on the availability and cost of the Group’s sources of financing (and accordingly on the Group's activity and results). As of the signing date of the report, the Company is unable to fully quantify the scope of such future effects, if any. Assuming that normal economic activity gradually resumes, the Company does not project a material change in the availability of its financing sources.[21]

[21] **The Company’s assessments, as set out above, are forward-looking information, as defined by the Securities Law, based on the Group’s assessments and its understanding of the factors affecting the payment and credit market in which the Group operates. These assessments may not materialize, in whole or in part, or materialize in a different manner, including in a manner materially different than expected, due to, among other things, the development of Israel’s security, political and geopolitical situation and its domestic and global effects and ramifications, its nature and duration, higher interest and inflation rates, developments and shocks to the global economy (including their effect on the domestic economy), additional rating downgrades (if any), suboptimal assumptions and analyses, developments which cannot be fully estimated as of the signing date of the report and/or the materialization of all or some of the risk factors which apply to the Company.**

3.4. Leading and emerging risks

Based on the FSB's recommendation,[22] a leading risk is defined as a development currently taking place in the Group's business environment, which may adversely affect the Group's results over the coming year. Conversely, an emerging risk is defined as a state of greater uncertainty regarding its development into an occurrence which will materially affect the Group's strategy (usually beyond the coming year).

The Group's risk management is described in detail in the Risk Management Report for 2025.

As detailed in Section 1.2 to the Report of the Board of Directors for 2025 and Section 1.2 to This Report of the Board of Directors, the security situation (on the back of, and following the Iron Swords War and Operation Lion's Roar) is an event with material macroeconomic ramifications that affects the realization potential of various risks, including credit risk. As of the signing date of the report, there is still uncertainty regarding the security situation, its duration, scope and future effects on the Group's activity and results, the local economy and the Group's customers.

Since the outbreak of the Iron Swords War and through the signing date of the report, the Group has taken various actions aimed at mitigating the effect of the security, political and geopolitical situation on the Group, as far as possible, and ensuring its regular operations, including providing continuous services to its customers across its various operating segments and maintaining enhanced monitoring and control processes with regard to the various risks; other work and control processes may be adapted in accordance with developments. The Group is monitoring the effects of the said situation, especially the various risks associated with its activities and preparing according to the developments.

As of the signing date of the report, it is impossible to assess all the effects of the security, political and geopolitical situation on the level of the Group's various risks. The uncertainty as to the duration, intensity and scope of the security situation, the manner in which the government handles and supports the business and home front, as well as the possible implications of further changes in credit ratings of the State of Israel and Israeli banks, are significant factors, which may directly or indirectly affect a higher exposure by the Group to the various risks and the manner in which they materialize.

Taking a forward-looking perspective, there is uncertainty regarding the development of macroeconomic environmental indicators and their implications for the Group. The Group monitors market trends and regularly examines changes in the macroeconomic environment and their effects on the various exposures, including credit exposure, including, among other things, fraud and embezzlement risks, which typically increase during periods of economic instability.

As of the signing date of the report, the following risks were identified by the Company as the most substantial and emerging relevant risks (for more information, see Section 3.4 to the Report of the Board of Directors for 2025):

3.4.1. Credit risk

Credit risk is the possibility that a borrower/counterparty fails to meet its obligations under the agreed terms and conditions. The credit risk is one of the risks that the Group manages, monitors, and controls, as mandated by the nature of its activity as a Group engaged in disbursing credit. The credit risk management process assists the Group in assessing its credit risk according to the mix of products it comprises. For details regarding the Group's credit risk, see Section 3.2 above and Section 3.2 to the Report of the Board of Directors for 2025.

[22] An international financial stability board founded by the G20 member countries.

3.4.2. Operational risk

Operational risk is a risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. The Group's areas of activity are characterized by very high operational complexity and therefore the Group's business operations involve a material operational risk. For details, see Section 3.4.2 to the Report of the Board of Directors for 2025.

It is noted that under its management of the operational risk and in view of the ongoing security conditions, the Company has refreshed and expanded (in accordance with the changing circumstances) the Group's business continuity scenarios, and also conducted exercises with regard to a range of scenarios.

3.4.3. Information security and cyber incidents risk

Information security is defined as the overall actions, measures and controls employed and implemented in IT systems in order to protect them against harm to their availability and survivability, unwanted exposure, malicious or accidental information changes, and harm to the information's integrity and reliability. The general purpose of the Group's information security is to safeguard the information's confidentiality, integrity, availability, and reliability against intentional or unintentional harm by any past and/or present Group employee or by external parties.

Cybersecurity risk is the potential for damage resulting from an occurrence of a cybersecurity incident, taking into account its probability and its severity of its impact. A cybersecurity incident is an event during which the Company's IT and/or computer-embedded system and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to the Group), and such attack may result in the materialization of the cybersecurity risk. Note that this definition also includes attempted attacks, as described above, even if no actual damage occurs.

Since the outbreak of the Iron Swords War, there has been an increase in cyber attacks on Israel, which is also reflected in an increase in attacks on the Group. The Group prepared accordingly in order to minimize the potential impact by improving its defensive operations, settings, and sensitivity thresholds, as well as expanding its controls and other measures, and it continuously monitors the changing map of threats in light of the situation and adjusts the required security levels and controls based on the risk level derived from the map.

As of the signing date of the report, the Company is not aware of incidents that may have a material effect on the Company's financial results.[23] In the past five years and as of the signing date of the report, no significant cybersecurity incidents occurred in the Company that affected the financial statements and/or that led to claims, reputational damage, etc.

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[23] **The Company's above assessment constitutes forward-looking information, as defined by the Securities Law. This assessment is based, among other things, on the nature of such specific incidents and their number and scope (including over time); the nature of the Privacy Protection Authority's reporting and examination procedures, as described above; the existence of an insurance policy covering such incidents; and the assessments and understanding of the Company's management regarding the potential ramifications of the statutory provisions applicable to the Group in this context. These assessments may not materialize, or their materialization may vary from the expectations, including materially so, as a result, among other things, of higher intensity or frequency of such incidents and/or the occurrence of incidents with a higher potential for damage and/or the discovery of incidents after a long period of time (the foregoing – including noting the greater incidence of cyber attacks against Israel following the War), material changes in the Privacy Protection Authority's compliance policy and/or strict enforcement towards the Group, suboptimal assumptions and analyses of the cyber risks affecting the Group, regulatory changes and/or indirect damage as a result of such incidents or their publication (such as reputational damage).**

It is noted that as from May 2026, the Company has been implementing Proper Conduct of Banking Business Directive No. 364 - Management of Information Technology Risks, Information Security and Cyber Security.

For further details regarding information security risk and cyber incidents, see Section 3.4.3 to the Report of the Board of Directors for 2025. For details regarding cybersecurity risk insurance and professional liability and crime insurance, see Section 7.5 to the Corporate Governance Report for 2025 and Section 3.2 to the Corporate Governance Report for the second quarter of 2026.

3.4.4. Regulatory risk

Regulatory risk is the risk of harm to the Group's revenues and/or capital caused by material changes in legislative processes and/or changes in or drafts of directives issued by various regulatory entities, which set limits on the Group's areas of activity and sources of revenues or impose obligations whose implementation entails significant costs to the Group, and may thus impair its profitability. The risk is inherently forward-looking, as it relates to the risk inherent in potential material legislative and regulatory changes.

The numerous regulatory procedures, insofar as they become binding, including the provisions relating to the payments and credit market and changes therein, such as amendments to privacy protection laws, the introduction of payment service providers, open banking, the Regulation of Engagement in Payment Services and Payment Initiation Law, and the trends in this market – may have a material adverse effect on the Group, but it is impossible to assess their scope and ramifications with sufficient certainty at this stage.

As of the signing date of the report, the security, political and geopolitical situation and its effects (including potential future effects) on households and merchants could bring about additional regulatory changes, as part of the efforts by the government, Knesset, and various regulators to ease the burden on the public and handle the impacts of the situation. As of the signing date of the report, it is impossible to assess all the implications of the future regulatory changes as a result of the above on the Group's business activity. The uncertainty as to the duration and intensity of the security situation, intensity of the fighting, and the manner in which the government handles and supports the business and home front are significant factors, which may directly and/or indirectly affect the Group's strategy and goals.

For further details regarding regulatory risk, see Section 3.4.4 to the Report of the Board of Directors for 2025.

For further details regarding the regulatory effects on the Group's areas of activity, see Section 2.1.5 to This Report of the Board of Directors and Note 10.C.2 to the Condensed Financial Statements as of June 30, 2026.

3.4.5. Strategic and competition risk

Strategic risk is the risk of harm to the Company's income and share capital as a result of poor business decisions, inadequate implementation of business decisions, and failure to implement the work plan or the work plan's unsuitability to changes in the business environment. Strategic risk is influenced by internal and external risk factors.

For further details, see Section 2.1.1 to This Report of the Board of Directors and Section 3.4.5 to the Report of the Board of Directors for 2025.

As of the signing date of the report, it is impossible to assess all the implications of the security, political and geopolitical situation and its level of impact on business activity and the strategic objectives set for the Company. The uncertainty following the intensity and implications of the situation and the manner in which the government handles and supports the business and home front are significant factors, which may directly and/or indirectly result in the Company’s need to revised its strategy and goals.

3.4.6. Compliance risk

Compliance risk is the risk of a legal or regulatory sanction being imposed, or a material financial loss or a reputational damage incurred by the Company as a result of failing to comply with the compliance provisions.

In accordance with Proper Conduct of Banking Business Directive No. 308 and according to the Group’s activities, the core provisions on compliance are prevention of conflict of interest, fair conduct with customers, the prohibition of money laundering and financing of terrorism, administrative enforcement with respect to securities, and protection of privacy (excluding information technology aspects).

A materialization of the compliance risk includes the risk of sanctions, legal or regulatory restrictions, a substantial financial loss or reputational damage to the Group – or that of any of its employees and managers – because of a violation of any law, ordinance, regulation, guidance, or directive that the Group must comply with. Non-fulfillment of provisions relating to compliance may expose the Group to substantial losses and negative publications, which could compromise the Group’s image and reputation.

The Group has an established policy of full compliance with all legal and regulatory provisions.

For further details, see Section 3.4.6 to the Report of the Board of Directors for 2025.

The security situation following the outbreak of the Iron Swords War raised the money laundering and financing of terrorism risk level. Accordingly, the Group has been deploying increased monitoring and control processes addressing compliance risk and the prohibition of money laundering and financing of terrorism, including measures to hedge the risk.

3.4.7. Model risk

Model risk is the risk of loss or of making erroneous decisions due to the use of an invalid model, or a model based on incorrect assumptions or data, or one which is incorrectly implemented. The risk may arise from deficiencies in the model’s development, implementation, or use, or from changes in the environment, which are not reflected in the model and affect, among other things, the calculation of risks.

The model risk management policy was approved by the Company's Board in February 2026, and in accordance with Proper Conduct of Banking Business Directive No. 369 - Model Risk Management - it includes, among other things, a reference to artificial intelligence models.

For further details, see Section 3.4.7 to the Report of the Board of Directors for 2025.

3.4.8. Climate risks

As of June 2026, the Company applies Proper Conduct of Banking Business Directive No. 345 - Principles for the Effective Management of Climate-Related Financial Risks (hereinafter - "**PCBB 345**"), which is based on the Basel principles for management of climate risks and requires banks and payment services providers, to assess, among other things, how climate risks are expected to affect the traditional risks they manage. In addition, the banking corporation is expected to implement the principles of PCBB 345 to other environmental risks and to mitigate the financial risks arising therefrom. In accordance with PCBB 345, the Group defined climate-related corporate governance mechanisms which enable it to mitigate the climate risk and to effectively set and manage metrics and targets.

3.5. Additional risks

3.5.1. Legal risk

Risk of loss arising from an inability to legally enforce an agreement's fulfillment, harm to the Group's activity stemming from the misinterpretation of any statutory or regulatory provision, or legal proceeding case (e.g., class actions) against any of the Group's companies, or whose outcomes could adversely affect the Group's activity or financial position. By virtue of the Group's activity and its extensive reach within the population, the Group is exposed to class actions for substantial amounts from time to time. The Group strictly adheres to legally appropriate engagement processes and carries out its business activities with suitable legal representation and assurance.

For further details, see Section 3.5.1 to the Report of the Board of Directors for 2025. For details regarding legal proceedings and contingent legal proceedings and VAT assessments, see Notes 10.D and 10.E to the Condensed Financial Statements as of June 30, 2026, respectively.

3.5.2. Reputational risk

Reputational risk is the risk of material harm to the Group's revenues or to the Company's capital as a result of the Group Companies' perceived negative image among stakeholders. Such a negative perceived image can stem from multiple factors, both isolated and combined (for example, a consumer claim, IT system failure, behavior that deviates from accepted social norms, etc.).

Reputational risk is inherent to each of the Group's areas of activity, as well as in other services and products the Group offers. Reputational risk is characterized by having direct risk factors, as well as indirect risk factors, i.e., the materialization of other risks.

For further details, see Section 3.5.2 to the Report of the Board of Directors for 2025.

Discussion of risk factors - For details regarding discussion of risk factors, see Table 33 to the Report of the Board of Directors for 2025.

4. Critical accounting policies and estimates, controls and procedures

4.1. Critical accounting policies and estimates

The Company's Condensed Consolidated Interim Financial Statements as of June 30, 2026 are prepared in accordance with the Banking Supervision Department's Directives and guidance. These directives basically adopt the US GAAP. The main provisions of the directives are detailed in Note 2, Reporting Rules and Significant Accounting Policies to the Financial Statements for 2025 and Condensed Financial Statements as of June 30, 2026. When preparing the financial statements, the Company's management utilizes assumptions, assessments, and estimates that affect the reported total assets and liabilities (including contingent liabilities) and the Company's reported results.

Some assessments and estimates involve a high degree of uncertainty and may be affected by potential future changes. It is possible that the manner in which such assessments and estimates materialize in the future will vary, including materially so, from the assessments and estimates at the time of preparing the financial statements.

The Company's management believes that the estimates and assessments applied in the preparation of the Condensed Financial Statements as of June 30, 2026 are appropriate and were made to the best of its knowledge and professional judgment, as of the preparation date of the Condensed Financial Statements as of June 30, 2026.

The key issues regarding which the Company used assessments and estimates, and therefore considers as critical accounting issues, are credit loss provision, contingent liabilities, liabilities in respect of employee benefits and capitalization of internal-use software costs.

During the reporting period, there were no changes in the Group's accounting policies regarding critical issues, which are detailed in the Report of the Board of Directors for 2025. Regarding estimates and assumptions used to determine the provision for current expected credit losses (CECL) and with respect to contingent liabilities, see further details below:

Credit loss provision

The Company applies US GAAP for banks with respect to current expected credit losses (CECL). Pursuant to these rules, among other things: the credit loss provision is calculated based on the expected loss over the life of the credit; the estimate of the credit loss provision makes significant use of forward-looking information that reflects reasonable forecasts of future economic events; and the measurement of the credit loss provision is based on the segmentation of the Company's credit portfolio into segments sharing similar risk characteristics. The aforesaid rules for calculating the credit loss provision apply to credit and certain off-balance sheet credit exposures.

As a rule, the Company's estimates are based on historical losses, adjusted for the characteristics of the credit portfolio, current conditions, and forward-looking information regarding reasonable and supportable forecasts. It is clarified that there is a high level of uncertainty, which involves a considerable degree of judgment, in the assessment of expected credit losses.

The Company measures the expected credit losses based on the probability of default (PD)/ loss given default (LGD) methods. The estimated provision for credit losses includes macroeconomic adjustments based on the Company's forecasts in connection with macroeconomic parameters. In addition, the estimated provision includes adjustments to the model for qualitative factors relating, among other things, to changes in the scope of credit, credit targets, actual default rates, the Group's credit origination policy and procedures, and other factors.

The Company reviews the overall adequacy of the credit loss provision. The adequacy testing is based on management's judgment, which takes into account, among other things, the risks embodied in the credit portfolio and the valuation methods applied by the Company when determining the provision.

In addition, it is noted that the provision for credit losses was also examined, among other things, against a calculation in the various scenarios that the Company conducts from time to time.

Following the Iron Swords War, there has been an increase in the level of uncertainty regarding the development of the security situation, its derivatives, and its economic implications: its impact on the Israeli economy and duration of its expected effects; the effect of its prolongation, including potential long-term changes in the job market, consumption patterns and their scope, etc.; the government's responses; regulatory changes, etc.

It should be emphasized that the process of determining the credit loss provision, particularly in light of the uncertainty following the security situation, is sensitive to possible changes in estimates and/or subjective assessments, such that deviations in these factors may materially alter the amount of the credit loss provision.

Over time, insofar as the Group obtains additional information regarding additional, current and expected effects of the security situation (such as: borrower status, collection prospects, up-to-date macroeconomic data, etc.), the estimates used to determine the provision are revised and may be revised accordingly, as necessary. See also Section 1.2 of This Report of the Board of Directors on the effect of security situation and its inherent uncertainty.

Sensitivity tests

In order to set the provision for credit losses, the Company examined the potential effect of changes in macroeconomic parameters on the estimated collective provision for credit losses as of June 30, 2026. In this context, the Company relies, among other things, on the following macroeconomic variables: the Bank of Israel policy rates, inflation rates, and GDP, as published in the Bank of Israel forecast,[24] as well as parameters published by other entities, such as the Central Bureau of Statistics.

The Company believes that an additional deterioration of 1%, on top of the deterioration applied in the calculation of the collective provision for credit losses in all above-described macroeconomic parameters serving as the basis for calculating the provision for credit losses, including combined with a worsening of the various scenarios' weights, would have resulted in an increase ranging from NIS 3 million to NIS 12 million in the provision for credit losses balance as of June 30, 2026 (as of December 31, 2025, it ranged from NIS 3 million to NIS 10 million).

24 See the press release issued by the Bank of Israel on July 6, 2026, titled: The Macroeconomic Forecast of the Research Department, July 2026.

Contingent liabilities

The Company's management included in the Condensed Financial Statements as of June 30, 2026, appropriate provisions, as needed, to cover potential damages due to legal proceedings pending against it, including with the Israel Tax Authority,[25] based on internal Company opinions, and, at times, also opinions of external legal counsels. These assessments by legal counsel and other consultants are based on their best judgment, taking into account the stage of the proceedings. It should be noted that in the legal field, it is impossible to make an assessment that is “certain” or “almost certain”, not only in the early stages of a legal proceeding but also up to and near the handing down of a judgment and even thereafter, if an appeal is filed; therefore, the outcome of the proceedings may differ from the assessment made in respect thereof. In view of the above, the actual outcomes of the legal claims may be different than the provisions made in respect thereof.

4.2. Disclosure regarding controls and procedures

Assessment of disclosure controls and procedures

The Company’s management, in collaboration with its CEO, CFO, and Chief Accounting Officer, evaluated the effectiveness of the Company’s disclosure-related controls and procedures as of June 30, 2026. Based on this evaluation, the Company’s CEO, CFO and Chief Accounting Officer have concluded that, as of the end of the reporting period, the Company’s disclosure controls and procedures are effective for the purpose of recording, processing, summarizing and reporting the information that the Company is required to disclose in its financial statements pursuant to the Banking Supervision Department’s Reporting to the Public Directives and as of the date prescribed by the Directives.

Internal controls over financial reporting

During the second quarter ended June 30, 2026, no changes took place in the Company’s internal control over financial reporting that had a material effect, or is expected to have a material effect, on the Company’s internal control over financial reporting.

Tamar Yasur	**Itamar Furman**
Chairman of the Board	CEO

Bnei Brak, August 12, 2026

[25] For details, see Notes 10.D and 10.E to the Condensed Financial Statements as of June 30, 2026.

Chapter

B

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

August 18, 2026

Delek Group Ltd.

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

For the three-and six-month periods ended June 30, 2026

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 six- and three-month periods ended June 30, 2026.

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. Additionally, in July 2025, the transaction whereby the Company acquired a controlling interest in Isracard Ltd. was completed; following the completion of the transaction, the Group holds approx. 40% of Isracard's share capital. Additionally, as of the approval date of this report, the Company holds approx. 19% in Delek Israel and approx. 19% 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 real estate.

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 in the financial area through control of Isracard, 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.

B. On October 7, 2023, the Iron Swords War began, and since then, the State of Israel has been in a security situation characterized by multiple arenas and periods of fighting at varying levels of intensity. In this context, at the end of February 2026, the direct conflict between Israel and Iran (hereinafter - **"Operation Lion's Roar"**) resumed, in which Israel and the United States launched a large-scale aerial attack on Iran, which responded with an attack against Israel and other countries in the region. During April 2026, a temporary agreement was reached to stop the fighting between the United States, Israel and Iran; however, since the beginning of July 2026, another conflict of varying intensity has been taking place between the United States and Iran, which, as of the signing date of the report, does not yet involve Israel. As of the financial statements approval date, there is no certainty that the fighting against Iran will not resume in the near or long term. Regarding the effects of the aforesaid for the Group, see Note 1C to the Consolidated Interim Financial Statements, as well as an analysis of the results in the Gas and Oil in Israel Segment later in the report.

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, and Morocco, 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.

- On January 15, 2026 the Leviathan Partners made a final investment decision (FID) for the development of the first stage of the Expansion Project, whose purpose is to increase the overall gas production capacity from the Leviathan Project to up to approx. 21 BCM per year. The Expansion Project is intended to increase the daily production capacity of the Leviathan Project by up to approx. 2.1 BCF (approx. 21 BCM per year), and under some operating conditions - even further. The estimated schedule for first gas production from the first phase of the Expansion Project is expected to be in the second half of 2029, with a total budget of approx. USD 2.36 billion (100%, the Partnership's share - approx. USD 1.07 billion).

- On April 9, 2026, a Memorandum of Understanding was initialed for the sale of all producible natural gas quantities from the Aphrodite Reservoir located in Block 12, Cyprus, between the Aphrodite Reservoir interest holders and the Cyprus Hydrocarbon Company (hereinafter - "**CHC**") and the Egyptian Natural Gas Holding Company (hereinafter - "EGAS" or the "**Acquirer**"). Concurrently, a host government agreement (hereinafter - the "**HGA**") was also initialed between the Aphrodite Reservoir interest holders and AMC (a special-purpose company to be incorporated in Egypt - Aphrodite Midstream Company) and the Egyptian Government with respect to a project for the development of a gas transmission system within Egypt's maritime zone to the EGAS (hereinafter - the "**Transmission Project**"); the HGA establishes the regulatory framework governing the rights and obligations for the construction, financing, operating and maintenance of the transmission infrastructures and the Transmission Project's ancillary facilities. It is clarified that the abovementioned agreements are subject to the approval of the Egyptian and Cypriot governments and to execution by all parties. In this context, it is noted that Shell, NewMed's partner in the Aphrodite reservoir, who holds 35% of the reservoir, recently reported that it has entered into a transaction to sell all of its holdings in the reservoir for up to USD 720 million, a transaction that reflects (subject to its completion) a value of approx. USD 2 billion of the reservoir.

- During the first quarter of 2026, the project of laying a third subsea transmission pipeline from the field to the Leviathan Reservoir platform and upgrading the platform systems to enable an increase in gas production capacity to approx. 14 BCM per year - was completed. In this context, it is noted that upon completion of the project in March 2026, it was proven that the maximum gas production capacity, as of the financial statements' approval date, stands at approx. 1,530 MMSCF (approx. 15.8 BCM per year).

- The Partnership is weighing the possibility of issuing to the public two series of new Debentures (Series B and C), which will be listed for trading on the Tel Aviv Stock Exchange Ltd. (hereinafter - the "TASE"). The issuance of the debentures by the Partnership, if and to the extent it is executed, will be carried out by way of a uniform offering, through a tender for the annual interest rate to be borne by the debentures, according to the shelf offering report to be published by the Partnership, pursuant to the Partnership's shelf prospectus. It should be clarified that, as of the approval date of the financial statements, there is no certainty that such an issuance will indeed be executed, that the aforesaid does not constitute an indication or create any obligation of the Partnership to execute it, and that the aforesaid does not constitute an offer to the public or a solicitation to purchase the Partnership's securities.

- On March 15, 2026, NewMed Energy declared a profit distribution of USD 70 million, which was distributed in March 2026. The Group's share in said profit distribution is approx. USD 38 million (approx. NIS 119 million).

- On May 18, 2026, NewMed Energy declared a profit distribution in the amount of USD 60 million, was distributed in June 2026. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 96 million).

- Subsequent to the balance sheet date, on August 12, 2026, NewMed Energy declared a profit distribution of USD 60 million, which will be distributed in September 2026. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 99 million).

North Sea Oil and Gas Segment

- The Group's operations in this segment are carried out through Ithaca Energy Plc (hereinafter - "**Ithaca**"), in which the Group holds, as of the Report Date, approx. 50.47% (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. It is noted that as of September 30, 2025, Ithaca is accounted for in the Group's financial statements as an associate, and its financial statements are attached to the Company's financial statements.

- In March 2026, Ithaca's board of directors approved the distribution of a third interim dividend for 2025, totaling approx. USD 200 million (the Company's share is approx. USD 101 million (approx. NIS 302 million)). The said dividend was distributed in April 2026.

  In addition, subsequent to the balance sheet date, in August 2026, Ithaca's Board of Directors approved the distribution of an additional dividend totaling approx. USD 255 million, which will be distributed in September 2026. The Company's share of this distribution is approx. USD approx. 129 million (approx. NIS 386 million).

The Financial Activity

- In July 2025, the Group completed a transaction to acquire a control core in Isracard Ltd. (hereinafter – "**Isracard**"), where, as of the approval date of the financial statements, the Group holds approx. 40.45% of its issued and paid-up share capital. Isracard's financial statements are consolidated into the Company's financial statements as of the third quarter of 2025.

  Isracard is a prudential payment service provider (hereinafter - "**PPSP**") as defined in the Banking Law (Licensing), 1981, a credit card company, and/or an "acquirer" as the term is defined under the directives and procedures of the Banking Supervision Department; together with its investees, it operates mainly in the credit and payments subsegments (including issuing and processing of payment cards) for private customers, and in credit and advanced payment solutions (including the acquiring of payment cards) for business customers. Isracard is an issuer (including processing) and acquirer for the Mastercard, American Express, Visa, and Isracard brand names and offers its customers products and financing solutions according to the nature of the customer's activity and characteristics, with attention to whether the customer is classified as a private individual or business.

- On March 26, 2026, Isracard and Premium Express signed an agreement with EL AL Frequent Flyer Ltd., which operates the Frequent Flyer customer loyalty program, under which Isracard will issue to Program members bronze and premium Fly Card credit cards and the Parties will act to transfer the existing card holders to the Group (hereinafter in this Section - the "**Agreement**"). The Agreement is for a 10-year period, as from April 1, 2026. For further details regarding the agreement, see Note 3C(2) to the Consolidated Interim Financial Statements.
- The transfer of the loyalty program's activity to Isracard is increasing, and is estimated by Isracard to further increase the number of Isracard's non-bank and bank cards and its turnovers in Israel and abroad to a substantial extent during the first year of the agreement's implementation (as of the report approval date, the number of Isracard's Fly Card cards stands at approx. 250 thousand), in a manner that is aligned with the Company's work plans regarding the loyalty program.

For an overview of Isracard's activity - see Isracard's Report of the Board of Directors for the first quarter of 2026 attached as Appendix A to Chapter A – Description of the Corporation's Business.

Additional Activities

Mehadrin

During the first quarter of 2026, Mehadrin acquired rights to purchase plots under the Raanana West plan, over a total area of approx. 11 dunams, on which the construction of approx. 349 housing units and 1,800 square meters of commercial space is expected (hereinafter - the "**Raanana West Project**") and also won tenders of the Rishon LeZion Municipality for the purchase of rights to two plots over a total area of approx. 5.8 dunams on which 294 housing units and approx. 1,660 square meters of commercial space (hereinafter - the "**Park Hayam Project**") are expected to be built. For further details, see Note 10 to the Consolidated Interim Financial Statements.

In addition, during the first quarter of 2025, Mehadrin completed the issuance of an additional series of debentures for a total of NIS 250 million. For further details, see Note 5 to the Consolidated Interim Financial Statements.

InPlay

Subsequent to the balance sheet date, on August 5, 2026, InPlay (an associate of the Company, held at approx. 32.8%) entered into a detailed agreement to acquire the full share capital of a private oil and gas producer for approx. CAD 54.25 million (approx. NIS 116 million), before adjustments to be made on the transaction completion date. The closing of the transaction is contingent upon the satisfaction of certain conditions precedent. The acquired assets currently produce approx. 1,400 BOE day (85% light oil and natural gas liquids) and the acquisition thereof (if completed) is expected to increase the volume of InPlay's production to more than 20 barrels per day.

Debentures

- In January 2026, the Company repaid, by way of early repayment, Debentures (Series B38) totaling approx. NIS 678 million in par value, out of the proceeds of the issuance of Debentures (Series B41), which was completed (by way of series expansion) in December 2025.

- On March 30, 2026, the Company completed the issuance of NIS 1,021,049,000 par value of a new series of Debentures (Series B42). The net proceeds of the issuance (after issuance expenses) amounted to approx. NIS 1,011 million and were used for the full early repayment of Debentures (Series B39), which was made subsequent to the balance sheet date, in April 2026.

- On June 10, 2026 the Company completed a private placement by way of series expansion of NIS 246,132,000 par value of Debentures (Series B40) and NIS 175,060,000 par value of Debentures (Series B41). The consideration received totaled approx. NIS 450 million, of which approx. NIS 200 million was used to repay a short-term bank debt.

- For further details regarding the debentures issued by the Company see Note 5 to the Consolidated Interim Financial Statements and Chapter D to this Report.

Dividend

- On March 24, 2026, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of approx. NIS 250 million. The dividend was paid in April 2026.

- On May 19, 2026, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of approx. NIS 250 million. The dividend was paid in June 2026.

- Subsequent to the balance sheet date, on August 18, 2026, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of approx. NIS 250 million. The dividend will be paid in September 2026.

Distribution of Delek Property Development Ltd.'s shares as dividend in kind

Subsequent to the balance sheet date, on July 10, 2026, a restructuring process was completed, in which the Company distributed shares of Delek Property Development Ltd. (an empty company wholly owned by the Company, hereinafter - "**Delek Development**") as a dividend in kind to its shareholders, following which it transferred to Delek Development its full holdings (100%) in Delek Overriding Royalty Leviathan, which holds the right to receive royalties from NewMed Energy's share in the Leviathan Reservoir. The Company's management believes that the completion of the process is expected to result in an increase in the Company's equity by an amount equal to the balance of Leviathan Overriding Royalty's net liabilities on the restructuring date, which is expected to total, according to the Company's assessment, approx. USD 220 million. For further details, see Note 3D to the Consolidated Interim Financial Statements.

The Company's share buyback plan

On March 24, 2026, 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 100 million until the end of 2026. On June 23, 2026, the Company's Board of Directors approved an additional (expansion) buyback plan for the Company's shares in an additional amount of up to NIS 100 million until the end of 2026.
Under the abovementioned buyback plans, through the approval date of the Consolidated Interim Financial Statements, the Group bought shares totaling approx. NIS 107 million. For further details, see Note 7A(1) to the Consolidated Interim Financial Statements.

Split of the share capital

Subsequent to the balance sheet date, on July 1, 2026, a general meeting of the Company's shareholders approved the splitting of the Company's authorized and issued and paid-up share capital at a ratio of 1:10, such that on the effective date each ordinary share of NIS 1 par value will be split into ten ordinary shares of NIS 0.1 par value each, or preferred shares of NIS 0.1 par value each, respectively. The record date was set for July 19, 2026, and on July 20, 2026 the split was executed.

3. Operating results

a) The net income attributable to the Company's shareholders in the second quarter of 2026, net income amounted to approx. NIS 314 million compared to approx. NIS 176 million in the corresponding quarter last year. Net income in the first half of 2026 amounted to approx. NIS 359 million compared to approx. NIS 186 million in the corresponding period last year.
It is noted that both the first half of 2026 and the corresponding period were affected by unusual events which reduced the Group's profitability in said periods. For details of the aforementioned effects, see the table below, as well as the analysis of the results by area of activity later in the report.

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

	Q1 2026	Q2 2026	H1 2026		Q1 2025	Q2 2025	H1 2025		2025
Oil and Gas Exploration and Production in and around Israel [1)]	(* 85	213	298		245	155	400		766
North Sea Oil and Gas Exploration and Production Segment [1)]	157	126	283		131	110	241		549
Financial Activity [1)]	24	37	61		-	-	-		52
Key operating segments' contribution to profit, before one-off gains/losses	**266**	**376**	**642**		**376**	**265**	**641**		**1,367**
Other gains (losses), net, from key operating segments [2)]	(87)	(21)	(108)		(312)	(31)	(343)		2,053
Finance expenses, taxes, and other expenses, net [3)]	(134)	(41)	(175)		(54)	(58)	(112)		(164)
Net income attributable to the Company's shareholders	**45**	**314**	**359**		**10**	**176**	**186**		**3,256**

*) NewMed's operating results in the first quarter of 2026 were affected by a temporary suspension of production from the Leviathan Rig during Operation Lion's Roar, as detailed below.

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 six-month period of 2026 - mainly includes a write-down of a drilling found to be dry in Bulgaria totaling approx. NIS 127 million, and a loss on the revaluation of interests to receive royalties from Karish and Tanin totaling approx. NIS 20 million. During the corresponding period, primarily includes expenses related to the adjustment of deferred taxes in the North Sea in the amount of NIS 305 million and an impairment of oil and gas assets in the North Sea, mainly as a result of an updated decommissioning liability for non-producing assets totaling approx. NIS 33 million. In 2025 - includes a gain on remeasurement of the investment in Ithaca due to the deconsolidation totaling approx. NIS 2,678 million, Isracard's credit loss expenses totaling approx. NIS 110 million and expenses with respect to Isracard's acquisition totaling approx. NIS 10 million, as well as adjustment of deferred taxes in the North Sea in the amount of NIS 305 million. Furthermore, in 2025 includes depreciation and impairment provisions with respect to NewMed and Ithaca's oil and gas assets totaling approx. NIS 176 million (of which approx. NIS 135 million - derecognition of drilling costs in Bulgaria), and gain on revaluation of rights to royalties from the Karish and Tanin Leases totaling approx. NIS 35 million.

3) Including, inter alia, the Group's share in the results of companies operating in other areas, which amounted to an income, in the first half of 2026, of approx. NIS 44 million, compared to an income of approx. NIS 28 million in the corresponding period last year. In 2025 includes, among other things, the Group's share in the results of companies operating in other Operating Segments totaling approx. NIS 170 million (including gain from bargain purchase from the acquisition of InPlay totaling approx. NIS 64 million).

b) Revenues from operating segments (NIS million):

The Group's revenues from all operating segments in the first half of 2026 totaled approx. NIS 9,139 million, as compared to approx. NIS 7,358 million in the same period last year, as detailed in the table below (NIS million):

	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
General Activities:						
Oil and Gas Exploration and Production in and around Israel	1,196	1,497	750	596		3,033
North Sea Oil and Gas Asset Development and Production Segment	5,146	5,229	2,393	2,673		10,158
Other segments	902	632	286	238		1,115
Total revenues from General Activities	**7,244**	**7,358**	**3,429**	**3,507**		**14,306**
Financial Activity	**1,894**	**-**	**997**	**-**		**1,823**
Total revenues from General Operating Segments	**9,138**	**7,358**	**4,426**	**3,507**		**16,129**

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

c) Operating income (loss) of the General Activities Segments (excluding the Financial Activity Segment) (NIS million):

	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
Oil and Gas Exploration and Production in and around Israel	546	1,024	535	386		1,714
North Sea Oil and Gas Asset Development and Production Segment	2,376	2,301	1,068	745		4,151
Other segments	24	62	(37)	(1)		173
Total operating income from General Activities Segments	**2,946**	**3,387**	**1,566**	**1,130**		**6,038**

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

In this context, it should be noted that – the aggregate EBITDAX of the Gas and Oil in Israel Segment and the North Sea (100%) in the first half of 2026 totaled approx. USD 1,446 million (approx. USD 1,456 million in the corresponding period of 2025).

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

	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
Revenues	2,098	2,129	1,036	834		4,148
Cost of sales	1,287	1,017	548	416		2,009
Gross income	811	1,112	488	418		2,139
General and administrative expenses	97	79	44	46		156
Group's share in profits of associates, net	306	14	157	3		230
Other revenues (expenses), net	(179)	14	49	(4)		(243)
Operating income	841	1,061	650	371		1,970
Finance income	186	147	38	85		385
Finance expenses	(426)	(419)	(187)	(169)		(800)
Profit before taxes on income	601	789	501	287		1,555
Income tax	131	170	70	61		414
Profit from General Activities	**470**	**619**	**431**	**226**		**1,141**
Financial Activity						
Total revenues	1,894	-	997	-		1,823
Credit loss expenses	154	-	83	-		532
Operating expenses	661	-	336	-		677
Selling, marketing, general and administrative expenses	602	-	324	-		580
Payments to banks	279	-	141	-		295
Profit before tax	198	-	113	-		(261)
Provision for profit taxes	(46)	-	(20)	-		(87)
Profit after taxes	152	-	93	-		(174)
The Company's share in post-tax profits of associates	-	-	(1)	-		3
Income (loss) on the Financial Activity	**152**	**-**	**92**	**-**		**(171)**
Total income before profits from a deconsolidated company	**622**	**619**	**523**	**226**		**970**
Profit (loss) from a deconsolidated company	-	(189)	-	148		2,820
Net income	**622**	**430**	**523**	**374**		**3,790**
Attributable to						
Company shareholders	359	186	314	176		3,256
Non-controlling interests	263	244	209	198		534
Total	**622**	**430**	**523**	**374**		**3,790**

e) Movement in comprehensive income (NIS million):

	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
Net income	**622**	**430**	**523**	**374**		**3,790**
Other comprehensive income (loss) from continuing operations (post-tax):						
Adjustments from translation of foreign operations' financial statements (*)	(493)	(681)	(428)	(859)		(1,389)
Company's share in other comprehensive income, net of equity-accounted companies	(642)	-	(174)	-		30
Total other comprehensive income (loss) from continuing operations	**(1,135)**	**(681)**	**(602)**	**(859)**		**(1,359)**
Other comprehensive income (loss) from a deconsolidated company	-	(461)	-	(807)		(479)
Revaluation of property, plant & equipment, net of tax	-	-	-	-		13
Other comprehensive income from the Financial Activity	6	-	-	-		3
Total other comprehensive income (loss)	(1,129)	(1,142)	(602)	(1,666)		(1,822)
Total comprehensive income (loss)	**(507)**	**(712)**	**(79)**	**(1,292)**		**1,968**
Attributable to:						
Company shareholders	(518)	(396)	(65)	(676)		2,309
Non-controlling interests	11	(316)	(14)	(616)		(341)
	(507)	**(712)**	**(79)**	**(1,292)**		**1,968**

(*) The Group has material investments in investee companies and an investee partnership whose functional currency is NIS the USD; thus, changes in foreign exchange rates materially affect the Group's other comprehensive income or loss and the equity attributable to Company shareholders.

4. Financial position

<u>Principal changes in assets and liabilities as of June 30, 2026, compared with December 31, 2025:</u>

<u>Balances of assets and liabilities - General Activities</u>

Total assets of General Activities

The General Activities' total assets as of June 30, 2026 amounted to approx. NIS 25.9 billion compared with approx. NIS 27.5 billion as of December 31, 2025.

Cash and cash equivalents and short-term investments

As of June 30, 2026, the cash and short-term investment balances of the General Activities Segment totaled approx. NIS 1.7 billion, consisting mainly of balances of approx. NIS 0.7 billion in the Company and staff companies, approx. NIS 0.5 billion in NewMed Energy, and approx. NIS 0.4 billion in Mehadrin.

Current and non-current assets

Total current assets (other than cash and short-term investments), amounted to approx. NIS 24.2 billion as of June 30, 2026, compared with a total of approx. NIS 25.3 billion as of December 31, 2025.

As of June 30, 2026, the General Activities' non-current assets totaled approx. NIS 22.5 billion, compared to total non-current assets as of December 31, 2025 of approx. NIS 23.6 billion, a decrease of approx. NIS 1.1 billion. The decrease was primarily attributable to investments in associates (from approx. NIS 7.8 billion as of the end of 2025 to approx. NIS 7.1 billion as of the balance sheet date) and investments in exploration and production of oil and gas assets (from NIS 11.9 billion at the end of 2025 to approx. NIS 11.2 billion as of the balance sheet date), and is mainly due to a decrease in the USD exchange rate during the reporting period, which led to a decrease in the NIS value of the oil and gas assets of NewMed and of the Group's investment in Ithaca. Conversely, there was an increase of approx. NIS 0.4 billion in long-term deposits and debit balances from NIS 2.1 billion as of December 31, 2025, to approx. NIS 2.5 billion as of June 30, 2026. This increase was primarily driven by Mehadrin’s purchase of long-term land inventory totaling approx. NIS 0.4 billion.

Total current and non-current liabilities

As of June 30, 2026, the General Activities Segment's current and non-current liabilities amounted to approx. NIS 14.3 billion compared with approx. NIS 14.4 billion as of December 31, 2025.

Total financial liabilities (to banks and others and to debenture holders) in the General Activities Segment, as of June 30, 2026, amounted to approx. NIS 10.4 billion, compared with approx. NIS 10.8 billion as of December 31, 2025, a decrease of approx. NIS 0.4 billion, which is mainly due to a decrease in the USD exchange rate, which resulted in a decrease in the NIS value to NewMed’s USD-denominated liabilities.

<u>Balances of assets and liabilities - Financial Activity</u>

As of June 30, 2026, the Group's Financial Activity assets totaled approx. NIS 29.7 billion, and the Group's Financial Activity liabilities amounted to approx. NIS 25.4 billion (relative to approx. NIS 29.0 billion and approx. NIS 24.9 billion for assets and liabilities from the Financial Activity, respectively, as of December 31, 2025).

For further details regarding Isracard’s assets and liabilities - see Isracard's Report of the Board of Directors for the second quarter of 2026 attached as Appendix A to Chapter A – Description of the Corporation's Business.

Emphasis of matter by the independent auditors

In their review report for the Consolidated Financial Statements, the Company's independent auditors include an emphasis of matter due to legal actions brought against Group companies (for details, see Note 11I to the Consolidated Interim Financial Statements) as well as credit card regulation (for details, see Note 11H(a) to the Consolidated Interim Financial Statements).
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5. Sources of financing and liquidity

Following is the net financial debt of the Company and the staff companies as of June 30, 2026:[(1)]

	NIS million
Liabilities	
Debentures	4,787
Total liabilities	**4,787**
Assets	
Cash and investment in financial assets	739
Total assets	**739**
Net financial debt	**4,048**

It should be noted that as of the report publication date, the Company has unutilized credit facilities totaling NIS 500 million.

(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 operating results by operating segment

a) Oil and Gas Production in and around Israel

As aforesaid, Oil and Gas Exploration and Production in and around Israel activity is carried out mainly through NewMed Energy.

Operating results of the Oil and Gas Exploration and Production in and around Israel Segment, as included in the Group's results (USD million):

	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
Revenues from gas sales net of royalties	**397**	**416**	**254**	**166**		880
Operating income	**185**	**284**	**182**	**108**		491
EBITDAX	325	339	221	131		695
Finance income (expenses), net	(24)	(35)	(37)	(12)		(35)
Income tax	(46)	(52)	(28)	(16)		(124)
Net income attributable to Group's shareholders	**64**	**110**	**65**	**44**		**183**

(*) 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) - 1-6.2026	Israel	Jordan	Egypt	Total
Q1	0.2	0.6	1.1	1.9
Q2	0.3	0.7	1.7	2.7
Total	0.5	1.3	2.8	4.6

(BCM) - 1-6.2025	Israel	Jordan	Egypt	Total
Q1	0.4	0.8	1.7	2.9
Q2	0.2	0.5	1.3	2.0
Total	0.7	1.3	3.0	5.0

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

As stated in Note 1B to the Annual Financial Statements, with the launch of Operation Lion's Roar on February 28, 2026, the operator of the Leviathan Project received an instruction from the Minister of Energy, according to which it is required to cease the operations of the Leviathan Rig, until further notice. Production from the reservoir resumed on April 2, 2026. As a result of the suspension of the rig's activity, as stated, during the first quarter of 2026, there was a decrease in the Partnership's revenues. It should be noted that the Partnership contacted the government in order to recover compensation in connection with the cessation of gas production; however, as of the report approval date, there is no certainty of obtaining such compensation and the scope thereof.

It is noted that in the second quarter of 2025, following the Operation Rising Lion, natural gas production from the Leviathan Reservoir was suspended on June 13, 2025 and resumed on June 25, 2025. Additionally, over 11 days during the second quarter of 2025, planned work was carried out as part of the Third Pipeline Project, in conjunction with routine maintenance work, during which natural gas production from the Leviathan reservoir was suspended.

In addition, following the execution of the exploratory drilling in the Krum prospect under the Bulgarian license, which was determined to be dry, the Partnership recognized, during the reporting period, its share of the total costs associated with the license (including drilling, plugging, and decommissioning costs) amounting to approx. USD 74.4 million, which was recorded in the Group's income statement under “Other expenses”. The share attributable to the Company’s shareholders in the said loss is approx. NIS 127 million.

In the reporting period, the results of Oil and Gas Exploration in and around Israel amounted to an income of approx. USD 64 million compared with a net income of approx. USD 110 million in the corresponding period last year.
The decrease in net income was primarily due to the amortization of the Krum drilling costs, as mentioned above, and a reduction in net revenues from the sale of natural gas and condensate resulting from suspended gas production during Operation Lion’s Roar, as detailed above, offset by the impact of the increase in the price per barrel of Brent crude oil on the average price per thermal unit starting from April 2026.

In the second quarter of 2026, the operating results of Oil and Gas Exploration in and around Israel amounted to a net income of approx. USD 65 million, compared with a net income of approx. USD 44 million.

The increase in net income in the second quarter compared to the corresponding quarter was primarily due to a growth in net revenues from the sale of natural gas and condensate, resulting from an increase in both the volume and the price of the natural gas and condensate sold. It should be noted that the decrease in the volume of gas sold from the Leviathan Reservoir in the corresponding quarter last year resulted mainly from the suspension of gas production detailed above.

Revenues from gas and oil sales, net of royalties

In the reporting period, revenues from gas and oil sales, net of royalties, totaled approx. USD 397 million, compared with approx. USD 416 million in the same period last year, a decrease of approx. 4.5%.

The decrease was mainly due to a decrease in the quantities of natural gas sold from the Leviathan Reservoir, approx. BCM 4.57 in the reporting period compared to approx. BCM 4.99 in the corresponding period last year (100%), which was partially offset by an increase in the average price per thermal unit (MMBTU), approx. USD 5.99 per thermal unit in the reporting period compared to approx. USD 5.76 per thermal unit in the corresponding period last year. It should be noted that the decrease in quantities sold during the reporting period was mainly due to the suspension of production by the Leviathan Reservoir following Operation Lion’s Roar, as stated above, while the increase in the average price per thermal unit was due to the increase in the price per barrel of Brent crude, to which some of the natural gas sale contracts as well as condensate sale contracts are linked. It should be noted that during the corresponding period last year, natural gas and condensate production was temporarily suspended as described above.

In the second quarter of 2026, revenues from gas and oil sales net of royalties amounted to approx. USD 254 million, compared to approx. USD 166 million in the corresponding quarter last year.

The increase was mainly due to an increase in the quantities of natural gas sold from the Leviathan Reservoir in the second quarter, approx. BCM 2.68 compared to approx. BCM 2.04 in the corresponding quarter last year (100%); as well as an increase in the average price per thermal unit (approx. USD 6.55 compared to approx. USD 5.63 in the corresponding quarter last year), which resulted from the increase in the price of Brent barrel, as stated. It should be noted that, during the corresponding quarter last year, natural gas and condensate production was temporarily suspended as described above.

Operating income

In the reporting period, operating income amounted to approx. USD 185 million compared with approx. USD 284 million in the corresponding period last year.

The decrease in operating profit is mainly due to a decrease in production in the Leviathan Reservoir following Operation Lion's Roar, and as a result of the amortization of the Krum Drilling costs as described above.

In the second quarter of 2026, operating income amounted to approx. USD 182 million, compared with approx. USD 108 million in the corresponding quarter.

The increase in operating profit is mainly due to the reservoir's production suspensions in the corresponding quarter last year, as described above.

Finance income (expenses), net

In the reporting period, the net finance expenses line item amounted to approx. USD 24 million, compared to net finance expenses of approx. USD 35 million in the corresponding period last year. The decrease in net finance expenses was primarily due to the capitalization of higher finance costs during the reporting period compared to the corresponding period last year.

In the second quarter of 2026, net finance expenses amounted to approx. USD 37 million, compared with approx. USD 12 million in the corresponding quarter last year. The increase in net finance expenses is mainly due to revaluation of royalties receivable from the Karish and Tanin leases during the second quarter.

Income tax

In the reporting period, income tax amounted to approx. USD 46 million, compared to approx. USD 52 million in the same period last year. The decrease was primarily due to the decrease in profit before tax during the Reporting Period compared to the corresponding period last year. It is noted that, in accordance with accounting principles, the Partnership did not recognize deferred tax assets in respect of the written-down drilling expenses in Bulgaria, as stated above, as tax losses.

Income tax, net, in the second quarter of 2026 amounted to approx. USD 28 million, compared to approx. USD 16 million in the corresponding quarter last year. The increase was primarily due to the growth in profit before tax in the second quarter compared to the corresponding quarter last year.

For further details on the Oil and Gas Exploration and Production in and around Israel segment, 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 oil and gas assets.

It is be noted that in light of the loss of control, as described in Note 3A to the Consolidated Interim Financial Statements, Ithaca's operating results for the periods up to and including September 30, 2025, plus the gain on revaluation of the investment, are presented in the consolidated statement of profit or loss under the “Profits from a deconsolidated company" line item. The Group's share in the results of operations of Ithaca as of October 1, 2025 are presented in the consolidated statement of income under the "Company's share in profits (losses) of associates, net” line item.

Ithaca's profit and loss data as included in the Group's financial statements and the Group's share therein (the data are presented in USD million):

Income Statement (in USD million)

(in USD million)	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
Revenues	1,693	1,454	811	746		2,947
Cost of sales (excluding depreciation expenses and inventory movements)	(447)	(422)	(222)	(218)		(693)
Depreciation expenses	(342)	(440)	(193)	(217)		(928)
Change in oil and gas inventory	(108)	99	(26)	(62)		2
Gross income	**796**	**691**	**370**	**249**		**1,328**
Impairment of gas and oil assets	11	(30)	5	(29)		(80)
General and administrative expenses	(26)	(22)	(13)	(12)		(47)
Other expenses, net	-	-	-	-		-
Revaluation of contingent considerations and derivatives	11	(2)	14	(2)		(8)
Other finance expenses, net	(147)	(124)	(76)	(60)		(258)
Profit before tax	**645**	**513**	**300**	**146**		**935**
Tax expenses	460	565	215	106		832
Net income (loss) attributable to Ithaca's shareholders	**185**	**(52)**	**85**	**40**		**103**
Net income attributable to Ithaca's shareholders, net of adjustments for deferred taxes	**185**	**110**	**85**	**40**		**265**
Net income (loss) attributable to Group shareholders *)	**93**	**(27)**	**43**	**21**		**52**
Net income attributable to the Group's shareholders, net of adjustments for deferred taxes *)	**93**	**57**	**43**	**21**		**138**
Output in the reporting period (in millions) (MMboe)	**23.2**	**22.4**	**11.9**	**10.9**		**43.3**
Average daily output of oil barrels (in thousands) (kboe/d)	**128.3**	**123.6**	**130.6**	**119.8**		**118.5**

EBITDAX (in USD million)

USD million	1-6/2026	1-6/2025	4-6/2026	4-6/2025		2025
Revenues from the sale of gas and oil *)	**1,687**	**1,437**	**808**	**740**		**2,916**
Movement in gas and oil inventories, royalties and oil tanker costs	**(122)**	**87**	**(33)**	**(68)**		**(10)**
Revenues, net from production during the period	**1,565**	**1,524**	**775**	**672**		**2,906**
Operating expenses (OPEX)	(419)	(391)	(212)	(202)		(817)
Current general and administrative expenses and exchange rate differences	(25)	(16)	(13)	(6)		(58)
EBITDAX	**1,121**	**1,117**	**550**	**464**		**2,031**

*) 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 1,693 million, as compared to revenues of approx. USD 1,454 million in the same period last year. Revenues during the second quarter of 2026 was approx. USD 811 million, compared to approx. USD 746 million in the corresponding quarter.
The increase in revenues is due to an increase in the scope of production as well as an increase in gas and oil prices. It should be noted that this effect was partially offset by hedges on the price of oil, which in the Reporting Period caused a decrease in the average selling price compared to the nominal price.

The average oil price in the first half of 2026 was approx. USD 89 per barrel before hedging and USD 66 per barrel post hedging (in the first half of 2025: USD 71 per barrel before hedging and USD 73 post hedging).
The gas price in the first half of 2026 was approx. USD 76 BOE before hedging and USD 72 post hedging (in the first half of 2025: USD 71 BOE before hedging and post hedging).

Cost of sales

Cost of sales (excluding depreciation expenses and inventory movements) in the reporting period totaled approx. USD 447 million, as compared to approx. USD 422 million in the same period last year. The average operating production expenses (OPEX) per barrel in the reporting period was approx. USD 18 (compared to approx. USD 17 bbl in the corresponding period last year).

Depreciation and amortization in the reporting period totaled approx. USD 342 million, compared to approx. USD 440 million.
The decrease in depreciation expenses in the reporting period compared to the corresponding period is due to a lower value attributed to Ithaca's gas and oil assets, as part of the ceding of control in the third quarter of 2025.

In addition, the cost of sales in the reporting period includes an expense of approx. USD 108 million for a change in the oil inventory as a result of a drawdown of excess inventory in the reporting period (compared to revenues of approx. USD 99 million in the corresponding period last year), in accordance with the production timing agreements between Ithaca and its partners to the various oil assets.

EBITDAX

Ithaca's EBITDAX amounted to approx. USD 1,121 million in the reporting period, similarly to the USD 1,117 million amount in the corresponding period.
The EBITAX for the second quarter of 2026 amounted to approx. USD 550 million, compared to USD 464 million in the corresponding quarter, an increase which is mainly due to higher production volumes.

Other finance expenses, net

Other finance expenses, net in the reporting period totaled approx. USD 147 million, compared to approx. USD 124 million in the corresponding period last year. The increase in finance expenses in the reporting period and in the current quarter arises mainly from an increase in debt.

Income tax

Tax expenses in the corresponding period were affected by the extension of the additional energy profits levy by another two years, until March 31, 2030. As a result of the finalization of said legislation, during the first quarter of 2025, 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 Note 3A to the Consolidated Interim Financial Statements.

c) Financial Activity

Isracard's financial statements are consolidated into the Group's financial statements as of the third quarter of 2025.

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

Statement of Financial Position

	June 30, 2026	December 31, 2025
Cash and deposits with banks	591	485
Amounts receivable from banks for credit card transactions, net	6,061	7,258
Receivables for credit card transactions, net, from the credit loss provision	19,579	17,996
Securities	83	88
Investments in associates	60	61
Buildings and equipment	528	501
Goodwill	634	634
Other assets	2,175	2,025
Total assets	**29,711**	**29,048**
Credit from banking corporations and others	3,170	2,398
Payables for credit card transactions	19,746	19,459
Marketable debentures and commercial papers	1,041	1,559
Other liabilities	1,420	1,458
Total liabilities	25,377	24,874
Equity attributable to Isracard's shareholders	**4,334**	**4,174**
Part of Isracard's equity attributable to Group shareholders	**1,511**	**1,432**

Income statement

The following amounts present Isracard's results as included in the Group's income statements (including excess cost derecognition). The data for 2025 covers the period from the acquisition of control date to December 31, 2025 only.
For an analysis of Isracard's activity for the first quarter of 2026 compared to previous periods - see Isracard's Report of the Board of Directors for the first quarter of 2026 attached as Appendix A to Chapter A – Description of the Corporation's Business.

	1-6.2026	4-6/2026	December 31, 2025
Revenues from credit card transactions	1,230	633	1,297
Interest revenues, net	588	294	510
Other revenues	76	70	16
Total revenues	**1,894**	**997**	**1,823**
Credit loss expenses	154	83	532
Operating expenses	661	336	677
Selling, marketing, general and administrative expenses	602	324	580
Payments to banks	279	141	295
Total expenses	**1,696**	**884**	**2,084**
Income (loss) before tax	**198**	**113**	**(261)**
Income tax (tax benefit)	(46)	(20)	(87)
Profit (loss), post-tax	**152**	**93**	**(174)**
Isracard's share in post-tax profits of associates	-	(1)	3
Loss attributable to shareholders of Isracard (as stated in the Group's financial statements)	**152**	**92**	**(171)**
Income (loss) attributable to Group shareholders	**61**	**37**	**(69)**
Profit attributable to the Group's shareholders net of losses due to assuming control over Isracard	**61**	**37**	**51**

d) Other operating segments

Other areas of activity mainly include the activity of Mehadrin (which is a consolidated company) as well as those of Delek Israel, Delek Israel Properties and InPlay, the investment in which is equity-accounted.
In the reporting period, these companies' contribution to the net income attributable to the Company's shareholders amounted to approx. NIS 44 million (compared to approx. NIS 28 million in the corresponding period), with a total of approx. NIS 55 million recorded in the second quarter of 2026 (compared to an insignificant amount in the corresponding quarter). Most of the increase in income in the reporting period compared to the corresponding period, and in particular in the current quarter, arises from an improvement in InPlay's profitability, which contributed to the Group's profits approx. NIS 15 million in the second quarter of 2026 and of Delek Israel, whose contribution to profit in the second quarter of 2026 amounted to approx. NIS 10 million.

B. Market risk exposure and management

For details regarding market risks and management thereof by Isracard see Isracard's Report of the Board of Directors for the third quarter of 2025 attached as Appendix A to the revised Chapter A – Description of the Corporation's Business.

C. Disclosure relating to the Company'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.

D. Dedicated disclosure for debenture holders

1. Information on debentures issued by the Company as of June 30, 2026:

Series	Issue date (including expansions)	Original p.v.	Balance of p.v. as of June 30, 2026	Nominal interest rate	Linkage	Carrying amount as of June 30, 2026	Interest accrued in books as of June 30, 2026	Repayment dates (principal/ interest)	Market cap as of June 30, 2026	Trustee
B40	2/2025 6/2025 6/2026	1,810	1,810	5.69%	Non-linked	1,810	-	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.	1,927	Reznick Paz Nevo Trustee Company Ltd., 14 Yad Harutzim St., Tel Aviv. Tel: +972-3-6389200, Michal Avtalion-Rishoni, Adv.
B41	9/25 12/2025 6/2026	1,916	1,916	5.68%	Non-linked	1,916	27	Interest payments on March 31 and September 30 (first payment - March 31, 2026) and principal payments on March 31 of 2029, 2030, 2033, 2034 and 2035.	2,081	Mishmeret Trust Company Ltd., 48 Menahem Begin St., Tel Aviv, Tel: 03-6374335/4, Atty. Rami Katzav, CPA.
B42	3/2026	1,021	1,021	5.08%	Non-linked	1,021	13	Interest payments on March 31 and September 30 (first payment - September 30, 2026) and principal payments on September 30 of 2028, 2029, 2031, 2035 and 2036.	1,063	Hermetic Trust (1975) Ltd. 113 Hayarkon St. Tel Aviv. Tel: +972-3-5274867, Dan Avnon

*) Debentures (Series B40, B41, B42) are rated A2.il by Midroog Ltd., with a stable outlook. Midroog Ltd.'s latest rating report was published on August 6, 2026 (Ref. No.: 2026-15-074282). Debentures (Series B40) are rated ilA- by S&P Global Ratings Maalot Ltd., with a stable outlook. The latest rating report of S&P Global Ratings Maalot Ltd. was published on November 24, 2025 (Ref. No.: 2025-15-091298).

Financial covenants of the debentures as of June 30, 2026

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 below 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 material 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 rating downgrade below the base rating of "A3" for Debentures (Series B40) and "A2" for Debentures (Series B41) 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 3,350 million 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 B40, B41 and B42) are not secured by a lien on any asset.

As of the report date, the Company is in compliance with all the covenants set forth in the deeds of trust. In this regard, it is noted that equity as of June 30, 2026 amounted to approx. NIS 8,974 million, and the equity to total assets ratio under the Company's separate financial statements is approx. 63%.

E. Additional information

1. Company employees

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	**Idan Wallace**
Chairman of the Board	**CEO**

Signing date: August 18, 2026

Appendix A to the Report of the Board of Directors

Breakdown of outstanding principal and interest payments on the Company's debentures and bank loans of the Company and staff companies as of June 30, 2026 (in NIS million):

		7-12/2026	2027	2028	2029	2030	2031 onward	Total
Debentures	**Principal**	-	-	334	396	373	3,644	4,747
	Interest	132	264	259	240	214	640	1,749
Total		**132**	**264**	**593**	**636**	**587**	**4,284**	**6,496**

Chapter C

Financial Statements

Delek Group Ltd.

Consolidated Interim Financial Statements as of June 30, 2026

Unaudited

Contents

- - - - - - - - - - - - - - - -

Consolidated Balance Sheets

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Current assets			
Cash and cash equivalents	1,321	4,705	1,995
Short-term investments	344	143	197
Trade receivables	870	1,188	820
Receivables and debit balances	556	1,354	627
Current tax assets	28	3	16
Financial derivatives	77	418	70
Inventory	65	1,326	186
Assets held for distribution to owners (Note 3D below)	112	-	-
	3,373	9,137	3,911
Non-current assets			
Loans, deposits and long-term debit balances	2,458	2,646	2,132
Investments in associates	7,117	671	7,767
Investment property	681	584	661
Right-of-use assets	201	1,079	207
Financial derivatives	-	556	-
Investments in exploration and production of oil and gas assets, net	11,159	27,654	11,898
Property, plant and equipment, net	516	445	523
Goodwill	323	4,342	328
Deferred taxes	60	1,809	61
	22,515	39,786	23,577
Financial Activity			
Cash and deposits with banks	591	-	485
Amounts receivable from banks for credit card transactions, net	6,061	-	7,258
Receivables for credit card transactions, net, from the credit loss provision	19,579	-	17,996
Securities	83	-	88
Investments in associates	60	-	61
Buildings and equipment	528	-	501
Goodwill	634	-	634
Other assets	2,175	-	2,025
	29,711	-	29,048
	55,599	48,923	56,536

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

Consolidated Balance Sheets (cont.)

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Current liabilities			
Short-term loans and current maturities from banks and others	65	343	260
Current maturities of debentures	1,620	299	673
Payables and credit balances	748	3,857	1,173
Current maturities of lease liabilities	13	92	14
Current tax liabilities	8	1,875	35
Dividend payable	-	-	-
Financial derivatives	1	18	-
Liabilities for assets held for distribution to owners (Note 3D below)	769	-	-
	3,224	6,484	2,155
Non-current liabilities			
Loans from banks and others	1,949	2,832	1,680
Debentures	6,812	10,786	8,183
Lease liability	54	102	58
Financial derivatives	-	39	-
Provisions and other liabilities	316	9,895	310
Deferred taxes	1,911	2,091	2,023
	11,042	25,745	12,254
Financial Activity			
Credit from banking corporations and others	3,170	-	2,398
Payables for credit card transactions	19,746	-	19,459
Marketable debentures and commercial papers	1,041	-	1,559
Other liabilities	1,420	-	1,458
	25,377	-	24,874
Capital			
Share capital	20	20	20
Share premium	2,381	2,381	2,381
Retained earnings	10,063	7,659	10,204
Adjustments from translation of financial statements of foreign operations	(1,745)	(708)	(1,029)
Capital reserve from transactions with non-controlling interests	(1,442)	(1,550)	(1,440)
Other reserves	(83)	116	76
Treasury shares	(220)	(129)	(129)
Total equity attributable to Company's shareholders	8,974	7,789	10,083
Non-controlling interests	6,982	8,905	7,170
Total equity	15,956	16,694	17,253
	55,599	48,923	56,536

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

August 18, 2026			
Approval date of the financial statements	Ehud Erez Chairman of the Board	Idan Wallace CEO	Tamir Polikar Executive VP & CFO

Consolidated Statements of Income

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million (excluding earnings per share)				
Revenues	2,098	2,129	1,036	834	4,148
Cost of sales	1,287	1,017	548	416	2,009
Gross income	811	1,112	488	418	2,139
General and administrative expenses	97	79	44	46	156
Group share in profits of associates, net	306	14	157	3	230
Other revenues (expenses), net **)	(179)	14	49	(4)	(243)
Operating income	841	1,061	650	371	1,970
Finance income	186	147	38	85	385
Finance expenses	(426)	(419)	(187)	(169)	(800)
Profit before taxes on income	601	789	501	287	1,555
Income tax	131	170	70	61	414
Profit from General Activities	470	619	431	226	1,141
Financial Activity					
Total revenues	1,894	-	997	-	1,823
Credit loss expenses	154	-	83	-	532
Operating expenses	661	-	336	-	677
Selling, marketing, general and administrative expenses	602	-	324	-	580
Payments to banks	279	-	141	-	295
Income (loss) before tax	198	-	113	-	(261)
Income tax expenses (benefit)	(46)	-	(20)	-	(87)
Profit (loss), post-tax	152	-	93	-	(174)
The Company's share in post-tax profits of associates	-	-	(1)	-	3
Income (loss) on the Financial Activity	152	-	92	-	(171)
Total income before profits from a deconsolidated company	622	619	523	226	970
Profit (loss) from a deconsolidated company	-	(189)	-	148	2,820
Net income	622	430	523	374	3,790
Attributable to:					
Company's shareholders	359	186	314	176	3,256
Non-controlling interests	263	244	209	198	534
	622	430	523	374	3,790

*) Reclassified, see Note 3A(1) below.
**) Regarding the writing down of drilling costs in Bulgaria during the reporting period – see Note 4C below.

Consolidated Statements of Income (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million (excluding earnings per share)				
Earnings (loss) per share attributable to Company's shareholders (in NIS) (**)					
Basic and diluted earnings from continuing operations	2.0	1.6	1.7	0.5	2.8
Basic and diluted earnings for profits (losses) for a deconsolidated company	-	(0.5)	-	0.4	15.0
Basic and diluted earnings	2.0	0.9	1.7	0.9	17.8

*) Reclassified, see Note 3A(1) below.

**) Adjusted retrospectively in respect of a 1:10 split of the Company's share capital carried out subsequent to the balance sheet date. See also Note 7A(3).

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

Consolidated Statements of Comprehensive Income

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million				
Net income	622	430	523	374	3,790
Other comprehensive income (net of tax effect):					
<u>Amounts classified or reclassified to profit or loss under specific conditions</u>:					
Adjustments from translation of financial statements of foreign operations	(493)	(681)	(428)	(859)	(1,389)
Company's share in other comprehensive income, net of equity-accounted companies	(642)	-	(174)	-	30
Total other comprehensive income (loss) from continuing operations	(1,135)	(681)	(602)	(859)	(1,359)
Total other comprehensive income (loss) from a deconsolidated company	-	(461)	-	(807)	(479)
Total other comprehensive income (loss) from General Activities	(1,135)	(1,142)	(602)	(1,666)	(1,838)
<u>Amounts which will not be subsequently reclassified to profit or loss:</u>					
<u>Other comprehensive income from General Activities</u>					
Revaluation of property, plant & equipment, net of tax	-	-	-	-	13
<u>Other comprehensive income from Financial Activity</u>					
Employee benefits	6	-	-	-	3
Total other comprehensive income (loss)	(1,129)	(1,142)	(602)	(1,666)	(1,822)
Total comprehensive income (loss)	(507)	(712)	(79)	(1,292)	1,968
Attributable to:					
Company's shareholders	(518)	(396)	(65)	(676)	2,309
Non-controlling interests	11	(316)	(14)	(616)	(341)
	(507)	(712)	(79)	(1,292)	1,968

*) Reclassified, see Note 3A(1) below.

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

Consolidated Statements of Changes in Equity

	Attributable to Company's shareholders									
	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
	Unaudited									
	NIS million									
Balance as of January 1, 2026 (audited)	20	2,381	10,204	(1,029)	(1,440)	76	(129)	10,083	7,170	17,253
Net income	-	-	359	-	-	-	-	359	263	622
Other comprehensive income (loss)	-	-	-	(716)	-	(161)	-	(877)	(252)	(1,129)
Total comprehensive income (loss)	-	-	359	(716)	-	(161)	-	(518)	11	(507)
Transactions with non-controlling interests	-	-	-	-	(2)	-	-	(2)	(15)	(17)
Share-based payment	-	-	-	-	-	2	-	2	2	4
Acquisition of shares by a subsidiary partnership	-	-	-	-	-	-	(91)	(91)	-	(91)
Dividend to the Company's shareholders	-	-	(500)	-	-	-	-	(500)	-	(500)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(186)	(186)
Balance as of June 30, 2026	20	2,381	10,063	(1,745)	(1,442)	(83)	(220)	8,974	6,982	15,956

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net income attributable to non-controlling interests	263
Adjustments from translation of financial statements of foreign operations	(256)
Other reserves	4
Total comprehensive income attributable to non-controlling interests	11

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to Company's shareholders									
	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
	Unaudited									
	NIS million									
Balance as of January 1, 2025 (audited)	20	2,381	7,983	29	(1,554)	(39)	(95)	8,725	9,815	18,540
Net income	-	-	186	-		-	-	186	244	430
Other comprehensive income	-	-	-	(737)	-	155	-	(582)	(560)	(1,142)
Total comprehensive income	-	-	186	(737)	-	155	-	(396)	(** (316)	(712)
Transactions with non-controlling interests	-	-	-	-	4	-	-	4	(63)	(59)
Share-based payment	-	-	-	-	-	-	-	-	11	11
Acquisition of treasury shares	-	-	-	-	-	-	(34)	(34)	-	(34)
Dividend to the Company's shareholders	-	-	(510)	-	-	-	-	(510)	-	(510)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(542)	(542)
Balance as of June 30, 2025	20	2,381	7,659	(708)	(1,550)	116	(129)	7,789	8,905	16,694

*) Mainly capital reserve for cash flow hedges.

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

Net income attributable to non-controlling interests	244
Adjustments from translation of financial statements of foreign operations	143
Adjustments arising from cash flow hedges	(703)
Total comprehensive income attributable to non-controlling interests	(316)

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to Company's shareholders									
	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
	Unaudited									
	NIS million									
Balance as of April 1, 2026 (audited)	20	2,381	9,999	(1,126)	(1,439)	(325)	(129)	9,381	7,101	16,482
Net income	-	-	314	-	-	-	-	314	209	523
Other comprehensive income (loss)	-	-	-	(619)	-	240	-	(379)	(223)	(602)
Total comprehensive income (loss)	-	-	314	(619)	-	240	-	(65)	(14)	(79)
Transactions with non-controlling interests	-	-	-	-	(2)	-	-	(2)	(21)	(23)
Share-based payment	-	-	-	-	(1)	2	-	1	(1)	-
Acquisition of shares by a subsidiary partnership	-	-	-	-	-	-	(91)	(91)	-	(91)
Dividend to the Company's shareholders	-	-	(250)	-	-	-	-	(250)	-	(250)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(83)	(83)
Balance as of June 30, 2026	20	2,381	10,063	(1,745)	(1,442)	(83)	(220)	8,974	6,982	15,956

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net income attributable to non-controlling interests	209
Adjustments from translation of financial statements of foreign operations	(223)
Total comprehensive income attributable to non-controlling interests	(47)

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to Company's shareholders									
	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
	Unaudited									
	NIS million									
Balance as of April 1, 2025 (audited)	20	2,381	7,733	224	(1,553)	36	(95)	8,746	10,025	18,771
Net income	-	-	176	-	-	-	-	176	198	374
Other comprehensive income (loss)	-	-	-	(932)	-	80	-	(852)	(814)	(1,666)
Total comprehensive income (loss)	-	-	176	(932)	-	80	-	(676)	(616)	(1,292)
Transactions with non-controlling interests	-	-	-	-	3	-	-	3	(67)	(64)
Share-based payment	-	-	-	-	-	-	-	-	6	6
	-	-	-	-	-	-	(34)	(34)	-	(34)
Dividend to the Company's shareholders	-	-	(250)	-	-	-	-	(250)		(250)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(443)	(443)
Balance as of June 30, 2025	20	2,381	7,659	(708)	(1,550)	116	(129)	7,789	8,905	16,694

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net income attributable to non-controlling interests	198
Adjustments arising from cash flow hedges	74
Adjustments from translation of financial statements of foreign operations	(888)
Total comprehensive loss attributable to non-controlling interests	(616)

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders									
	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
	Audited									
	NIS million									
Balance as of January 1, 2025	20	2,381	7,983	29	(1,554)	(39)	(95)	8,725	9,815	18,540
Net income	-	-	3,256	-	-	-	-	3,256	534	3,790
Other comprehensive income	-	-	-	(1,065)	-	118	-	(947)	(875)	(1,822)
Total comprehensive income	-	-	3,256	(1,065)	-	118	-	2,309	(341)	1,968
Transactions with non-controlling interests	-	-	-	7	114	(3)	-	118	100	218
Deconsolidation (see Note 9A(1)(c))	-	-	-	-	-	-	-	-	(4,428)	(4,428)
Commencement of consolidation (see Note 9A(3(a))	-	-	-	-	-	-	-	-	3,007	3,007
Share-based payment	-	-	-	-	-	-	-	-	20	20
Forfeiture of treasury shares	-	-	-	-	-	-	(34)	(34)	-	(34)
Dividend to the Company's shareholders	-	-	(1,035)	-	-	-	-	(1,035)	-	(1,035)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(1,003)	(1,003)
Balance as of December 31, 2025	20	2,381	10,204	(1,029)	(1,440)	76	(129)	10,083	7,170	17,253

*) As of December 31, 2025, mainly due to cash flow hedges.

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

Net income attributable to non-controlling interests	534
Adjustments arising from cash flow hedges	134
Adjustments from translation of financial statements of foreign operations	(1,009)
Total comprehensive income attributable to non-controlling interests	(341)

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

Consolidated Statements of Cash Flows

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million				
Cash flows from operating activities					
Net income	622	430	523	374	3,790
Adjustments to reconcile cash flows from operating activities (a)	1,123	570	1,159	16	(1,077)
Net cash from operating activities	1,745	1,000	1,682	390	2,713
Cash flows from investing activities					
Purchase of property, plant and equipment, investment property and intangible assets	(17)	(16)	(13)	(7)	(38)
Advance payments in respect of a real estate project	(20)	-	(18)	-	(20)
Proceeds from disposal of property, plant and equipment and investment property	1	12	1	(3)	13
Provision of loans to associates, net	(7)	(3)	(3)	(1)	(10)
Change in short-term investments, net	45	1,430	94	1,182	1,314
Cash out following deconsolidation (c)	-	-	-	-	(1,900)
Cash flows provided by (used for) acquisition of control in companies and operations (b)	-	-	-	-	(834)
Disposal of (investment in) long-term bank deposits, net	(263)	18	(20)	99	42
Investment in oil and gas exploration and assets	(768)	(331)	(522)	(207)	(1,039)
Investment in investees	-	(3)	1	(3)	(237)
Advance payment in respect of acquisition of an operation	-	(72)	-	-	-
Amounts and royalties received in respect of the sale of rights in the Karish and Tanin Reservoirs	66	90	24	38	181
Total to General Activities	(963)	1,125	(456)	1,098	(2,528)
Financial Activity					
Purchase of buildings and equipment	(112)	-	(47)	-	(110)
Acquisition of shares in an associate	-	-	-	-	(30)
Acquisition (sale) of shares not held for trading, net	5	-	5	-	(26)
Change in credit provided to card holders and merchants, net, including supplier financing	(1,362)	-	(756)	-	(1,023)
Total in respect of Financial Activity	(1,469)	-	(798)	-	(1,189)
Net cash provided by (used for) investing activities	(2,432)	1,125	(1,254)	1,098	(3,717)

*) Reclassified, see Note 3A(1) below.

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

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million				
Cash flow from financing activities					
Receipt (repayment) of short-term credit from banks, net	(249)	358	(277)	358	339
Receipt of long-term loans	1,164	989	179	987	1,025
Repayment of long-term loans	(32)	(1)	(30)	-	(4)
Dividend paid to non-controlling interests (net of a tax rebate received by the Partnership)	(190)	(201)	(87)	(199)	(382)
Dividend paid	(500)	(510)	(500)	(510)	(1,035)
Transactions with non-controlling interests	(17)	(60)	(17)	(65)	213
Repayment of lease liabilities	(11)	(10)	(2)	(2)	(17)
Acquisition of treasury shares	(91)	(34)	(91)	(34)	(34)
Issue of debentures (net of issuance costs)	1,711	1,549	449	498	3,298
Repayment of debentures	(1,859)	(2,952)	(1,049)	(2,098)	(4,228)
Total in respect of General Activities	(74)	(872)	(1,425)	(1,065)	(825)
From Financial Activity					
Proceeds of issuance of marketable debentures and commercial papers	-	-	-	-	792
Repayment of debentures and commercial papers	(519)	-	-	-	(322)
Credit from banking corporations and others, net	763	-	(212)	-	(249)
Total from Financial Activity	244	-	(212)	-	221
Net cash provided by (used in) financing activities	170	(872)	(1,637)		(604)
Translation differences on cash balances	(50)	(68)	(20)	(78)	(274)
Increase in cash balance of a deconsolidated company	-	1,260	-	904	2,094
Increase in cash and cash equivalents	(567)	1,185	(1,229)	345	(1,882)
Balance of cash and cash equivalents at the beginning of the period	2,472	2,260	3,134	3,456	2,260
Balance of cash and cash equivalents at the end of the period	1,905	4,705	1,905	4,705	2,472
Balance of cash and cash equivalents at the end of the year - presentation on balance sheet					
Cash in General Activities	1,321	4,705	1,321	4,705	1,995
Cash in the Financial Activity	584	-	584	-	477
	1,905	4,705	1,905	4,705	2,472

*) Reclassified, see Note 3A(1) below.

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

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million				
(a) Adjustments to reconcile cash flows from operating activities					
Adjustments to profit and loss line items:					
Loss (profit) from a deconsolidated company	-	189	-	(147)	(2,820)
Depreciation, depletion, amortization, and impairment of assets, net	438	203	122	85	694
Deferred taxes, net	12	8	21	(61)	(49)
Impairment (appreciation) of loans granted, net	-	-	2	(1)	-
Profit from the sale of property, plant and equipment, real estate and investments, net	-	(17)	-	-	(18)
Decrease in decommissioning liabilities with respect to time value	18	23	4	5	32
Group's share of results of associates, net (1)	8	(21)	149	(13)	9
Payment of decommissioning expenses	(10)	(12)	-	(10)	(29)
Cost of share-based payment	1	1	(1)	1	2
Change in fair value of financial assets and financial derivatives, net	(45)	(28)	44	(45)	(76)
Appreciation (impairment) of long-term liabilities, net	(48)	14	(32)	3	(55)
Change in value of investment property, net	-	-	-	-	(47)
Changes in operating assets and operating liabilities:					
Decrease (increase) in trade receivables	(86)	251	(210)	397	78
Decrease (increase) in receivables and long-term debit balances	(341)	99	61	61	(31)
Decrease in inventory	121	112	67	40	13
Increase in other assets, net	(9)	(10)	(5)	(9)	(16)
Increase (decrease) in trade payables, other payables and credit balances	(115)	(242)	(141)	(290)	62
Total in respect of General Activities	55	570	192	16	(2,251)
From Financial Activity					
Company's share in undistributed profits of associates	-	-	1	-	(3)
Depreciation of buildings and equipment (including impairment)	112	-	48	-	128
Credit loss expenses	154	-	83	-	532
Expenses for share-based payment	6	-	4	-	5
Deferred taxes, net	25	-	13	-	(118)
Changes in provisions and liabilities with respect to employees	5	-	2	-	4
Dividend received from an associate	8		8		-
Revaluation of deposits with banking corporations	-	-	(1)	-	2
Adjustments for exchange rate differences	17	-	16	-	8
Changes in operating assets and operating liabilities:					
Change in receivables for credit card transactions and amounts receivable from banks, net	822	-	(86)	-	(1,609)
Change in other assets, net	(237)	-	(39)	-	50
Change in payables for credit card transactions, net	287	-	1,205	-	2,492
Accrual differences included in investing and financing activity	2	-	12	-	7
Change in other liabilities, net	(23)	-	(189)	-	(324)
Total in respect of Financial Activity	1,178	-	1,077	-	1,174
Total adjustments to income	1,123	570	1,159	16	(1,077)
(1) Net of dividends received	314	-	306	-	239

*) Reclassified, see Note 3A(1) below.

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	(* 2025	2026	(* 2025	2025
	Unaudited				Audited
	NIS million				
(b) Cash flows used for acquiring control in companies and operations, net					
Working capital (excluding cash and cash equivalents), net	-	-	-	-	(20)
Non-current assets	-	-	-	-	(246)
Non-current liabilities	-	-	-	-	15
Gain from a bargain purchase	-	-	-	-	-
Derecognition of an investment in a joint venture	-	-	-	-	187
Goodwill arising on acquisition	-	-	-	-	(28)
Non-controlling interests	-	-	-	-	164
Financial Activity assets net of cash and cash equivalents (see Note 9A(3)(a))	-	-	-	-	(24,892)
Financial Activity liabilities (see Note 9A(3)(a))	-	-	-	-	21,642
Goodwill	-	-	--	-	(636)
Non-controlling interests	-	-	-	-	2,837
Change in short-term and long-term investments	-	-	-	-	143
	-	-	-	-	(834)

*) Reclassified, see Note 3A(1) below.

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

Consolidated Statements of Cash Flows (cont.)

		For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
		2026	(* 2025	2026	(* 2025	2025
		Unaudited				Audited
		NIS million				
(c)	Cash out following deconsolidation					
	Working capital (excluding cash)	-	-	-	-	(1,493)
	Investment in gas and oil assets	-	-	-	-	15,673
	Goodwill	-	-	-	-	3,939
	Other long-term assets	-	-	-	-	3,876
	Long-term liabilities	-	-	-	-	(15,025)
	Non-controlling interests	-	-	-	-	(4,428)
	Investment in an associate	-	-	-	-	(7,300)
	Release of capital reserves	-	-	-	-	180
	Gain on deconsolidation	-	-	-	-	2,678
		-	-	-	-	(1,900)
(c)	Significant non-cash activities					
	Investment in oil and gas assets against liability	141	353	141	259	353
	Investment in other long-term assets against liabilities	47	-	47	-	37
(d)	Additional information on cash flows					
	General Activities					
	Cash received during the period for:					
	Interest	448	422	323	286	826
	Taxes and levies	176	11	100	32	20
	Cash received by the Company during the period for:					
	Interest	28	63	12	31	96
	Taxes	-	3	-	2	11
	Financial Activity					
	Cash received during the period for:					
	Interest	150	-	61	-	647
	Taxes	28	-	15	-	170
	Cash received by the Company during the period for:					
	Interest	646	-	328	-	647
	Taxes	5	-	-	-	46
	Dividends	80	-	72	-	2

*) Reclassified, see Note 3A(1) below.

The accompanying notes are an integral part of 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, in July 2025, the Company completed a transaction in which it acquired a controlling interest in Isracard Ltd. (hereinafter – “**Isracard**”), and accordingly, beginning in the third quarter of 2025, the Company consolidates Isracard’s financial statements in its financial statements. 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 Itshak (Sharon) Tshuva, who, immediately prior to the approval date of the financial statements, holds - through its wholly-owned companies - approx. 50.44% of the share capital.

B. These financial statements were prepared in condensed format as of June 30, 2026 and for the six- and three-months periods 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, 2025 for the year then ended, and their accompanying notes (hereinafter - the “**Annual Financial Statements**”).

C. Iron Swords War, the security situation and their effect on the Group’s activity

On October 7, 2023, the Iron Swords War began, and since then, the State of Israel has been in a security situation characterized by multiple arenas and periods of fighting at varying levels of intensity. In this context, at the end of February 2026, the direct conflict between Israel and Iran (hereinafter - **"Operation Lion's Roar"**) resumed, in which Israel and the United States launched a large-scale aerial attack on Iran, which responded with an attack against Israel and other countries in the region. During April 2026, a temporary agreement was reached to stop the fighting between the United States, Israel and Iran; however, since the beginning of July 2026, another conflict of varying intensity has been taking place between the United States and Iran, which, as of the signing date of the report, does not involve Israel. As of the financial statements approval date, there is no certainty that the fighting against Iran will not resume in the near or long term.

- Implications for the Gas and Oil in Israel Segment

As stated in Note 1B to the Annual Financial Statements, with the launch of Operation Lion's Roar on February 28, 2026, the operator of the Leviathan Project received an instruction from the Minister of Energy, according to which, pursuant to a security recommendation provided to him, it is required to discontinue the operations of the Leviathan Rig, until further notice. Production from the reservoir resumed on April 2, 2026. As a result of the suspension of the rig’s activity, as stated, during the first quarter of 2026, there was a decrease in the Group's revenues from the Gas and Oil in Israel Segment (for segment reporting – see Note 9 below). It should be noted that the Partnership contacted the government in order to recover compensation in connection with the cessation of gas production; however, as of the report approval date, there is no certainty of obtaining such compensation and the scope thereof.
For details regarding the additional budget approved for the completion of a project for the laying of a subsea pipeline in the offshore transmission section between Ashdod and Ashkelon to cover additional expenses arising from Operation Lion’s Roar see Note 4F below.

NOTE 1 - GENERAL (cont.)

C. Iron Swords War, the security situation and their effect on the Group's activity (cont.)

- Isracard

The period during which Operation Lion's Roar took place, which included Passover, and the period immediately following it, were characterized by relatively low turnovers, specifically in outbound and inbound tourism, alongside a certain slowdown in consumer credit. As from May 2026 and through immediately prior to the signing date of the report, Isracard's turnovers in Israel and abroad recovered alongside a continued increase in consumer credit balances. Shortly after the outbreak of the Iron Swords War and from time to time during the period which had elapsed since then, Isracard granted various benefits and reliefs to its customers, some of them in accordance with the Bank of Israel's framework, some according to provisions of other government entities, and some at Isracard's initiative. As of the approval date of the financial statements, the balance of deferred credit, balance of credit in which terms were modified for financially distressed borrowers and the balance of defaulted debts following modification of terms, are immaterial.
Isracard's believes that, the security situation (including war), to the extent it continues may have further effects on economic activity and, consequently, on Isracard's activity and results. Some of the effects depend on the actions that will be taken by the Government of Israel, international responses to such actions, the reigniting and expansion of the fighting, and regulatory directives that have been issued and that will be issued in this regard.

It should be clarified that the security situation and its ramifications (including prolongation and resumption of the fighting on the various fronts) may affect various matters related to Isracard's operations, such as the activity of merchants, payment card transaction turnovers in Israel and abroad, a decline in demand for credit, and a possible impairment of borrowers' repayment capacity. As of the approval date of the financial statements, Isracard is unable to assess the overall impact of the current and potential security situation (including from a global perspective) on its results, inter alia in view of the uncertainty regarding the duration of the security situation and its direct and indirect implications for Isracard.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the Consolidated Interim Financial Statements

The Consolidated Interim Financial Statements, insomuch do not involve the credit card activity as outlined below, 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 data in the Group's Consolidated Interim Financial Statements, insofar as they relate to Isracard's operations, are presented in accordance with the Public Reporting Directives and guidelines of the Banking Supervision Department, which are based primarily on US Generally Accepted Accounting Principles (US GAAP), in accordance with Regulation 2 to the Securities Regulations (Annual Financial Statements), 2010.

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 (revenues) 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 (revenues) 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.

NOTE 3 - INVESTMENTS IN INVESTEE COMPANIES AND PARTNERSHIPS

A. Ithaca Energy Holdings Plc. (hereinafter - "**Ithaca**")

(1) As stated in Note 9A(1)(c) to the Annual Financial Statements, following an amendment to the agreement governing the relationship between the Group and Ithaca, as from September 30, 2025 the Group no longer controls Ithaca, and therefore, as from that date, the Group ceased consolidating Ithaca's financial statements in its Consolidated Financial Statements.

Therefore, and in accordance with the provisions of IFRS 5, the details of Ithaca's profit or loss, other comprehensive income and cash flows for each of the periods prior to the ceding of control date, including gain on remeasurement of the investment are presented in a single line item in the statements of profit or loss, comprehensive income and cash flows, and the comparative figures are reclassified, as follows:

a) Following are the results of Ithaca's operations as included under the "Profit from a deconsolidated company" line item:

	For the 6 months ended June 30, 2026	For the 3 months ended June 30, 2026	For the year ended December 31, 2025 *)
	Unaudited		Audited
	NIS million		
Revenues	5,229	2,673	7,568
Cost of sales	2,741	1,781	4,316
Gross income	2,488	892	3,252
General and administrative expenses	79	42	118
Other expenses, net	(109)	(105)	(106)
Operating income	2,301	745	3,028
Finance income	65	46	99
Finance expenses	(520)	(269)	(762)
Profit before tax	1,847	522	2,365
Income tax	2,035	374	2,223
Income (loss) on the Ithaca's activity	(189)	148	142
Gain from remeasurement of investment in Ithaca	-	-	2,678
Total income (loss)	(189)	148	2,820
Attributable to:			
Company's shareholders	(99)	77	2,751
Non-controlling interests	(90)	70	69
	(189)	148	2,820

*) Only until the ceding of control date (September 30, 2025).

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

A. Ithaca Energy Holdings Plc. (hereinafter - "**Ithaca**") (cont.)

(1) (cont.)

b) Following are the other comprehensive income items relating to Ithaca's activities, as included in the statements of comprehensive income under "Other comprehensive income of a deconsolidated company:

	For the 6 months ended June 30, 2025	For the 3 months ended June 30, 2025	For the year ended December 31, 2025 *)
	Unaudited		Audited
	NIS million		
Income for cash flow hedges, net	319	183	324
Transfer to profit or loss for cash flow hedges, net	(21)	(29)	(130)
Adjustments from translation of financial statements of foreign operations	(759)	(961)	(937)
Transfer to profit or loss for translation of financial statements of foreign operations	-	-	264
	(461)	(807)	(479)
Attributable to:			
Company's shareholders	(233)	(421)	(159)
Non-controlling interests	(228)	(386)	(320)
	(461)	(807)	(479)

*) Only until the ceding of control date (September 30, 2025).

c) Following are the cash flows attributed to Ithaca's operations in the period prior to ceding control:

	For the 6 months ended June 30, 2025	For the 3 months ended June 30, 2025	For the year ended December 31, 2025 *)
	Unaudited		Audited
	NIS million		
Cash flow provided by operating activities	3,450	1,907	4,280
Cash flow used for investing activities	(1,467)	(749)	(2,768)
Net cash provided by (used for) financing activities	(641)	(147)	554
Exchange rate differences	(82)	(107)	28
Increase in cash balance of a deconsolidated company	1,260	904	2,094

*) Only until the ceding of control date (September 30, 2025).

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

A. Ithaca Energy Holdings Plc. (hereinafter - "**Ithaca**") (cont.)

(2) Investment in Ithaca as an associate

Since the date of ceding control, due the significant influence the Company retained in Ithaca, the investment in Ithaca is presented as an investment in an associate in accordance with the equity method and the Company's share in Ithaca's operating results is included in the statement of profit or loss under the "Group's share in profits of associates, net" line item.

It is noted that Ithaca is a material associate of the Company and therefore, in accordance with Regulation 23 to the Securities Regulations (Annual Financial Statements), 2010, Ithaca's condensed consolidated financial statements as of June 30, 2026 and the six- and three-month period then ended are attached to these Financial Statements.

Following are condensed financial data of Ithaca as a material associate:

	As of June 30, 2026	As of December 31, 2025
	Unaudited	Audited
	NIS million	
In accordance with Ithaca's financial statements:		
Current assets	3,925	3,676
Non-current assets	22,331	23,269
Current liabilities	(5,277)	(4,646)
Non-current liabilities	(13,790)	(14,096)
Net assets	7,189	8,203
Net of goodwill presented in Ithaca's financial statements as of the ceding of control date	(3,413)	(3,656)
Total identifiable assets	3,776	4,547
Company's share of assets, net	1,906	2,295
Adjustments:		
Excess cost allocated mostly to investments in gas and oil assets, net of tax	(999)	(1,163)
Goodwill	5,457	5,845
Carrying amount of investment in the associate	6,364	6,977

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

A. Ithaca Energy Holdings Plc. (hereinafter - "**Ithaca**") (cont.)

(2) Investment in Ithaca as an associate (cont.)

	For the 6 months ended June 30, 2026	For the 3 months ended June 30, 2026	For the year ended December 31, 2025 *)
	Unaudited		Audited
	NIS million		
In accordance with Ithaca's financial statements:			
Revenues	5,146	2,394	2,590
Net income	364	176	114
Other comprehensive income (loss)	(300)	462	98
Comprehensive income	64	638	212
Company's share in the net income (including amortization of excess cost)	289	132	97
Company's share in comprehensive income (loss) (including amortization of excess cost)	138	365	146

*) As of the date of the ceding control (September 30, 2025) only.

(3) In March 2026, Ithaca's board of directors approved the distribution of a dividend totaling approx. USD 200 million (the Company's share is approx. USD 101 million (approx. NIS 302 million)). The said dividend was distributed in April 2026.

In addition, subsequent to the balance sheet date, in August 2026, Ithaca's Board of Directors approved the distribution of an additional dividend totaling approx. USD 255 million, which will be distributed in September 2026. The Company's share of this distribution is approx. USD approx. 129 million (approx. NIS 386 million).

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

(1) On March 15, 2026, NewMed Energy declared a profit distribution of USD 70 million, which was distributed in March 2026. The Group's share in said profit distribution is approx. USD 38 million (approx. NIS 119).

(2) On May 18, 2026, NewMed Energy declared a profit distribution in the amount of USD 60 million, was distributed in June 2026. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 96 million).

(3) Subsequent to the balance sheet date, on August 12, 2026, NewMed Energy declared a profit distribution of USD 60 million, which will be distributed in September 2026. The Group's share in said profit distribution is approx. USD 33 million (approx. NIS 99 million).

(4) On May 4, 2026, Mr. Yossi Abu informed the Partnership of the termination of his tenure as the Partnership's CEO on November 3, 2026. Mr. Abu ceased to serve as the Partnership's CEO on July 31, 2026.

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

B. NewMed Energy Limited Partnership (hereinafter - "**NewMed Energy**" or the "**Partnership**") (cont.)

(5) On May 18, 2026, the Board of Directors of the Partnership's General Partner approved the appointment of Mr. Niv Sarne as Executive Chairman of the Board on a full-time basis, effective June 1, 2026, and his tenure and employment terms. On June 25, 2026, the General Meeting of holders of the Partnership's participation units approved his tenure and employment terms. Under his terms of tenure and employment, Mr. Sarne was allocated, without consideration, 781,947 unlisted options exercisable into 781,947 participation units. The additional options will vest in three equal annual tranches, as from May 20, 2026 (hereinafter - the "**Approval Date**"); the exercise price of the first tranche is 18.567 agorot, and the exercise price of the two remaining tranches will increase by 5% each year compared with the prior year. In accordance with a valuation received by the Partnership, the financial value of the Additional Options on the award date totaled approx. NIS 4.2 million. The financial value of the options was calculated according to the Black & Scholes model based on the following assumptions: (a) The price of a participation unit on the award date – NIS 17.80; (b) The exercise price of each option (adjusted for profit distribution) was calculated according to NIS 18.567 for the First Tranche, NIS 19.495 for the Second Tranche, and NIS 20.470 for the Third Tranche; (c) The expiration date – May 20, 2030; (d) Vesting date - as detailed in this section above; (e) Standard deviation of 35.93%; and (f) Risk-free interest of approx. 3.72%.
On August 1, 2026, Mr. Niv Sarne started serving as the Partnership's CEO instead as the Chairman of its Board, after receiving the Board's approval of July 26, 2026. At that date, the Compensation Committee and the Board approved Mr. Sarne's tenure and employment terms as CEO, which are identical to his tenure and employment terms as Chairman of the Board, subject to the approval of the next General Meeting of holders of the Partnership's participation units to be convened by the Partnership.

C. Isracard Ltd.

(1) Further to Note 9A(3)(c) regarding a non-binding Memorandum of Understanding for the acquisition of Esh Bank and an investment in the technology company OS Esh, on July 19, 2026 the Memorandum of Understanding (which includes the due diligence work) expired and no binding agreements were signed between the parties.

(2) On March 26, 2026, Isracard and Premium Express (hereinafter jointly in this Note - "**Isracard**") signed an agreement with EL AL Frequent Flyer Ltd., which operates the Frequent Flyer customer loyalty program, under which Isracard issues to Program members bronze and premium Fly Card credit cards of various types and brands, and the Parties will act to transfer the existing card holders to the Group (hereinafter in this Note - the "**Agreement**").
The Agreement term is 10 years, starting from April 1, 2026, and its provisions will also apply to Fly Card cards issued by Premium Express by virtue of its previous agreement with EL AL Frequent Flyer Ltd. of January 23, 2019, which was canceled upon the signing of the Agreement.
In accordance with the Agreement, among other things, Isracard will provide the club with signing bonuses and marketing and support budgets, which will support the Program's growth and the marketing of the credit cards. Furthermore, a revenue distribution mechanism was set with respect to revenues from the Program's credit cards and from the sale of credit, as is generally accepted in agreements of this type.

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

C. Isracard Ltd. (cont.)

(3) Subsequent to the balance sheet date, on August 6, 2026, upon fulfillment of the conditions precedent, agreements entered into effect between Isracard and Rami Levy Hashikma Marketing 2006 (hereinafter - “**Rami Levy**”), Rami Levy’s Club Ltd. (hereinafter - the "**Club Company**") and Israir Aviation and Tourism Ltd. (hereinafter - "**Israir**"), for Israir's entry as a partner in the Club Company and for extending the term of the Club Agreement by 8 years from the date on which the agreements entered into effect, and accordingly Israir acquired from Ramy Levy and from the Company 10% of the Club Company's shares; accordingly, the Company and Rami Levy’s holding stakes in the Club Company were diluted, pari passu, in accordance with their holding stake in the Club Company, such that as from the completion date Rami Levy holds 72% and the Company holds 18% of the Club Company's shares.
The agreements between the parties govern, among other things, the value propositions for customers, including unique benefits at the Rami Levy chain and a flight program through Israir; the sources of financing for the Club Company; the consideration to Rami Levy and to Isracard for the shares in the Club Company; the consideration to the Club Company by Isracard; marketing budgets; the regulation of the parties’ relations as shareholders in the Joint Company; the options to terminate the agreement before its expiry on grounds agreed between the parties; and non-competition.

(4) As stated in Note 17D(b) to the Annual Financial Statements, in February 2026, Iplanet Technologies Ltd. (hereinafter - "**Iplanet**") - in whose issued and paid up share capital Isracard has a 20% stake, and which is the controlling shareholder (64.85%) in BUYME Technologies Ltd. (hereinafter - “**BUYME**”) with a third party - into a transaction for the sale of its entire holding stake in BUYME. On May 14, 2026, and subsequent to the completion of the abovementioned transaction, the Company received a dividend from Iplanet totaling approx. NIS 72 million as a result of the distribution of a portion of the abovementioned sale consideration. Consequently, in the second quarter of 2026, Isracard recognized a net income in respect of the above totaling approx. NIS 65 million (after adjusting the balance of the investment in Iplanet, taking into account all of the transaction’s terms).

(5) Subsequent to the balance sheet date and further to Note 9A(3)(b) regarding the acquisition of the controlling interest in Isracard and the purchase price allocation for Isracard's assets and liabilities, on a provisional measurement basis, the 12-month measurement period as of the transaction completion date has ended. Upon completion of the measurement period, the purchase price allocation became final, with no need to make changes in the assets and liabilities identified as part of the provisional measurement.

D. Distribution of Delek Property Development Ltd.’s shares as a dividend in kind and transfer thereto of Leviathan Overriding Royalty Ltd.’s shares

Subsequent to the balance sheet date, on July 10, 2026, the Company completed a restructuring process under which the entire share capital of Delek Property Development Ltd. (a shell company wholly-owned by the Company, hereinafter – “**Delek Development**”) was distributed as a dividend in kind to the Company's shareholders who were eligible therefor on the distribution record date, such that subsequent to the distribution Delek Development became a sister company of the Company. Subsequent to the abovementioned distribution, the Group's entire holdings (100%) in Delek Overriding Royalty Leviathan Ltd. (hereinafter – “**Leviathan Overriding Royalty**”), a privately-held company holding the right to receive royalties from the share of NewMed Energy – Limited Partnership (which is a Group consolidated partnership) in oil and/or gas and/or other valuable substances produced and exploited from the I/15 Leviathan North and I/14 Leviathan South leases, at rates of 1.5% and 6.5%, before and after the investment recovery date, respectively, were transferred to Delek Development.
Subsequent to the completion of the abovementioned move, Delek Development holds 100% of the share capital of Leviathan Overriding Royalty and its shares are traded on the Tel Aviv Stock Exchange.

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

D. Distribution of Delek Property Development Ltd.'s shares as a dividend in kind and transfer thereto of Leviathan Overriding Royalty Ltd.'s shares (cont.)

The restructuring and the transfer of Leviathan Overriding Royalty's shares to Delek Development comprised the following stages and was subject, among other things, to the Israel Tax Authority's approval for the execution of each of its stages without incurring a tax liability on the transfer date, as detailed below:

- The first stage of the restructuring included the transfer to the Company of the entire holding stake (100%) of Delek Energy Systems Ltd. (a wholly-owned subsidiary of the Company) in Leviathan Overriding Royalty shares without incurring a tax liability on the transfer date, in accordance with the provisions of Section 104C to the Income Tax Ordinance;
- The second stage of the restructuring included the transfer to Delek Development of the Company's entire holding stake in Leviathan Overriding Royalty shares (as received under the first stage of the abovementioned restructuring) without incurring a tax liability on the transfer date, in accordance with the provisions of Section 104B(f) to the Income Tax Ordinance and the Income Tax Regulations (Conditions for a Tax-Exempt Transfer of Assets Between Sister Companies), 1994.

On June 30, 2026, the Israel Tax Authority issued a tax ruling approving the execution of the abovementioned restructuring, subject to compliance with all the conditions of Part E2 to the Income Tax Ordinance and the conditions detailed in the tax ruling, which include, among other things, the filing of documents prescribed in the tax ruling by the deadlines set therein, restrictions on the sale of holding stakes in Leviathan Overriding Royalty by Delek Development during the two-year period starting on the restructuring date, certain restrictions regarding the timing of utilization of losses by the transferor companies, etc.
Furthermore, the tax ruling prescribes the tax arrangements which will apply to each of the companies participating in the restructuring and to public shareholders upon sale of shares in the relevant companies.

Furthermore, subsequent to the balance sheet date, necessary actions were made in order to comply with the provisions of Section 104B(f) of the Income Tax Ordinance and to create a "mirror image" between the Company's interest holders and Delek Development's interest holders by changing the Company's structure, in a manner consistent with an up-to-date tax ruling issued to the Company obtained. To this end, Delek Development allocated (without consideration) to the Company's CEO, Mr. Idan Wallace (who holds, as of this date, share options in the Company), 16,815 unregistered options which can each be exercised into one ordinary share of Delek Development, at a number equal to the number of options held by Mr. Wallace in the Company (hereinafter - the "**Options**"). Following the allocation, the Company acquired the options from Mr. Wallace (through a wholly-owned Company partnership, which holds 110,913 shares of Delek Development) and transferred them to Delek Development, as an investment against capital in Delek Development.

Since the move was completed subsequent to the balance sheet date, Leviathan Overriding Royalty's assets and liabilities were presented in the consolidated balance sheet as of June 30, 2026 under "assets designated for distribution to owners" and "liabilities for assets designated for distribution to owners", respectively. As of June 30, 2026, net liabilities designated for distribution totaled approx. NIS 656 million; this amount mainly includes a liability of Leviathan Overriding Royalty to a banking corporation totaling approx. NIS 757 million, net of bank deposits.

Company's management believes that the completion of the process is expected to result in an increase in the Company's equity by an amount equal to the balance of Leviathan Overriding Royalty's net liabilities on the restructuring date, which are currently estimated by the Company at approx. USD 220 million.

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

D. Distribution of Delek Property Development Ltd.'s shares as a dividend in kind and transfer thereto of Leviathan Overriding Royalty Ltd.'s shares (cont.)

In this context, it is noted that during 2023-2026, Leviathan Overriding Royalty advanced to the Company loans totaling approx. USD 197 million as of June 30, 2026 (approx. NIS 587 million). Under the preparations for the listing of Leviathan Overriding Royalty's shares, and prior to the transfer of its shares to Delek Development, Leviathan Overriding Royalty executed a distribution totaling approx. USD 170 million, which was offset against the outstanding balance of the abovementioned loan. The outstanding balance of the loan, totaling approx. USD 30 million (approx. NIS 90 million), was repaid by the Company.

E. InPlay Oil Corp (hereinafter - "**InPlay**")

Subsequent to the balance sheet date, on August 5, 2026, InPlay (an associate of the Company, held at approx. 32.7%) entered into a detailed agreement to acquire the full share capital of a private oil and gas producer for approx. CAD 54.25 million (approx. NIS 116 million), before adjustments to be made on the transaction completion date. The completion of the transaction is subject to the fulfillment of conditions precedent set in the agreement.

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION

A. Ratio Yam joint venture

1. Further to the provisions of Note 11G1 to the Annual Financial Statements regarding the completion of the project to lay a third subsea transmission pipeline from the field to the Leviathan Reservoir platform, and the upgrade of platform systems to enable an increase in gas production capacity to approx. 14 BCM per year, it is noted that upon completion of the project in March 2026, it was proven that the maximum gas production capacity, as of the financial statements' approval date, stands at approx. 1,530 MMSCF (approx. 15.8 BCM per year).

2. Further to Note 11C5 to the Annual Financial Statements regarding the intention to conduct a three-dimensional seismic survey in the Leviathan Reservoir, including, among other things, for the purpose of locating deep target exploration prospects in the Leviathan Leases, it is noted that on July 9, 2026, the Leviathan partners approved the execution of the abovementioned survey, with a budget of approx. USD 68 million (100%, the Partnership's share - approx. USD 31.2 million), whose main objective is to improve the existing data with respect to the reservoir. It is also noted that according to the planned schedules, the survey is expected to begin during September-October 2026 and last several months.

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

B. Block 12, Cyprus

Further to that which is stated in Note 11D to the Annual Financial Statements regarding a non-binding Memorandum of Understanding outlining the framework for further negotiations with respect to the export of natural gas from the reservoir to Egypt, including the construction of the required transmission infrastructure for the construction of a direct pipeline to Egypt and sale arrangements. The Partnership announced that on April 9, 2026, a Memorandum of Understanding was initialed for the sale of all producible natural gas quantities from the Aphrodite Reservoir located in Block 12, Cyprus (hereinafter - the "**Aphrodite Reservoir**" or the "**Reservoir**"), between the Aphrodite Reservoir interest holders and the Cyprus Hydrocarbon Company (hereinafter - "**CHC**") (hereinafter, jointly - the "**Sellers**") and the Egyptian Natural Gas Holding Company (hereinafter - "**EGAS**" or the "**Acquirer**") (hereinafter - the "**Memorandum of Understanding**"). Concurrently, a host government agreement (hereinafter - the "**HGA**") was also initialed between the Aphrodite Reservoir interest holders and AMC (a special-purpose company to be incorporated in Egypt - Aphrodite Midstream Company) and the Egyptian Government with respect to a project for the development of a gas transmission system within Egypt's maritime zone to EGAS (hereinafter - the "**Transmission Project**"); the HGA establishes the regulatory framework governing the rights and obligations for the construction, financing, operating and maintenance of the transmission infrastructures and the Transmission Project's ancillary facilities. It is clarified that the abovementioned agreements are subject to the approval of the Egyptian and Cypriot governments and to execution by all parties.
It should be noted that, on July 22, 2026, the Partnership received the memorandum of understanding after completing all the signatures. It is noted that all the signatures on the HGA are expected to be completed in the coming weeks. It should be further noted that, as of the approval date of the Consolidated Interim Financial Statements, the parties to the Memorandum of Understanding are negotiating a binding agreement for the supply of natural gas from the Aphrodite Reservoir to the EGAS.

C. Block Han Asparuh 1-21 in Bulgaria

Further to Note 11G to the Annual Financial Statements regarding, among other things, the test drilling located in the Krum prospect in block Han Asparuh 1-21, which is situated within the Bulgaria License (hereinafter - the "**Drilling**"), it is noted that in April 2026 the Partnership reported that according to its assessment and as it was informed by OMV Bulgaria, insignificant indications of natural gas were detected in the Drilling's target layers, and therefore the Drilling is a dry hole.
Accordingly, the Partnership recognized in its interim financial statements a loss for the share of NewMed Energy Balkan Limited (a subsidiary of the Partnership) in all costs in respect of the license, including drilling, plugging and decommissioning costs totaling approx. USD 74.4 million, which were recorded in the Group's income statements under "other expenses", including the share of Mr. Yossi Abu, who was awarded equity compensation of 5% of NewMed Balkan's equity, and the related implications of which were discussed by the Partnership.
The share attributable to the Company's shareholders in the said loss is approx. NIS 127 million.

D. Yam Tethys project

Further to Note 11E2 to the Annual Financial Statements, regarding the Commissioner's letter of September 21, 2025, in which he invited the Yam Tethys Project partners and the Tamar Project partners to present their position with respect to the decommissioning of the Yam Tethys platform, it is noted that on June 25, 2026, Chevron, the operator of the Yam Tethys Project and the Tamar Project informed the Commissioner that it intends to decommission the Yam Tethys platform in 2028, subject to agreements to be reached between the Yam Tethys Project partners and the Tamar Project partners, including, among other things, with respect to the schedules and allocation of such decommissioning costs. However, the Partnership believes that as of the approval date of the financial statements, the conditions for changing the estimated date of the decommissioning of the Yam Tethys platform are not fulfilled.

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

E. Natural gas and condensate supply agreements

On May 19, 2026, the Partnership announced that the Partnership and Ratio (hereinafter jointly - the "**Sellers**"), excluding Chevron, had entered into an agreement with Dalia Energy Companies Ltd. (hereinafter - the "**Acquirer**") for the supply of natural gas from the Leviathan Project (hereinafter - the "**Agreement**") to two new combined-cycle power generation facilities, with a capacity of approx. 850 MW each, which will be constructed by subsidiaries under the Acquirer's control: One at Eshkol Avshal Energies Ltd.'s Eshkol power plant in Ashdod (hereinafter - the "**Eshkol Avshal Facility**"); and the other at Dalia Energies Expansion Ltd.'s Tsafit power plant (hereinafter - the "**Tsafit Facility**", and jointly with the Eshkol Avshal Facility - the "**Facilities**"). Under the Agreement, the Sellers undertook to supply the Acquirer, on a firm basis, daily quantities of natural gas, totaling an aggregate annual volume of approx. 1.3 BCM (the Partnership's share - 75.14%). The completion of the engagement in the Agreement is subject to the fulfillment of conditions precedent.

F. Agreements for natural gas transmission to Egypt

Further to the aforesaid in Notes 11K1 and 11L1 to the Annual Financial Statements regarding the Integrated Segment project, and regarding the delay in completing the works for its construction, it should be noted that, on May 18, 2026, the General Partner's Board of Directors approved an additional budget of approx. USD 4.4 million (100% - Leviathan Partners, the Partnership's share of approx. USD 2 million) for the purpose of completing the aforesaid works, such that as of the financial statements' approval date, the total budget approved is approx. USD 143 million (100% - Leviathan Partners, the Partnership's share of approx. USD 65 million). On July 8, 2026, the Partnership reported that Chevron received a notice from INGL whereby the hot commissioning tests had been completed and the piping of natural gas in the Combined Section commenced. It is noted that the project enables an increase in the transmission capacity in the EMG Pipeline from approx. 6.5 BCM per year to approx. 8.5 BCM per year, of which the Leviathan Reservoir's export capacity is approx. 6.5 BCM per year, in addition to the reservoir's current export capacity to Egypt of approx. 2 BCM per year via the Jordan-North Export Pipeline. It is also noted that, upon completion of the project, all the conditions set in the Amendment to the Export Agreement with Egypt for increasing the daily volume of gas that the Leviathan Partners are required to supply to Blue Ocean under the First Tranche, from 450 MMSCF per day (approx. 4.7 BCM per year) to 650 MMSCF per day (approx. 6.7 BCM per year) were fulfilled, as detailed in Note 11L3 to the Annual Financial Statements, in addition to the exportation of additional potential quantities in accordance with spot-based supply agreements.

G. Further to Note 8B 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 weighted average cost of capital (WACC) for the royalties is estimated at approx. 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, 2025, was estimated at approx. 83.3 BCM and approx. 73.8 MMbbl, respectively; average annual production rate of natural gas from the Karish lease: approx. 2.87 BCM; average annual production rate of condensate from the Karish lease: approx. 3.47 million barrels of condensate; average annual production rate of natural gas from the Tanin lease: approx. 2.16 BCM; average annual production rate of condensate from the Tanin lease: approx. 0.37 MMbbl of condensate. The gas price formula is in accordance with the price forecast in the Reserves and Resources Report. Hydrocarbon liquids price: The hydrocarbon liquids price forecast was estimated based on average long-term oil price forecasts of the World Bank and the EIA, and Brent crude forward prices according to Bloomberg data, and on the assumption that the hydrocarbon liquids price will be derived from the Brent crude price, subject to adjustments with respect to oil quality. Finance income during the reporting period includes a revaluation totaling approx. USD 12.2 million (approx. NIS 41 million). The share attributable to the Company's shareholders (post-tax) in said revaluation amounted to approx. NIS 17 million).
It is noted that in June 2026, Energean informed the Partnership that the investment recovery date with respect to the Karish Lease occurred during June 2026 and that accordingly the rate of the overriding royalty declined from 5.12% to 2.47% as from that date. The Partnership intends to review the underlying calculation of the abovementioned assessment through its external advisors.

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

H. Further to Note 11J2 to the Annual Financial Statements regarding the investment recovery date with respect to the Leviathan Project, it is noted that, according to an up-to-date assessment of the Partnership's management, such investment recovery date occurred during July 2026. It is clarified that the investment recovery date is affected by various factors (including gas and/or condensate prices, the production rate, production and development costs), and is also subject to the approval of the investment recovery date calculation in an audit procedure by the Partnership's independent auditors, which has not yet been completed, and approval by the Partnership’s competent organs.

I. Further to Note 15D(1) to the Annual Financial Statements, as of January 1, 2026 and until to the approval date of the Financial Statements, the Partnership has withdrawn credit facilities totaling USD 225 million. It should be noted that, as of the approval date of the Financial Statements, the Partnership has available, unutilized credit facilities from an Israeli Bank and Bank Leumi totaling approx. USD 200 and approx. USD 350 million, respectively.

NOTE 5 - DEBENTURES

A. On March 30, 2026, the Company completed the issuance of NIS 1,021,049,000 par value of a new series of Debentures (Series B42). The debentures are not linked to the CPI and bear annual interest at rate of 5.08%. The Debentures’ principal will be repaid in five (non-equal) annual payments on September 30 of each of the years 2028, 2029, 2031, 2035, and 2036. The interest is paid in semi-annual payments on September 30 and on March 31, starting on September 30, 2026. The debentures are not secured by a lien on any asset. The net proceeds of the issuance (after issuance expenses) totaled approx. NIS 1,011 million.
Under the Deed of Trust for the Debentures (Series B42), the Company undertook to comply with undertakings and financial covenants identical to those set under the Deeds of Trust for the Company’s other outstanding debentures. For details regarding the aforementioned covenants – see Note 16D to the Annual Financial Statements. It is noted that as of June 30, 2026, the Company complies with all its obligations under the Deed of Trust.

The proceeds of the issuance were used for the full early redemption of the Debentures (Series B39), which was completed on April 17, 2026. Expenses with respect to the early repayment amounted to approx. NIS 77 million and were included under finance expenses.

B. On June 10, 2026 the Company completed a private placement by way of series expansion of NIS 246,132,000 par value of Debentures (Series B40) and NIS 175,060,000 par value of Debentures (Series B41). The consideration received totaled approx. NIS 450 million, of which approx. NIS 200 million was used to repay a short-term bank debt.

C. In February 2026, Mehadrin issued to the public approx. NIS 253,000,000 p.v. in Debentures (Series B) of NIS 1 p.v. each. The Debentures are not linked to the CPI and bear annual interest at rate of approx. 5.25%. The debentures’ principal will be repaid in several installments through the end of a period of approx. 4 years from their issuance date. The Debentures (Series B) are secured, among other things, by liens in favor of the Trustee, in accordance with the terms of the Deed of Trust.

Under the Deed of Trust for the Debentures (Series B), Mehadrin undertook to comply with the following financial covenants: 1) Mehadrin's equity will not fall below NIS 300 million according to its audited or reviewed consolidated financial statements, as applicable. 2) Mehadrin's equity shall not fall below 20% of its total assets according to the Company's audited or reviewed consolidated financial statements, as applicable.

Furthermore, the Deed of Trust includes certain restrictions on dividend distribution by Mehadrin, the fulfillment of which may trigger an increase in the debentures’ interest rate and grounds for immediate repayment thereof, including non-compliance with the said covenants.

As of June 30, 2026, Mehadrin complies with its undertakings under the Deed of Trust.

NOTE 5 - DEBENTURES (cont.)

D. In accordance with the Partnership's adoption of a plan for the purchase of Leviathan Bond bonds, from January 1, 2026 until the approval date of the financial statements, the Partnership made buybacks totaling approx. USD 70.0 million in par value for approx. USD 72.1 million, including the accrued interest as of the buyback date.
For the debentures repayable on June 30, 2027 in the amount of approx. USD 29.3 million p.v. and in the amount of approx. USD 29.9 million - including the accrued interest as of the buyback date, and for the bonds repayable on June 30, 2030 - in the amount of approx. USD 40.7 million p.v. and approx. USD 42.2 million including the accrued interest as of the buyback date.

NOTE 6 - CONTINGENT LIABILITIES

There are contingent claims against the Company and certain investees for significant amounts, including certification for class actions; 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 22 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 of the General Activities Segment, except the following:

1. Further to Note 22A1(1) to the Annual Financial Statements, regarding a motion for class action certification filed with the Tel Aviv District Court (Economic Department) by shareholders of Tamar Petroleum Ltd. against the Partnership, Tamar Petroleum, officers thereof, and Leader Issuance (1993) Ltd. regarding the issuance of Tamar Petroleum shares in July 2017 (hereinafter in this section - the “**Motion To Certify**”), on June 2, 2026 the Court allowed the class action certification motion. The Partnership intends to file a motion for rehearing the Motion to Certify, in accordance with the provisions of the Courts Law [Combined Version], 1984.The Partnership believes, based on the opinion of its legal counsel, that it is more likely than not that the lawsuit will be dismissed.

2. Further to that which is stated in Note 22A1(2) to the Annual Financial Statements regarding an appeal filed by the Partnership and Chevron (hereinafter - the "**Plaintiffs**”) with the Supreme Court against a judgment rendered by the Jerusalem District Court dismissing the lawsuit they had filed against the State of Israel, represented by the Ministry of Energy (hereinafter - the "**Defendant**”), which pertains primarily to a demand to refund royalties paid by the Plaintiffs in excess and under protest, to the Defendant, for revenues arising to the Plaintiffs from gas supply agreements signed between natural gas consumers and the Yam Tethys partners, part of which was supplied from the Tamar Project (hereinafter - the “**Judgment**”), it is noted that on May 17, 2026, an appeal hearing was held, following which the Plaintiffs announced that they will not pursue the appeal, provided that the force of a judgment will be given to a clarification regarding the manner in which the market value of the gas is determined for royalty purposes, superseding what was stated in this regard in the Judgment. On June 16, 2026, the Supreme Court handed down its judgment, in which it ordered the dismissal of the appeal, subject to the clarification that once the wellhead market value of the gas is determined for the purpose of calculating the royalty payable to the state with respect to a transaction from a specific lease, such market value will not change during the term of that transaction, even if during its course the market price of natural gas will change. The court also ruled that no costs order will be issued. Accordingly, the proceeding was concluded without a ruling whereby the disputed royalty amounts will be refunded to the Plaintiffs.

3. Further to that which is stated in Note 22A2(1) to the Annual Financial Statements regarding a class action certification motion filed on April 23, 2020, on June 10, 2026, the court ruled that the class action certification motion was approved with respect to the Company, the Partnership, the Partnership’s General Partner, the Company’s controlling shareholder, the CEO of the Partnership’s General Partner, and the directors of the Partnership’s General Partner, including past and present Company officers, excluding the Company’s CEO, Mr. Idan Wallace, who serves as a director in the Partnership’s General Partner, whose tenure commenced after the events which are the subject matter of the motion to certify. On June 25, 2026, the Court approved a procedural arrangement whereby the respondents will file a motion for rehearing by October 4, 2026. The Partnership believes, based on the opinion of its legal counsel, that it is more likely than not that the lawsuit will be dismissed.

NOTE 6 - CONTINGENT LIABILITIES (cont.)

4. Further that which is stated Note 22A2(2) to the Annual Financial Statements, regarding an appeal filed by the holders of participation units of Avner Oil Exploration - Limited Partnership (hereinafter -"**Avner**" and the "**Appellants**", respectively) against a judgment dismissing the class action certification motion they filed with respect to the merger transaction between the Partnership and Avner (hereinafter - the "**Appeal**"), it is noted that, on August 3, 2026, the Supreme Court rendered a judgment, according to which the Appellants announced that they were retracting the appeal, and accordingly the appeal was dismissed, without a costs order.

5. Further to that which is stated in Note 22A2(3) to the Annual Financial Statements, regarding the approval of a settlement agreement in a class action by the District Court and giving the settlement agreement the force of a judgment, an appeal filed against the judgment by a third party (hereinafter - the "**Appellant**") and a judgment rendered by the Registrar ordering the dismissal of the appeal due to failure to deposit security as required by law, the Appellant appealed the Registrar's judgment, but the appeal was dismissed on June 24, 2026, thereby rendering the District Court's judgment, which approved the settlement agreement, as final and absolute. However, despite the expiration of the deadline for appealing the District Court's judgment, the Appellant filed a new appeal against the District Court's judgment approving the settlement agreement, which is essentially identical to the appeal which was struck off. Concurrently, the Appellant filed various motions, including a motion to disqualify the Registrar. On July 29, 2026, the motion to disqualify the Registrar was denied. On August 11, 2026, the Registrar rendered a judgment dismissing the new appeal in limine. The Appellant has the right to appeal the Registrar's latest judgment.

6. Further to Note 22A2(5) to the Annual Financial Statements, regarding a motion to issue an order for discovery and perusal of documents prior to the filing of a derivative claim regarding the special bonus approved to the Company's CEO in May 2022, on May 31, 2026, the District Court accepted the discovery motion in part and instructed the Company to provide the movant with certain documents in connection with the approval of the bonus. On June 25, 2026, the Company filed a motion for leave to appeal with the Supreme Court, as well as a motion for a stay of execution. On June 28, 2026, the Supreme Court ordered the filing of responses to the motion for leave to appeal and the motion for a stay of execution, and issued a temporary order to stay the execution of the District Court's ruling pending another ruling. The movant announced that he does not object to the stay in execution, and in accordance with the Supreme Court's decision, it must submit the response to the motion for leave to appeal by August 20, 2026.
   It is noted that a similar proceeding - regarding a motion for discovery and review of documents before filing a derivative claim, filed by a holder of the Partnership's participation units in respect of the "overruling" decision - is being heard in connection with the Partnership as well. On June 9, 2026, the court partially granted the discovery motion regarding the Partnership and ordered the filing of certain documents. On August 2, 2026, the Partnership filed a motion for leave to appeal the decision with the Supreme Court, and the decision was stayed until a decision is made in the motion for leave to appeal. According to the Supreme Court's decision, the movant's reply to the motion for leave to appeal in the NewMed case will be filed by September 2, 2026.

7. Regarding the development of the pending claims against Isracard - see Note 11 below.

NOTE 7 - EQUITY

A. <u>Actions involving the Company's share capital and treasury shares</u>

(1) As detailed in Note 24C to the Annual Financial Statements, on March 24, 2026, the Company's Board of Directors approved a buyback plan for the Company's shares in an amount of up to NIS 100 million until the end of 2026. On June 23, 2026, the Company's Board of Directors approved an additional buyback plan for the Company's shares in an amount of up to NIS 100 million until the end of 2026.
During the reporting period, and under the abovementioned plans, a wholly-owned consolidated partnership of the Company acquired 110,913 ordinary shares of the Company of NIS 1 par value each, in consideration for approx. NIS 91 million. Furthermore, subsequent to the balance sheet date, the wholly-owned consolidated Partnership acquired additional 20,368 shares of the Company of NIS 1 par value each, in consideration for approx. NIS 16 million.

NOTE 7 - EQUITY (cont.)

A. Actions involving the Company's share capital and treasury shares (cont.)

(2) Subsequent to the balance sheet date, on July 9, 2026, the Company's Board approved the cancellation of 300,830 shares of NIS 1 par value each, held by the Company. Accordingly, the abovementioned shares were deducted from the Company's share capital.

(3) Subsequent to the balance sheet date, on July 1, 2026, a General Meeting of the Company's shareholders approved the splitting of the Company's authorized and issued and paid-up share capital at a ratio of 1:10, such that on the effective date each ordinary share of NIS 1 par value, and each preferred share of NIS 1 par value, will be split into ten ordinary shares of NIS 0.1 par value each, or preferred shares of NIS 0.1 par value each, respectively. The record date was set for July 19, 2026, and on July 20, 2026 the split was executed.

(4) Subsequent to the abovementioned actions, as of the approval date of the financial statements, the Company's issued and paid-up share capital totaled 182,881,430 shares of NIS 0.1 par value each, of which 1,312,810 shares are held by the consolidated Partnership.

B. Dividend distributions

(1) On March 24, 2026, the Company’s Board of Directors decided to distribute a dividend to the shareholders of NIS 250 million (approx. NIS 1.36701 per share), after reconciling it with the share capital split, as stated in Section A(3) above). The dividend was paid in April 2026.

(2) On May 19, 2026, the Company’s Board of Directors decided to distribute a dividend to the shareholders in the amount of approx. NIS 250 million (approx. NIS 1.36701 per share), after reconciling it with the share capital split, as stated in Section A(3) above). The dividend was paid in June 2026.

(3) Subsequent to the balance sheet date, on August 18, 2026, the Company’s Board of Directors decided to distribute a dividend to the shareholders in the amount of approx. NIS 250 million (approx. NIS 1.36701 per share). The dividend will be paid in September 2026.

(4) Regarding the distribution of Delek Property Development Ltd.’s shares as dividend in kind to Company shareholders - see Note 3D above.

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	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
	Unaudited	Audited	Unaudited	Audited
	NIS million			
Debentures	8,528	8,895	8,916	9,343

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 hierarchy

1. As of June 30, 2026:

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	12	-	6
Royalties receivable for the sale of the Karish and Tanin leases (see Note 4D above)	-	-	720
Financial derivatives	-	77	-

Financial liabilities measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS million		
Financial liabilities at fair value through profit or loss			
Financial derivatives	-	1	-

NOTE 8 - FINANCIAL INSTRUMENTS (cont.)

B. Classification of financial instruments according to the fair value hierarchy (cont.)

2. As of June 30, 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	185	-	3
Royalties receivable for the sale of the Karish and Tanin leases	-	-	853
Financial derivatives	-	17	-
Financial assets at fair value through other comprehensive income			
Cash flow hedging transactions	-	957	-

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	-	-	867
Financial derivatives	-	2	-
Financial liabilities at fair value through other comprehensive income			
Cash flow hedging transactions	-	55	-

3. As of December 31, 2025

	Level 1	Level 2	Level 3
		Audited	
		NIS million	
Financial assets at fair value through profit or loss			
Shares	9	-	6
Royalties receivable for the sale of the Karish and Tanin leases	-	-	801
Financial derivatives	-	70	-

In the first half of 2026 and in 2025, there were no transfers between the different fair value hierarchy levels.

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.

General Activities Segments

- 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 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. It is noted that, as stated in Note 3 above, on September 30, 2025, during the reporting quarter – and due to the ceding of control over Ithaca – its consolidation was discontinued and its operating results are presented in the income statement under the "Profit from a deconsolidated company" line item until the ceding of control date and under the "Company's share in results of associates" after ceding control, due to the existence of significant influence therein. However, in light of the fact that the chief operating decision maker (CODM) continues to analyze its results separately, the Company continues to present full segment information for Ithaca (100%).

- Others - Other Segments include mainly the operations of Delek Israel, Delek Israel Properties and InPlay, the investment in which is accounted for in accordance with the equity method, as well as Mehadrin's activity.

Financial Activity

- Financial Activity Segment – This segment's activity is carried out by Isracard, the acquisition of control over which was completed in the third quarter of 2025, and whose main activity is the issuance, processing and acquiring of credit cards and granting of credit to private and commercial customers.

NOTE 9 - OPERATING SEGMENTS (cont.)

B. Segment reporting

1) Revenues

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
General Activities					
Oil and Gas Exploration and Production in and around Israel Segment	1,196	1,497	750	596	3,033
Development and Production of Gas and Oil Assets in the North Sea Segment in the North Sea	5,146	5,229	2,393	2,673	10,158
Other segments	902	632	286	238	1,115
Total from General Activities Segments *)	7,244	7,358	3,429	3,507	14,306
Financial Activity					
Financial Activity Segment	1,894	-	997	-	1,823
Total revenues from operating segments	9,138	7,358	4,426	3,507	16,129
*) Adjustment to the statements of income:					
Total revenues from General Activities Segments	7,244	7,358	3,429	3,507	14,306
Less - Revenues presented under “Profit from a deconsolidated company”	-	(5,229)	-	(2,673)	(7,568)
Less – revenues of an associate	(5,146)	-	(2,393)	-	(2,590)
Revenues from General Activities in the statement of income	2,098	2,129	1,036	834	4,148

2) Cost of sales – from General Activities Segments only

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
General Activities					
Oil and Gas Exploration and Production in and around Israel Segment	419	436	240	191	946
Development and Production of Gas and Oil Assets in the North Sea Segment in the North Sea	2,724	2,741	1,301	1,781	5,575
Other segments	868	581	308	225	1,063
Total from General Activities Segments *)	4,011	3,758	1,849	2,197	7,584
*) Following is an adjustment of revenues from General Activities to the statement of income					
Total cost of sales from General Activities Segments	4,011	3,758	1,849	2,197	7,584
Less - cost of sales presented under “Profit from a deconsolidated company”	-	(2,741)	-	(1,781)	(4,315)
Less – cost of sales of an associate	(2,724)	-	(1,301)	-	(1,260)
Cost of sales from General Activities in the statement of income	1,287	1,017	548	416	2,009

NOTE 9 - OPERATING SEGMENTS (cont.)

B. Segment reporting (cont.)

3) Segment results

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
General Activities - Operating income (loss)					
Oil and Gas Exploration and Production in and around Israel Segment	546	1,024	535	386	1,714
Development and Production of Gas and Oil Assets in the North Sea Segment in the North Sea	2,376	2,301	1,068	745	4,151
Other segments	24	62	(37)	(1)	173
Total from General Activities Segments *)	2,946	3,387	1,566	1,130	6,038
Financial Activity					
Financial Activity Segment - pre-tax income (loss)	198	-	113	-	(261)
*) Adjustment to operating income from General Activities in the statement of income:					
Total operating income from General Activities Segments	2,946	3,387	1,566	1,130	6,038
Less - operating income presented under “Profit from a deconsolidated company”	-	(2,301)	-	(745)	(3,028)
Less – operating income of an associate	(2,376)	-	(1,068)	-	(1,123)
Other adjustments **)	271	(25)	122	(14)	83
Operating income from General Activities in the statement of income	841	1,061	650	371	1,970

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

NOTE 9 - OPERATING SEGMENTS (cont.)

B. Segment reporting (cont.)

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

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
Oil and Gas Exploration and Production in and around Israel Segment	189	395	190	157	640
Development and Production of Gas and Oil Assets in the North Sea Segment in the North Sea	289	(98)	132	77	2,848
Other segments	41	33	23	2	155
Profit attributable to the Company's shareholders from the General Activities Segments *)	519	330	345	236	3,643
Financial Activity					
Financial Activity Segment	61	-	37	-	(68)
Total from all segments	580	330	382	236	3,575
Adjustments (mostly administrative and general expenses, finance expenses and taxes attributable to the Staff Companies)	(221)	(144)	(68)	(60)	(319)
Net income attributable to the Company’s shareholders	359	186	314	176	3,256

NOTE 10 - ADDITIONAL INFORMATION

On March 9, 2026, a Mehadrin subsidiary received a win notice from the Rishon LeZion Municipality regarding its bid to purchase interests in two plots over a total area of approx. 5.8 dunams, on which - according to the provisions of the updated zoning plan - 294 housing units and approx. 1,660 square meters of commercial space can be built, for a total of approx. NIS 417 million; the consideration was paid in full as of the balance sheet date. To fund the purchase of said land plot, a Mehadrin subsidiary obtained loans from banks totaling approx. NIS 328.5 million.

In addition, in February 2026, another subsidiary of Mehadrin entered into two conditional agreements to purchase interests in land in Raanana, without a tender, with a total area of approx. 11 dunams, in consideration for approx. NIS 82.7 million. On the signing date of the agreement, 25% of the consideration was paid and bank guarantees were issued for the balance.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY

A. Revenues from the Financial Activity

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	(* 2025
	Unaudited				Audited
	NIS million				
Revenues from credit card transactions	1,230	-	633	-	1,297
Interest revenues, net	588	-	294	-	510
Other revenues	76	-	70	-	16
	1,894	-	997	-	1,823

*) As of the acquisition of control date.

B. Credit, receivables for credit card transactions and credit loss provision

(a) Composition

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Receivables from banks, net	6,021	-	7,258
Receivables for credit card transactions (Section (b) below)	20,110	-	18,487
Less – credit loss provision	(490)	-	(491)
	19,620	-	17,996
Total receivables	25,640	-	25,254

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

B. Credit, receivables for credit card transactions and credit loss provision (cont.)

(b) Credit and receivables for credit card transactions

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Credit risk:			
Private individuals (1)	14,304	-	12,934
Of which: Receivables for credit cards (2)	5,154	-	4,571
Of which: Credit (2), (3)	9,150	-	8,363
Commercial:	4,539	-	3,954
Of which: Receivables for credit cards (2)	829	-	751
Of which: Credit (2), (3), (4)	3,711	-	3,203
Total credit risk	18,843	-	16,888
Other accounts receivable:			
Credit card companies and the Global Organizations	1,183	-	1,515
Revenues receivable	83	-	84
Total receivables for credit card transactions	20,110	-	18,487

(1) Private individuals, as defined in the Reporting to the Public Directives - in p. 621-5, regarding Total Credit Risk by Market Sector on a Consolidated Basis.

(2) Receivables for credit cards - non-interest bearing. Include balances for ordinary transactions, transactions in payments at the expense of the merchant, and other transactions.
Interest-bearing credit - including fixed-installment credit, instant credit, revolving credit, loans and other transactions.

(3) Including vehicle-secured credit as of June 30, 2026 totaling NIS 1,672 million (December 31, 2025 - NIS 1,270 million).

(4) Of which: Credit to merchants as of June 30, 2026 totaling NIS 3,358 million (December 31, 2025 - NIS 2,883 million).

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

(c) Credit loss provision

1. Movement in outstanding credit loss provision

	For the 6 months ended June 30, 2026					
	Private individuals		Commercial			
	Receivables for credit cards	Credit(2)	Receivables for credit cards	Credit(2)	Other accounts receivables(3)	Total
	Unaudited					
	NIS million					
Balance of credit loss provision as of January 1, 2026	16	383	3	97	11	510
Credit loss expenses	14	125	2	14	(1)	154
Charge-offs	(36)	(134)	(4)	(18)	-	(192)
Collection of debts written off in previous years	19	15	2	-	1	37
Charge-offs, net	(17)	(119)	(2)	(18)	1	(155)
Balance of credit loss provision as of June 30, 2026**	13	389	3	93	11	509
**Of which:						
In respect of off-balance-sheet credit instruments	4	10	1	3	-	18
For deposits with banks and amounts receivable from banks	-	-	-	-	1	1

	For the 3 months ended June 30, 2026					
	Private individuals		Commercial			
	Receivables for credit cards	Credit(2)	Receivables for credit cards	Credit(2)	Other accounts receivables(3)	Total
	Unaudited					
	NIS million					
Balance of credit loss provision as of April 1, 2026	15	385	4	95	10	509
Credit loss expenses	6	68	2	7	-	83
Charge-offs	(18)	(72)	(4)	(9)	-	(103)
Collection of debts written off in previous years	10	8	1	-	1	20
Charge-offs, net	(8)	(64)	(3)	(9)	1	(83)
Balance of credit loss provision as of June 30, 2026**	13	389	3	93	11	509
**Of which:						
In respect of off-balance-sheet credit instruments	4	10	1	3	-	18
For deposits with banks and amounts receivable from banks	-	-	-	-	1	1

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

(c) Credit loss provision (cont.)

1. Movement in credit loss provision (cont.)

	For the year ended December 31, 2025					
	Private individuals		Commercial			
	Receivables for credit cards	Credit(2)	Receivables for credit cards	Credit(2)	Other accounts receivables(3)	Total credit risk
	Unaudited					
	NIS million					
Balance of credit loss provision as of January 1, 2025	-	-	-	-	-	-
Provision for acquisition under a business combination of debts which experienced deterioration	8	51	1	32	2	94
Expenses in respect of acquisition under a business combination of debts which did not experience deterioration	6	320	2	76	9	413
Current credit loss expenses	16	105	-	(2)	-	119
Total credit loss expenses	22	425	2	74	9	532
Charge-offs	(28)	(106)	(2)	(9)	-	(145)
Collection of debts written off in previous years	14	13	2	-	-	29
Charge-offs, net	(14)	(93)	-	(9)	-	(116)
Balance of credit loss provision as of December 31, 2025(*)	16	383	3	97	11	510
(*) Of which:						
In respect of off-balance-sheet credit instruments	4	10	1	3	-	18
Receivables for credit cards guaranteed by banks	-	-	-	-	1	1

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) Interest-bearing credit. This credit includes fixed-installment credit, instant credit, revolving credit, loans and other transactions.
(3) Amounts receivable from banks, deposits with banks, global credit card companies and the Global Organizations, revenues receivable and other accounts receivables.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

(c) Credit loss provision (cont.)

2. Additional information on calculating the credit loss provision for debts (1) and for the debts (1) for which it was calculated

	As of June 30, 2026					
	Private individuals		Commercial			
	Receivables for credit cards	Credit(2)	Receivables for credit cards	Credit(2)	Other accounts receivables(3)	Total
	Unaudited					
	NIS million					
Recorded outstanding debt(1)						
Examined on a specific basis	-	4	343	2,726	322	3,395
Examined on a collective basis	5,154	9,146	485	984	7,575	23,345
Total debts(1)	5,154	9,150	829	3,711	7,897	26,740
Of which:						
Non-accruing debts	17	102	2	15	3	139
Debts in arrears of 90 days or more	-	-	-	-	-	-
Other troubled debts	23	294	7	57	-	381
Total troubled debts	40	396	9	72	3	520
Credit loss provision in respect of debts(1)						
Examined on a specific basis	-	4	1	63	5	73
Examined on a collective basis	9	375	1	27	6	418
Total loan loss provision	9	379	2	90	11	491
Of which: For non-accruing debts	3	37	1	13	2	56
Of which: For other troubled debts	3	18	-	3	-	24

	As of December 31, 2025					
	Private individuals		Commercial			
	Receivables for credit cards	Credit(2)	Receivables for credit cards	Credit(2)	Other accounts receivables(3)	Total
	Audited					
	NIS million					
Recorded outstanding debt(1)						
Examined on a specific basis	-	8	325	2,349	348	3,030
Examined on a collective basis	4,571	8,355	425	855	9,014	23,220
Total debts(1)	4,571	8,363	750	3,204	9,362	26,250
Of which:						
Non-accruing debts	19	90	1	28	5	143
Other troubled debts	24	302	5	54	-	385
Total troubled debts	43	392	6	82	5	528
Credit loss provision in respect of debts(1)						
Examined on a specific basis	-	8	1	71	5	85
Examined on a collective basis	12	365	1	23	5	406
Total loan loss provision	12	373	2	94	10	491
Of which: For non-accruing debts	5	40	1	23	2	71
Of which: For other troubled debts	3	18	-	3	-	24

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) Interest-bearing credit. This credit includes fixed-installment credit, instant credit, revolving credit, loans and other transactions.
(3) Amounts receivable from banks, deposits with banks, credit card companies and the Global Organizations, revenues receivable and other accounts receivables.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

(c) Credit loss provision (cont.)

3. Credit quality and arrears (1)

	As of June 30, 2026					
					Accruing debts - additional information	
		Troubled(2)			In arrears of 90 days or more	In arrears of 30-89 days(3)
	Performing	Accruing	Non-accruing	Total		
	Unaudited					
	NIS million					
Private individuals						
Receivables for credit cards	5,114	23	17	5,154	-	5
Credit	8,754	294	102	9,150	-	17
Commercial						
Receivables for credit cards	820	7	2	829	-	1
Credit	3,639	57	15	3,711	-	2
Other accounts receivables(4)	7,894	-	3	7,897	-	-
Total	26,220	381	139	26,740	-	25

	As of December 31, 2025					
					Accruing debts - additional information	
		Troubled(2)			In arrears of 90 days or more	In arrears of 30-89 days(3)
	Performing	Accruing	Non-accruing	Total		
	Audited					
	NIS million					
Private individuals						
Receivables for credit cards	4,528	24	19	4,571	-	6
Credit	7,971	302	90	8,363	-	14
Commercial						
Receivables for credit cards	745	5	1	751	-	1
Credit	3,121	54	28	3,203	-	2
Other accounts receivables(4)	9,357	-	5	9,362	-	-
Total	25,722	385	143	26,250	-	23

(1) Non-accruing, substandard or special mention debts.
(2) Debts in arrears of 30 to 89 days were classified as troubled debts which do not accrue interest revenues.
(3) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, revenues receivable and other accounts receivables.
(4) Of which: Debts with a credit rating which, as of the reporting date, corresponds with the credit rating for granting new credit in accordance with Isracard's policy, totaling NIS 26,195 million as of June 30, 2026 (NIS 25,710 million as of December 31, 2025).

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

(d) Debts[(1)]

Additional information on non-accruing debts

A. Non-accruing debts and provision

	Outstanding[(2)] non-accruing debts for which there is a provision	Outstanding provision	Outstanding[(2)] non-accruing debts for which there is a provision	Total outstanding balance[(2)] of non-accruing debts	Outstanding contractual principal in respect of non-accruing debts	Recorded interest revenues[(4)]
	As of June 30, 2026					
	Unaudited					
	NIS million					
Private individuals						
Receivables for credit cards	17	3	-	17	17	-
Credit	102	37	-	102	102	-
Commercial						
Receivables for credit cards	2	1	-	2	2	-
Credit	15	13	-	15	15	-
Other accounts receivables[(3)]	3	2	-	3	3	-
Total	139	56	-	139	139	-

	Outstanding [(2)] non-accruing debts for which there is a provision	Outstanding provision	Outstanding [(2)] non-accruing debts for which there is a provision	Total outstanding balance[(2)] of non-accruing debts	Outstanding contractual principal in respect of non-accruing debts	Recorded interest revenues [(4)]
	As of December 31, 2025					
	Audited					
	NIS million					
Private individuals						
Receivables for credit cards	19	5	-	19	19	-
Credit	90	40	-	90	90	-
Commercial						
Receivables for credit cards	1	1	-	1	1	-
Credit	28	23	-	28	28	-
Other accounts receivable [(3)]	5	2	-	5	5	-
Total	143	71	-	143	143	-

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) Recorded outstanding debt.
(3) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, revenues receivable and other accounts receivables.
(4) Interest revenues amount recorded for the reporting period in respect of the average balance of outstanding non-accruing debts during the period in which the debts were classified as non-accruing.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

E. Equity, capital adequacy and leverage

(1) Capital adequacy and leverage pursuant to the Banking Supervision Department's directives

Capital adequacy
Isracard applies Proper Conduct of Banking Business Directives No. 201-211, Capital Measurement and Adequacy (hereinafter - "**PCBBs 201-211**").

Proper Conduct of Banking Business Directive No. 472, Merchant Acquirers and Acquiring Payment Card Transactions, includes an expedient concerning the equity requirement applied to an acquirer with a receivable balance (as defined in this directive) exceeding NIS 2 billion in the latest annual financial statements, which will be calculated in accordance with PCBBs 201-211. Accordingly, despite that which is stated in Section 40 to Proper Conduct of Banking Business Directive No. 201, for such an acquirer, the Common minimum Common Equity Tier 1 capital ratio shall not fall below 8%, and the minimum total capital ratio shall not fall below 11.5%.
In November 2025, Isracard's Board of Directors approved the minimum capital ratio targets:
- Isracard's Common Equity Tier 1 capital ratio target to risk-weighted components is 9.75%.
- Isracard's total capital ratio target to risk-weighted components is 11.75%.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

E. Equity, capital adequacy and leverage (cont.)

(2) Capital components for the calculation of capital according to Basel III[1]

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
1. Capital for capital ratio calculation purposes			
Common Equity Tier 1 capital and Tier 1 capital, after deductions[2],[3]	3,162	-	3,011
Tier 2 capital – Collective loan loss provision	513	-	494
Total overall capital	3,675	-	3,505
2. Balance of risk-weighted assets			
Credit risk	25,579	-	23,970
Market risks	134	-	262
Operational risk [4]	4,096	-	4,016
Total balance of risk-weighted assets	29,809	-	28,248
3. Ratio of capital to risk-weighted components			
Ratio of CET1 capital and Tier 1 capital to risk-weighted components	10.6%	-	10.7%
Ratio of total capital to risk-weighted components	12.3%	-	12.4%
Minimum CET 1 capital ratio set by the Banking Supervision Department[1]	8.0%	-	8.0%
Minimum total capital ratio set by the Banking Supervision Department[1]	11.5%	-	11.5%

(1) Calculated in accordance with PCBBs 201-211 and Transitional Provision 299.

(2) Includes adjustments in respect of the effect of the application of GAAP for current expected credit losses.

(3) For details regarding the issuance of subordinated options (CoCo) in September 2025, see Note 17K(c) to the Annual Financial Statements.

(4) On June 19, 2024, the Banking Supervision Department published a revision to Proper Conduct of Banking Business Directive No. 206 Capital Measurement and Adequacy – Operational Risk, which redefined the calculation of the capital allocation in respect of operational risk, such that it will be based, among other things, on the business indicator component and on the internal loss multiplier, which is based on the average historical losses of the corporation. The Directive is effective as from January 1, 2026, except for the implementation of the internal loss multiplier, for which the Banking Supervision Department will publish specific guidance no later than 2028. The Company believes that the component of the directive which applies as from January 1, 2026 didn't have a material effect on the capital adequacy ratio.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

E. Equity, capital adequacy and leverage (cont.)

(3) A major Isracard subsidiary - Premium Express

	As of June 30		As of December 31, 2025
	2026	2025	
	Unaudited		Audited
	NIS million		
Ratio of capital to risk-weighted components	14.6%	-	11.6%
Ratio of CET1 capital and Tier 1 capital to risk-weighted components	14.7%	-	11.8%
Ratio of total capital to risk-weighted components	8.0%	-	8.0%
Minimum CET 1 capital ratio set by the Banking Supervision Department	11.5%	-	11.5%

(4) Capital components for capital ratio calculation purposes

	As of June 30		As of December 31, 2025
	2026	2025	
	Unaudited		Audited
	NIS million		
Common Equity Tier 1 capital			
Equity attributable to the Company's shareholders	3,335	-	3,202
Differences between equity attributable to the Company's shareholders and Common Equity Tier 1 capital	-	-	-
Total CET1 capital before regulatory adjustments and deductions	3,335	-	3,202
Regulatory adjustments and deductions:			
Deferred taxes receivable	(150)	-	(169)
Goodwill and other intangible assets	(23)	-	(24)
Total adjustments for current expected credit losses - CET1 capital (*)	-	-	2
Total CET1 capital, after regulatory adjustments and deductions	3,162	-	3,011
Tier 2 capital			
Subordinated notes	192	-	192
Credit loss provisions	321	-	302
Tier 2 capital	513	-	494
Total overall capital	3,675	-	3,505

(*) Includes adjustments in respect of the effect of initial application of GAAP for current expected credit losses, which were gradually reduced until December 31, 2025.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

E. Equity, capital adequacy and leverage (cont.)

(5) Effect of adjustments for current expected credit losses on the CET1 capital ratio

	As of June 30		As of December
	2026	2025	31, 2025
	In %		
	Unaudited		Audited
	NIS million		
Ratio of capital to risk-weighted components			
Ratio of CET1 capital to risk-weighted components before the effect of adjustments for current expected credit losses	10.61%	-	10.65%
Effect of adjustments for current expected credit losses *)	-	-	0.01%
Ratio of CET1 capital to risk-weighted components	10.61%	-	10.66%

*) Includes adjustments in respect of the effect of initial application of GAAP for current expected credit losses.

(6) Leverage ratio calculated in accordance with Proper Conduct of Banking Business Directive No. 218

	As of June 30		As of December
	2026	2025	31, 2025
	Unaudited		Audited
A. Consolidated data			
Tier 1 capital (in NIS million)	3,162	-	3,011
Total exposures (in NIS millions)	36,990	-	35,584
Leverage ratio	8.5%	-	8.5%
Minimum total leverage ratio set by the Banking Supervision Department*	4.5%	-	4.5%
B. Major subsidiary - Premium Express			
Leverage ratio	9.1%	-	7.2%

(*) On September 14, 2025, the Banking Supervision Department published a circular, which revises Proper Conduct of Banking Business Directive 218 - Leverage Ratio. In accordance with the circular, the Temporary Order regarding the expedient pertaining to the leverage ratio requirements according to which the leverage ratio will not fall below 4.5% (instead of 5% prior to the Temporary Order), was extended through June 30, 2027 and it was clarified that the leverage ratio shall not fall below the lower of the ratio as of December 31, 2026 or the leverage ratio required from Isracard.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

F. Off-balance-sheet financial instruments

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Unutilized credit card credit facilities:			
Credit risk for the Company	26,072	-	21,806
The credit risk for banks	38,973	-	37,065
Credit risk for others	147	-	149
Credit loss provision	(6)	-	(5)
Unutilized credit card credit facilities, net	65,186	-	59,015
Guarantees and other liabilities:			
Exposure in respect of other guarantees[1]	317	-	295
Liability in respect of factoring including non-recourse factoring	70	-	59
Exposure in respect of other liabilities	393	-	407
Exposure in respect of facilities to merchants	420	-	300
Credit loss provision	(12)	-	(13)
Guarantees and other liabilities, net	1,188	-	1,048

(1) Isracard guarantees Premium Express' undertakings in favor of the American Express Organization. This guarantee is not limited in amount, and is effective throughout the term of the agreement in place between Premium Express and American Express Organization, through the end of 2026. In addition, to secure the Company's undertakings to Mastercard, an autonomous bank guarantee was provided to the Company through one of the banks, which is effective through March 6, 2028.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

G. Balances and fair value estimates of financial instruments

Balances and Fair Value Estimates of Financial Instruments

	As of June 30, 2026				
	Book balance	Fair value Level 1	Level 2	Level 3	Total
	Unaudited				
	NIS million				
Financial assets:					
Cash and deposits with banks	591	504	87	-	591
Amounts receivable from banks and receivables for credit card transactions, net	25,970	-	-	25,904	25,904
Securities	83	-	-	83	83
Other financial assets	119	-	14	100	114
Total financial assets	26,763	504	101	26,087	26,692
Financial liabilities:					
Credit from banking corporations and others	3,170	652	2,511	-	3,163
Payables for credit card transactions	19,709	-	-	19,610	19,610
Marketable debentures and commercial papers	1,041	1,050	-	-	1,050
Other financial liabilities	510	-	175	323	498
Total financial liabilities	24,430	1,702	2,686	19,933	24,321

	As of December 31, 2025				
	Book balance	Fair value Level 1	Level 2	Level 3	Total
	Audited				
	NIS million				
Financial assets:					
Cash and deposits with banks	485	409	76	-	485
Receivables for credit card transactions, net	25,266	-	-	25,147	25,147
Securities	88	-	-	88	88
Other financial assets	105	-	17	83	100
Total financial assets	25,944	409	93	25,318	25,820
Financial liabilities:					
Credit from banking corporations and others	2,398	486	1,912	-	2,398
Payables for credit card transactions	19,459	-	-	19,308	19,308
Marketable debentures and commercial papers	1,559	1,563	-	-	1,563
Other financial liabilities	516	-	167	335	502
Total liabilities	23,932	2,049	2,079	19,643	23,771

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

H. Regulation procedures

Following are significant regulatory developments, from the signing date of Isracard's Financial Statements for 2025 through the signing date of the report, which are relevant to Isracard Group’s areas of activity, and which, in Isracard opinion, have (or may have, as the case may be) a material effect on Isracard Group's business. It is clarified that the following should be read along with Note 17W(d)(2) to the Annual Financial Statements and that the following description does not constitute an exhaustive list of all regulatory provisions to which the Isracard Group is subject or of all the changes which were made to such provisions during the reporting period and through the report signing date.

The numerous regulatory procedures detailed below, insofar as they are implemented, including the provisions and changes to the payments and credit markets, such as the entry of competitors, open banking, payment services and payment initiation, and trends in this market, may have a material adverse effect on the Isracard Group; however, at this stage it is impossible to assess with certainty the scope and ramifications of such impact.

(a) Regulatory procedures pertaining to competition

1. Further to Note 17W(d)(2)(a)(9) to the Annual Financial Statements, in March 2026 the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2026 was published on the Official Gazette, within Chapter K of which the reform for promoting competition in the banking sector was enacted into law (hereinafter - the "**Banking Sector Reform**"). Among other things, the Banking Sector Reform established a distinction between bank types and added definitions of “micro banks" and "small banks" based on the scale of their assets out of the total assets of the banking system; it was stipulated that a small bank will be allowed to engage in additional activities beyond those listed as permitted bank activities; it was prescribed that as from April 2027, a bank with a broad scope of activity will not execute the processing of more than 40% of the new credit cards it issues to its customers through a single processing company; a 7-year exemption was set from the mandatory provisions regarding executive compensation; and a monitoring committee was set up, whose role is to monitor the Reform’s implementation, identify barriers to competition and recommend measures to increase competition. The abovementioned committee will submit its conclusions to the Knesset’s Economic Affairs Committee every six months for a period of nine years, and will take into account, among other things, the development of competition in the Israeli credit market, the change in the amounts of credit provided therein, the price paid by customers for credit received from financial entities, and the rate at which customers switch between different types of financial entities.
2. Further to Note 17W(d)(2)(a)(14) to the Annual Financial Statements, in March 2026 the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2026 was published on the Official Gazette, within Chapter F of which the reform for Promotion of Competition in the Guarantee Provision Market was enacted into law (hereinafter - the “**Guarantees Reform**"). The Guarantees Reform prescribes, among other things, an amendment to the Sale Law (Apartments) (Guaranteeing Investments of Apartment Buyers), 1974, and stipulated that in addition to banks and insurers, prudential payments service providers will also be allowed to provide a guarantee as defined in this law.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

H. Regulation procedures (cont.)

(a) Regulatory procedures pertaining to competition (cont.)

3. In July 2026, an Amendment to the Credit Data Law (Amendment No. 6), 2016 (hereinafter - the "**Credit Data Law Amendment**") was published in the Official Gazette. The Amendment to the Law stipulates, among other things, that a Central Credit Register will be set up for corporations for the purpose of collecting and providing access to credit data regarding these entities, and that the rules pertaining to the expansion of the register's applicability to corporations will be brought for approval by the Knesset Economic Affairs Committee within 30 months, with an optional extension of further 6 months. Furthermore, the Amendment to the Law stipulated provisions pertaining to the existing Central Credit Register for individuals, whose purpose is to improve and optimize the existing register with regard to credit data on individuals, including expanding the uses of the data obtained from the register and its outputs in order to enable the improvement of the credit market. The Amendment to the Law regarding the Central Credit Register for individuals will enter into effect within six months from its publication in the Official Gazette, as detailed in the Amendment to the Credit Data Law.
4. In July 2026, an amendment to the Consumer Protection Law (Amendment No. 73), 2025, was published in the Official Gazette, along with an indirect amendment to the Banking Law (Service to Customer). The amendment establishes, among other things, obligations to record marketing calls, retain the recordings for at least two years, and provide customers with a copy of the recording upon request within a set period. The amendment to the law will enter into effect in March 2027.
5. In June 2026, the Banking Supervision Department published Proper Conduct of Banking Business Directive No. 490 - Supervisory Framework for Small and New Banks, which supersedes Proper Conduct of Banking Business Directive No. 480, which, among other things, defines supervisory tiers according to the size of the banking corporation, prescribes regulation which is consistent with the bank’s size and systemic importance, and sets a preparation period for a corporation which received a bank license, which allows it to gradually implement the provisions applicable to it under the supervisory tier to which it belongs.
6. In June 2026, the Banking Supervision Department published a circular entitled Reform regarding Fees Collected from Households and SMBs for Account Management and Debit Card Services. The circular sets, among other things, a NIS 7 cap on the monthly fee for debit cards, and cancels the temporary exemption from card fees as previously existed.
7. In June 2026, the Banking Supervision Department published a draft revision of Proper Conduct of Banking Business Directive No. 350 - Operational Risk Management - alongside ancillary revisions to Proper Conduct of Banking Business Directives Nos. 301 and 310. The draft adopts the revised Basel principles and extends the requirements applicable to regulated corporations, including risk management culture, risk appetite and capacity, incident management, scenario analysis, change management, operational resilience, outsourcing, corporate governance, and expansion of public disclosure requirements. Furthermore, the draft proposes revisions to the provisions applicable to risk management and the Board of Directors, including strengthening the Board and management’s accountability.
8. In July 2026, the Privacy Protection Authority published a pronouncement regarding the appointment of a Data Protection Officer (DPO) in accordance with Amendment No. 13 to the Privacy Protection Law. The pronouncement details the ISA's position regarding the scope of the obligation to appoint such an officer, their duties, qualifications, status within the organization, and terms of employment, and clarifies that the interpretation presented in the pronouncement will be used by the Authority when exercising the powers vested in it, including the power to impose financial sanctions for breaching the obligation to appoint a Data Protection Officer.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

H. Regulation procedures (cont.)

(b) Additional regulatory procedures

Regulation regarding the Iron Swords War and the security situation

As from the outbreak of the Iron Swords War and from time to time, various regulators - including the government, the Banking Supervision Department at the Bank of Israel, the Israel Securities Authority and the Israel Money Laundering and Terror Financing Prohibition Authority - have published various directives and guidance designed to assist the public and adapt the banking system's activities to the state of emergency, including, among other things, through regulatory reliefs and allowing certain expedients to customers of the banking system. It is noted that Proper Conduct of Banking Business Directive 253 - Adjustments to Proper Conduct of Banking Business Directives to Address Operation Lion's Roar (Temporary Order) - was valid through May 31, 2026, with the exception of one of its expedients sections, which was revoked.

Further to Note 17W(d)(b) to the Annual Financial Statements, in April 2026, the Supervisor of Credit Data Sharing at the Bank of Israel published an extension to the Temporary Order amending Directive 201 - Credit Data Reporting - which applies to the reports in respect of March to August 2026. The Temporary Order stipulates that arrears will only be reported to the Central Credit Register 60 days after the debt is incurred, instead of 30 days prior to the Temporary Order’s effective date, and that the reporting code representing arrears of 30-59 days will not be used.

For further details, see Note 17W(d)(b) to the Annual Financial Statements.

I. Legal proceedings and contingent claims

As of the reporting date, several motions, claims, and legal claims have been filed, as the case may be, against Isracard and its consolidated subsidiaries, arising from the ordinary course of their business, including motions to certify class actions and class actions. The exposure amount in respect of claims filed against Isracard and its consolidated companies on various matters, the likelihood of the materialization of which is classified as reasonably possible (excluding an exposure which cannot be estimated at this stage with respect to the proceeding described in Section 1 below) totaled as of June 30, 2026 and December 31, 2025 in approx. NIS 9 million and approx. NIS 10 million, respectively. In Isracard’s assessment, based on its legal counsel, appropriate provisions have been included in the financial statements in accordance with generally accepted accounting principles to cover possible losses arising from all claims, where a provision was required.
For details regarding claims and motions to certify class actions, see Note 17W(e) to the Annual Financial Statements. As of the report date, there were no significant changes regarding that which is stated in Note 17W(e), except as detailed below:

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

I. Legal proceedings and contingent claims (cont.)

1. In July 2018, a claim and a motion to certify as a class action were filed against Isracard and two other credit card companies. The movants claimed that the credit card companies had for years turned a blind eye to a policy of exploitation and abuse of elderly consumers by direct marketing companies, while collecting substantial acquiring fees for themselves. The movants claimed that the causes of action include breach of statutory duty, negligence, breach of fiduciary duties, unjust enrichment, breach of individual autonomy, breach of contract, and misrepresentation. The movants claimed that until an expert examination is conducted, they are unable to assess and quantify the extent of the damages incurred. However, since the movants claim that the phenomenon has harmed tens of thousands of elderly individuals over the years, and given the scope of the alleged damage, they estimate that the total restitution or compensation for the pecuniary damages will amount to hundreds of millions of shekels. With respect to compensation for non-pecuniary damages, the movants estimated that the compensation would be NIS 1,000 for each member of the plaintiff group. In August 2022, the motion to certify was denied. On November 2022 the Movants filed an appeal against the judgment. In February 2026, the Supreme Court handed down its judgment, which partially granted the appeal: With respect to the cause of action of alleged breach of a disclosure duty, it was decided to remand the case to the District Court to hear the class action on its merits; in respect of the cause of action of alleged breach of the Payment Cards Law, it was decided to remand the motion to certify to the District Court; the other claims raised against Isracard in the proceeding were dismissed. On March 22, 2026, Isracard and the two other credit card companies against whom the claim and motion were filed, applied jointly for an additional hearing before an expanded panel of Supreme Court judges, which was rejected by the court. In May 2026, the movants filed an amended motion to certify regarding one of the causes and a statement of claim regarding another cause (in accordance with the Supreme Court ruling). In view of the above, at this stage, due to - among other things - the fact the it is not known how the proceeding will develop, part of which, as mentioned above, was certified as a class action and another part of which has been remanded to the court for the motion to certify stage, it is impossible to estimate Isracard’s exposure with respect to this proceeding.

   In September 2023, Isracard was served with a claim and a motion to certify a lawsuit as a class action, alleging that Isracard is not entitled to charge a foreign currency conversion fee when withdrawing foreign currency abroad, or at the very least, is not entitled to charge a conversion fee on the portion of the commission paid by the customer to the foreign service provider. In the motion to certify, the individual damage is estimated at NIS 57.90, and the total damage to all class members is estimated at an amount exceeding NIS 2.5 million. In accordance with the court's proposal, the parties entered a mediation proceeding, in which they reached agreements in principle on compensated withdrawal.

2. In January 2025, Isracard was served with a claim and a motion to certify a lawsuit as a class action against Isracard and Israel Credit Cards Ltd., alleging that Isracard charges a fee for issuing a replacement payment card when an existing payment card is worn out and can no longer be used. In the motion to certify, the individual damage is estimated at NIS 15–30 from each respondent, and the total damage to the class is estimated at approx. NIS 54.6 million from all respondents, with Isracard’s share of the damage estimated at approx. NIS 36 million. After Isracard submitted a response to the motion to certify, the movant announced his intention to withdraw the motion to certify.

3. In July 2025, Isracard was served with a claim and a motion to certify a lawsuit as a class action against Isracard, in which it was alleged that Isracard had changed the eligibility criteria for benefits without giving advance notice as required by law. Thus, according to the movant, Isracard breached the provisions of the Consumer Protection Law in a manner which establishes grounds for breach of statutory duty, deception, fraud, negligence and unjust enrichment. In the motion to certify, the individual damage is estimated at NIS 116, and the total damage to the class is estimated at NIS 220 million. In May 2026, a judgment was handed down confirming the movant’s withdrawal from the motion to certify.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

I. Legal proceedings and contingent claims (cont.)

4. In August 2025, Isracard was served with a claim and a motion to certify a lawsuit as a class action against Isracard and two other credit card companies, in which it was alleged that when customer is credited the credit card companies unlawfully withhold funds. Thus, according to the movants, the companies breached the agreements between them and the customers and that grounds were established for unlawful enrichment, breach of fiduciary duty, etc. In the motion to certify, the individual damage is estimated at NIS 15.63, and the total damage to all class members is estimated at an amount exceeding NIS 2.5 million.

In addition, there are pending motions, claims, legal proceedings, and requests for certification as class actions against Isracard and a consolidated company, as applicable, as detailed below, which, in Isracard's opinion and based on its legal counsel, cannot be assessed at this stage as to their prospects; accordingly, no provision has been made in respect thereof, as well as legal and pre-legal proceedings as detailed below.

5. In September 2025, Isracard was served with a claim and a motion to certify a lawsuit as a class action, in which it was alleged that Isracard and other credit companies report fees in respect of transactions carried out using credit cards through foreign websites, as transactions subject to zero-rate VAT, and accordingly do not issue tax invoices in respect of those fees as required by law. Consequently, it was alleged in the motion to certify that the movants, Isracard customers who are licensed dealers, suffered pecuniary and non-pecuniary damages since they were unable to deduct input VAT applicable to the fees they were charged. The individual pecuniary damage was estimated in the motion to certify at NIS 60 per year and the non-pecuniary damage was estimated at NIS 20 per class member. The total damage to the class was estimated at more than NIS 2.5 million.

6. In November 2025, Isracard was served with a claim and a motion to certify a lawsuit as a class action against Isracard and another company, in which it was alleged that Isracard sends marketing messages without obtaining consent as required by law, does not give the option to opt-out of such messages or options regarding the receipt of marketing messages on various occasions. Thus, according to the movant, the companies breached the provisions of the Communications Law and the Privacy Protection Law, acted contrary to its agreement with the customers and was unjustly enriched. Under the motion to certify, the individual damage is estimated at NIS 100 per each message received by the movant prior to their asking to opt out, and NIS 150 for each message they received after the asked to opt-out, and the total damage to all class members is estimated at more than NIS 2.5 million. The parties are conducting a mediation proceeding.

7. In January 2026, Isracard was served with a claim and a class action certification motion against Isracard and a subsidiary thereof, in which it was alleged that Isracard revises down the monthly amount charged for revolving credit, that it increases the amount of customers' credit facility without giving them proper notice and that the revolving credit mechanism is an unconscionable mechanism. According to the movant, by doing so Isracard violated the Banking Law (Service to Customer), the Contracts Law, the Standard Contracts Law, the Unjust Enrichment Law, and the Fair Lending Law. In the motion to certify, the individual damage is estimated at NIS 122. The total damage to all class members is estimated at an amount exceeding NIS 2.5 million.

8. In February 2026, Isracard was served with a claim and a class action certification motion against Isracard and a subsidiary thereof, in which it was alleged that merchants who enter into an arrangement to give a discount to members of customer loyalty programs upon charging those members, issue invoices to customers for the full amount while the consideration they receive in practice is the transaction amount after the discount, such that the invoice amount does not reflect the real transaction amount. According to the movants, this constitutes a breach of agreement, a breach of the duty of good faith, a breach of the disclosure duties in accordance with the provisions of the contracts laws, misleading in violation of the Banking Law, negligence and breach of statutory duty. Under the motion to certify, the individual damage caused jointly by all the respondents stands at NIS 17,280, and the total damage to all class members is estimated at more than NIS 2.5 million. In August 2026, the court approved a consensual motion for the compensated withdrawal of the movant from the motion to certify.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

I. Legal proceedings and contingent claims (cont.)

9. In March 2026, Isracard was served with a claim and a class action certification motion against Isracard, in which it was alleged that Isracard sends digital invoices and receipts by email containing advertising content to customers who did not explicitly consent to receive such messages. According to the movant, this constitutes a violation of the Communications Law (Bezeq and Broadcasting), 1982. Under the motion to certify, the total damage to all class members is estimated at over NIS 2.5 million.

10. In June 2026, a lawsuit and a motion to certify a lawsuit as a class action were filed against Isracard, in which it was claimed that Isracard had incorporated into its website a TikTok pixel, which collects and transfers to TikTok users' personal and sensitive data, including data from their personal zone, without their knowledge and without their informed consent. The movant claims that by doing so Isracard breached statutory provisions, its privacy policy, and its terms of use, and infringed upon the users' privacy. In the motion to certify, the individual damage is estimated at NIS 1,000, and the total damage to all class members is estimated at an amount exceeding NIS 2.5 million.

11. In June 2026, a lawsuit and a motion to certify a lawsuit as a class action were filed against Isracard and another credit card company, alleging that the respondents charge a fee for releasing a credit facility or for early repayment, even where the service was not actually rendered, since the credit facility is released in any case on the monthly billing date. The movant alleges that by doing so the respondents breached their fiduciary duty and their duty of disclosure, the agreements with their customers, and enriched themselves unjustly. In the motion to certify, the alleged individual damage is estimated at NIS 70, and the total damage to all class members is estimated at NIS 5.4 million.

12. In August 2025, the Tel Aviv-Jaffa District Court rendered a judgment in relation to VAT assessments for the billing periods from January 2012 to June 2016 and for Premium Express - for the billing periods from September 2014 to June 2019 (hereinafter in this note - the "**Judgment**").

    On June 28, 2026, Isracard, a subsidiary of Premium Express Ltd., Max It Finance Ltd. and Israel Credit Cards Ltd. (hereinafter in this note - the "**Companies**") appealed the judgment to the Supreme Court. The appeal focuses primarily on the findings in the judgment regarding liability for VAT at the full rate on fees paid in connection with international transactions, principally the interchange fee, as well as certain aspects relating to the foreign currency commission. In addition, at that date, another appeal was filed against the judgment by the Director of Value Added Tax, which focuses mainly on foreign currency commissions. At this early stage, the Company is unable to assess the odds of the aforementioned appeals.

    Whereas the judgment applies to the reports filed with the VAT Authority up to and including September 2020, discussions are being held with the Israel Tax Authority as to how the judgment should be implemented with regard to the periods starting from October 2020 (hereinafter in this note - the "**Periods Following the Judgment**").

    On June 1, 2026, Isracard appealed the assessments with respect to certain billing periods. In addition, subsequent to the balance sheet date, in July 2026, Isracard and Premium Express filed appeals with the Court.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

I. Legal proceedings and contingent claims (cont.)

12. (cont.)

It should be noted that, as of the approval date of the Financial Statements, Isracard is unable to assess fully and/or with certainty all the accounting, economic and other implications of the judgment on it (insofar as it remains in effect in the future), including the effect it may have on the tax years which have not been included in the judgment. These consequences may be affected, inter alia, by the results of the appeal to the Supreme Court. In addition, with respect to the Periods Following the Judgment, the assessment amounts may be affected, inter alia, by additional arguments and/or evidence which may arise in the proceedings relating to this period, as well as by the complexity of future calculations, which are affected by numerous variables that Isracard is unable to estimate fully, including the manner in which issues relating to the Periods Following the Judgment will be determined and the scope of Isracard's future activities in the areas in respect of which the relevant interchange fees and foreign transaction fees are charged (which, according to the Judgment, are subject to tax at the full rate), a scope that is affected, inter alia, by exogenous factors over which Isracard has no control, such as changes in the payments market, the applicable regulation, changes in Isracard's business plans, etc.

In addition, it should be noted that Bank Hapoalim and Isracard have entered into agreements regarding the amount of the Bank's participation in connection with the appeals, in respect of which Isracard recognized an indemnification asset in its books of accounts.

Isracard and Premium Express have included in their books provisions for VAT assessments, including for the periods following the judgment in accordance with the principles of the judgment and the assessments of the companies and their legal counsel. Based on the legal and other proceedings described above, Isracard estimates the amount of its and Premium Express's exposure as of June 30, 2026 - for which no provision has been made in its financial statements - to be approx. NIS 235 million (before tax effect).

13. Subsequent to the balance sheet date, in July 2026, a claim was filed against Isracard along with a motion to certify the lawsuit as a class action, alleging that Isracard classifies MasterCard's and Visa's multi-currency prepaid payment cards issued by Postal Finance (formerly the Israel Postal Bank), as "tourist cards", and the transactions carried out through them as "inbound tourism transactions", thereby charging its customers, the merchants where it is used, a higher acquiring fee. The motion was filed following a previous class action proceeding conducted in relation to other Postal Finance cards and ended with a settlement agreement that was certified as a judgment on August 11, 2024, in which Isracard paid compensation and agreed to a prospective relief and improving disclosure to customers. According to the movant, despite the settlement agreement and Isracard's undertaking, Isracard applies the same collection practice in relation to other new cards issued by Postal Finance which were not discussed in the previous proceeding. The causes of action are breach of the agreement with the merchants, unjust enrichment, deception in violation of the Banking Law (Service to Customer), and negligence. Under the motion to certify, the personal damage is estimated at approx. NIS 1.20, while the damage to all members of the class - which is defined as all Isracard customers who made transactions with said cards during the 7 years preceding the filing of the motion, cannot be estimated at this stage, in the absence of data held by Isracard.

NOTE 11 - ADDITIONAL INFORMATION REGARDING THE FINANCIAL ACTIVITY (cont.)

J. Additional information

Subsequent to the balance sheet date, on August 18, 2026, the Isracard Board of Directors approved the expansion of Subordinated Notes (Series C), by way of a private placement for qualified investors through the TACT Institutional System of the Tel Aviv Stock Exchange Ltd. Under the placement, Isracard will issue to the qualified investors NIS 121,700,000 par value in Subordinated Notes (Series C), for gross proceeds of approx. NIS 130.2 million. The notes to be issued shall be identical in their terms and conditions to the existing subordinated notes of the same series, which were issued for the first time in September 2025 and shall be listed for trading on the TACT-Institutionals. After the completion of the placement, the outstanding par value balance of the Subordinated Debentures (Series C) will total approx. NIS 313.3 million. The completion of the placement is subject to the fulfillment of the conditions set forth in the issuance documents and to obtaining the TASE's approval to list the notes.

Delek Group Ltd.

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

As of June 30, 2026

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 June 30, 2026, 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 attributed to the Company

	As of June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Current assets			
Cash and cash equivalents	722	1,697	1,427
Short-term investments	12	17	14
Receivables and debit balances	25	16	20
Financial derivatives		-	-
Total current assets	759	1,730	1,461
Non-current assets			
Investments in investee companies and partnerships	12,185	9,552	12,970
Loans and capital notes to investees	1,033	898	1,084
Long term loans and debit balances	5	255	6
Investment property	275	272	274
Property, plant and equipment, net	39	41	40
Total non-current assets	13,537	11,018	14,374
	14,296	12,748	15,835

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 June 30		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS million		
Current liabilities			
Loan from a subsidiary	508	-	-
Loan from a banking corporation	-	-	229
Current maturities of debentures	-	299	673
Payables and credit balances	74	115	136
Total current liabilities	582	414	1,038
Non-current liabilities			
Debentures	4,732	4,117	4,276
Loans from subsidiaries	-	419	429
Other liabilities (primarily for an obligation for decommissioning of long-term assets)	9	9	9
Total non-current liabilities	4,741	4,545	4,714
Equity attributable to the Company's shareholders			
Share capital	20	20	20
Share premium	2,381	2,381	2,381
Retained earnings	10,063	7,659	10,204
Adjustments from translation of financial statements of foreign operations	(1,745)	(708)	(1,029)
Reserve for transactions with non-controlling interests	(1,442)	(1,550)	(1,440)
Other reserves	(83)	116	76
Treasury shares	(220)	(129)	(129)
Total equity	8,974	7,789	10,083
	14,296	12,748	15,835

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

August 18, 2026			
Approval date of the financial statements	Ehud Erez Chairman of the Board	Idan Wallace CEO	Tamir Polikar Executive VP & CFO

Financial data from the consolidated income statements attributable to the Company

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
Rent	1	5	-	3	6
Company's share in earnings of investee companies and partnerships, net	592	355	399	248	3,621
Total income	593	360	399	251	3,627
Cost of revenues	-	-	-	-	1
General and administrative expenses	23	22	11	11	42
Other revenues (expenses)	8	-	-	-	(2)
Operating income	578	338	388	240	3,582
Net finance expenses with respect to loans to investees and others	(18)	(29)	(9)	(13)	(52)
Finance income (expenses) (mainly for financial investments), net	23	40	13	27	107
Finance expenses (mainly for debentures)	(224)	(163)	(78)	(78)	(381)
Profit before taxes on income	359	186	314	176	3,256
Income from continuing operations	359	186	314	176	3,256
Profit from discontinued operations, net	-	-	-	-	-
Net income attributable to the Company’s shareholders	359	186	314	176	3,256

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 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
Net income attributable to the Company's shareholders	359	186	314	176	3,256
Other comprehensive income (loss):					
<u>Amounts classified or reclassified to profit or loss under specific conditions</u>:					
Adjustments from translation of financial statements of a foreign operation	(10)	(17)	(7)	(28)	(66)
Other comprehensive income attributable to the Partnership and investees (post-tax)	(867)	(565)	(372)	(824)	(881)
Total other comprehensive income (loss) from continuing operations	(877)	(582)	(379)	(852)	(947)
Total comprehensive income (loss) attributable to the Company's shareholders	(518)	(396)	(65)	(676)	2,309

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 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
Cash flows from the Company's operating activities					
Net income attributable to the Company's shareholders	359	186	314	176	3,256
Adjustments needed to present cash flows from the Company's operating activities (a)	(104)	(47)	(51)	(131)	(1,848)
Net cash provided by (used for) the Company's operating activities	255	139	263	45	1,408
Cash flows from the Company's investing activities					
Investment made for property, plant and equipment and investment property	(1)	(1)	-	(1)	(2)
Investment in an investee	(99)	(65)	(99)	(65)	(1,655)
Change in investments, net	3	200	7	44	201
Repayment of long-term deposit	-	2	-	82	2
Advance payment in respect of acquisition of an operation	-	(72)	-	-	-
Repayment (provision) of loans to, and equity investments in, investees, net	(2)	385	(2)	386	125
Net cash provided by the Company's investing activities	(99)	449	(94)	446	(1,329)
Cash flows from the Company's financing activities					
Acquisition of treasury shares	-	(34)	-	(34)	(34)
Dividend paid to shareholders	(500)	(510)	(500)	(510)	(1,035)
Change in balances with subsidiaries, net	85	(1)	(89)	(1)	-
Issue of debentures (less issuance expenses)	1,460	1,549	449	498	3,298
Receipt (repayment) of loans from banks and others	(228)	-	(200)	-	229
Repayment of debentures	(1,678)	(1,209)	(1,000)	(500)	(2,404)
Net cash used for (provided by) the Company's financing activities	(861)	(205)	(1,340)	(547)	54
Exchange rate differences for cash and cash equivalent balances	-	13	-	13	(7)
Increase (decrease) in cash and cash equivalents	(705)	396	(1,171)	(43)	126
Balance of cash and cash equivalents at the beginning of the period	1,427	1,301	1,893	1,740	1,301
Balance of cash and cash equivalents at the end of the period	722	1,697	722	1,697	1,427

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 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	Unaudited				Audited
	NIS million				
(a) Adjustments for presentation of statement of cash flows from the Company's operating activities					
Adjustments for profit and loss line items of the Company:					
Depreciation, depletion and amortization	1	-	1	-	1
Impairment (appreciation) of investments in financial assets, net	(3)	(14)	(3)	(22)	17
Company's share in the expenses of investee companies and partnerships *)	(57)	10	18	(74)	(2,141)
Increase in value of liabilities, net	27	10	17	1	17
Exchange rate differences for balance of cash and cash equivalents, net	-	(13)		(13)	271
Changes in the Company's assets and liabilities line items:					
Decrease in receivables and debit balances	(4)	2	(5)	1	6
Decrease in other payables and credit balances	(68)	(42)	(79)	(24)	(19)
	(104)	(47)	(51)	(131)	(1,848)
*) Net of dividends received.	592	366	472	175	1,576
(b) Additional information on cash flows					
Cash paid during the year in the Company for:					
Interest	259	204	152	117	391
Cash received during the year in the Company for:					
Dividends	592	366	472	175	1,636
Interest	19	33	11	21	42

The attached additional information is an integral part of the financial data and separate financial 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 on the Annual Financial Statements as of December 31, 2025, and for the year then ended and their accompanying notes, and in conjunction with the consolidated interim financial statements as of June 30, 2026 (hereinafter - the "**Consolidated Interim Financial Statements**").

B. Iron Swords War, the security situation and their effect on the Group's activity

On October 7, 2023, the Iron Swords War began, and since then, the State of Israel has been in a security situation characterized by multiple arenas and periods of fighting at varying levels of intensity. In this context, at the end of February 2026, the direct conflict between Israel and Iran (hereinafter - **"Operation Lion's Roar"**) resumed, in which Israel and the United States launched a large-scale aerial attack on Iran, which responded with an attack against Israel and other countries in the region. During April 2026, a temporary agreement was reached to stop the fighting between the United States, Israel and Iran; however, since the beginning of July 2026, another conflict of varying intensity has been taking place between the United States and Iran, which, as of the signing date of the report, does not involve Israel. As of the financial statements approval date, there is no certainty that the fighting against Iran will not resume in the near or long term.

- Implications for the Gas and Oil in Israel Segment

  As stated in Note 1B to the Annual Financial Statements, with the launch of Operation Lion's Roar on February 28, 2026, the operator of the Leviathan Project received an instruction from the Minister of Energy, according to which, pursuant to a security recommendation provided to him, it is required to cease the operations of the Leviathan Rig, until further notice. Production from the reservoir resumed on April 2, 2026. As a result of the suspension of the rig's activity, as stated, during the first quarter of 2026, there was a decrease in the Group's revenues from the Gas and Oil in Israel Segment (for segment reporting – see Note 9 below). It should be noted that the Partnership contacted the government in order to recover compensation in connection with the cessation of gas production; however, as of the report approval date, there is no certainty of obtaining such compensation and the scope thereof.
  For details regarding the additional budget approved for the completion of a project for the laying of a subsea pipeline in the offshore transmission section between Ashdod and Ashkelon to cover additional expenses arising from Operation Lion's Roar see Note 4F below.

- Isracard

  The period during which Operation Lion's Roar took place, which included Passover, and the period immediately following it, were characterized by relatively low turnovers, specifically in outbound and inbound tourism, alongside a certain slowdown in consumer credit. As from May 2026 and through immediately prior to the signing date of the report, Isracard's turnovers in Israel and abroad recovered alongside a continued increase in consumer credit balances. Shortly after the outbreak of the Iron Swords War and from time to time during the period which had elapsed since then, Isracard granted various benefits and reliefs to its customers, some of them in accordance with the Bank of Israel's framework, some according to provisions of other government entities, and some at Isracard's initiative. As of the approval date of the financial statements, the outstanding balance of deferred credit, balance of credit in which terms were modified for financially distressed borrowers and the balance of defaulted debts following modification of terms, are immaterial.
  Isracard believes that, the security situation (including war), to the extent it continues may have further effects on economic activity and, consequently, on Isracard's activity and results. Some of the effects depend on the actions that will be taken by the Government of Israel, international responses to such actions, the reigniting and expansion of the fighting, and regulatory directives that have been issued and that will be issued in this regard.

NOTE 1 - GENERAL (cont.)

B. Iron Swords War, the security situation and their effect on the Group’s activity (cont.)

- Isracard (cont.)

It should be clarified that the security situation and its ramifications (including prolongation and resumption of the fighting on the various fronts) may affect various matters related to Isracard’s operations, such as the activity of merchants, payment card transaction turnovers in Israel and abroad, a decline in demand for credit, and a possible impairment of borrowers’ repayment capacity. As of the approval date of the financial statements, Isracard is unable to assess the overall impact of the current and potential security situation (including from a global perspective) on its results, inter alia in view of the uncertainty regarding the duration of the security situation and its direct and indirect implications for Isracard.

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 - REGULATORY PROCEDURES

For further details regarding regulatory developments relevant to the areas of activity of a Company subsidiary, see Note 11H to the Consolidated Financial Statements.

NOTE 4 - EQUITY

A. Actions involving the Company's share capital and treasury shares

(1) As detailed in Note 24C to the Annual Financial Statements, on March 24, 2026, the Company’s Board of Directors approved a buyback plan for the Company’s shares in an amount of up to NIS 100 million until the end of 2026. On June 23, 2026, the Company’s Board of Directors approved an additional buyback plan for the Company’s shares in an amount of up to NIS 100 million until the end of 2026.
During the reporting period, and under the abovementioned plans, a wholly-owned consolidated partnership of the Company acquired 110,913 ordinary shares of the Company of NIS 1 par value each, in consideration for approx. NIS 91 million. Furthermore, subsequent to the balance sheet date, the wholly-owned consolidated partnership acquired additional 20,368 shares of the Company of NIS 1 par value each, in consideration for approx. NIS 16 million.

(2) Subsequent to the balance sheet date, on July 9, 2026, the Company's Board approved the cancellation of 300,830 shares of NIS 1 par value each, held by the Company. Accordingly, the abovementioned shares were deducted from the Company's share capital.

(3) Subsequent to the balance sheet date, on July 1, 2026, a General Meeting of the Company's shareholders approved the splitting of the Company's authorized and issued and paid-up share capital at a ratio of 1:10, such that on the effective date each ordinary share of NIS 1 par value, and each preferred share of NIS 1 par value, will be split into ten ordinary shares of NIS 0.1 par value each, or preferred shares of NIS 0.1 par value each, respectively. The effective date was set for July 19, 2026, and on July 20, 2026 the split was executed.

(4) Subsequent to the abovementioned actions, as of the approval date of the financial statements, the Company's issued and paid-up share capital totaled 182,881,430 shares of NIS 0.1 par value each, of which 1,312,810 shares are held by the consolidated partnership.

NOTE 4 - EQUITY (cont.)

B. Dividend distributions

(1) On March 24, 2026, the Company's Board of Directors decided to distribute a dividend to the shareholders of NIS 250 million (approx. NIS 1.36701 per share), after reconciling it with the share capital split, as stated in Section A(3) above). The dividend was paid in April 2026.

(2) On May 19, 2026, the Company's Board of Directors decided to distribute a dividend to the shareholders totaling approx. NIS 250 million (approx. NIS 1.36701 per share), after reconciling it with the share capital split, as stated in Section A(3) above). The dividend was paid in June 2026.

(3) Subsequent to the balance sheet date, on August 18, 2026, the Company's Board of Directors decided to distribute a dividend to the shareholders totaling approx. NIS 250 million (approx. NIS 1.36701 per share). The dividend will be paid in September 2026.

(4) Regarding the distribution of Delek Property Development Ltd.'s shares as dividend in kind to Company shareholders - see Note 3D to the Condensed Consolidated Interim Financial Statements.

NOTE 5 - DEBENTURES

For further details regarding the issuance of Debentures (issuance of Series B42 and expansion of Series B40 and B42) and fully early repayment of Debentures (Series B38 and B39), see Note 5 to the Consolidated Interim Financial Statements.

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ITHACA ENERGY

H1 Report 2026

ITHACA ENERGY PLC
RESULTS & TRADING UPDATE

Building further Scale. Stability. Strength.

Record quarterly production underpins reaffirmed management guidance and upgraded 2026 dividend.

Introduction from our Chairman

Ithaca Energy delivered a strong first half performance in 2026, demonstrating the strength of our business."

"Ithaca Energy delivered another strong quarter and first half performance in 2026, demonstrating the strength of our business. Record quarterly production in Q2, continued safe and efficient operations, robust cash generation and disciplined capital allocation have enabled us to reaffirm full year production guidance, reduce operating cost guidance and increase our dividend outlook for the year. We have also continued to execute against our strategy, strengthening our balance sheet, extending our hedge position and advancing a material pipeline of organic growth opportunities across our portfolio. With Rosebank progressing towards first production, Cambo advancing through key development milestones and continued investment in high-return, short-cycle opportunities across our producing assets, we remain focused on maximising long-term value creation and delivering attractive, sustainable returns for our shareholders."

Yaniv Friedman
Executive Chairman

H1 2026 key highlights

Strong H1 performance

Operational highlights

H1 PRODUCTION
128 kboe/d
(H1 2025: 124 kboe/d)

PRODUCTION SPLIT
52% liquids
(H1 2025: 59%)
40% operated
(H1 2025: 40%)

TIER 1 OR 2 PROCESS SAFETY EVENTS
0
(H1 2025: 0)

SERIOUS INJURY AND FATALITY FREQUENCY
0
(H1 2025: 0)

See more in operational update

Financial highlights

ADJUSTED NET DEBT[1]
$1,019m at 30 June 2026
(31 December 2025: $1,258m)

AVAILABLE LIQUIDITY[1]
$1,871m at 30 June 2026
(31 December 2025: $1,470m)

PRO FORMA LEVERAGE RATIO[1] – ADJUSTED NET DEBT TO PRO FORMA ADJUSTED EBITDAX
0.49x at 30 June 2026
(31 December 2025: 0.56x)

NET CASH FLOW FROM OPERATING ACTIVITIES
$955m
(H1 2025: $1,005m)

ADJUSTED EBITDAX[1]
$1,121m
(H1 2025: $1,117m)

PROFIT/LOSS FOR THE PERIOD
$127m
(H1 2025: loss of $(217)m)

See more in financial update

Strategic highlights

STRONG STRATEGIC EXECUTION FOCUSED ON
Maximising long-term value of resource base

See more in Strategic highlights

1. Non-GAAP measure as set out on pages 44 to 46.

H1 2026 Strategic and operational highlights

The Group has made material progress in advancing its value-orientated organic and inorganic growth strategy, driving long-term value creation and enhancing returns through disciplined capital allocation and strong strategic execution.

Inorganic growth

STRATEGY PILLARS 3 & 4

M&A as an enabler of the Group's organic growth strategy

- M&A activity in H1 has been closely aligned with supporting the Group's organic growth strategy, helping to unlock material long-term organic growth opportunities across the Group's development portfolio. Through the completion of the farm-in to the Tobermory discovery and the farm-down of the Fotla discovery, the Group has established commercial partnerships that will facilitate the progression of key projects towards final investment decisions, while strengthening its position in core West of Shetland gas hub
- The Group continues to maintain an active but patient pursuit of M&A opportunities both in the UKCS and internationally, in line with its focused international expansion strategy

Organic growth

STRATEGY PILLARS 1 & 2

Strong operational momentum throughout H1 2026

- Maintaining strong HSE record into H1 2026
  - Zero Tier 1 or Tier 2 events
  - Total Recordable Injury Rate (TRIR) of 1.5 cases per million hours (H1 2025: 1.14) , meaningfully below the industry average TRIR of 3.95
  - Gross operated emissions intensity of 16.4 $kgCO_2e$/boe in H1 2026 (H1 2025: 16.9 $kgCO_2e$/boe), substantially below the latest basin average of approximately 25 $kgCO_2e$/boe
- Record quarterly production performance achieved in Q2 of 131 kboe/d, supporting a robust H1 2026 average production of 128 kboe/d (H1 2025: 124 kboe/d)
- The Group's operated assets achieved a record average Production Efficiency of 90% in Q2, reflecting the operational momentum achieved from the 'perfect day' philosophy
- Production mix comprised 52% liquids and 48% gas, with 40% operated and 60% non operated

Delivering value through industry collaboration

- In May, the Group entered a rig sharing agreement with Harbour Energy, designed to unlock operational synergies through the shared use of the high-performing Paul B. Loyd Junior (PBLJ) drilling rig, through to 2030, enabling activity from development wells to execution of well P&A
- Immediate value creation demonstrated by the PBLJ's deployment to the Captain field, where a three-month re-drill programme of well B15 is expected to deliver production from Q4

Organic growth

STRATEGY PILLARS 1 & 2

Optimising investment plans to sustain and optimise production

- The Captain 13th well campaign remains on track, with the C75 well brought onstream in Q2. Recertification of the platform rig is currently underway, ahead of the planned resumption of well operations towards the end of Q3
- Cygnus infill drilling campaign continues to progress strongly, with the C13 well outperforming expectations and first production from well C14 expected in November, before moving to the C15 well. Potential to unlock further investment activity in 2027, with the rig expected to move to the Bravo area subject to further wells FID
- Two well programme sanctioned at Elgin Franklin in H1, scheduled to commence in Q4 with incremental production expected in 2028

Advancing over 200 mmboe of resources to FID corridor in 2026 and 2027, unlocking the Group's material organic growth opportunities

- The Rosebank development project continues to progress towards the final stages of execution, with the Operator narrowing the first production window to H1 2027, with ramp-up to production plateau from summer 2027 in line with project delivery expectations, subject to regulatory approval
  - FPSO Rosebank arrived and moored on station in June 2026, in line with the project schedule, with remaining scopes to hook-up and commissioning, on the critical path to first production
  - Following a rig contractor equipment handling incident in April, which resulted in the rig coming off-hire, the rig has returned to service in July and has restarted well activities. The campaign is expected to deliver the minimum well stock to support production ramp-up in 2027
  - Capital spend in 2026 is expected to be lower than previously guided, reflecting the rephasing of drilling activity and associated costs from 2026 into 2027. At the midpoint, this represents a deferral of approximately $35 million
  - As the project enters its final stages of execution with increased certainty on the cost outlook, management expects the total post-tax project capex per project reserves to be less than $4/boe. With the anticipated addition of a high value 8th well on the drilling campaign reducing the total overall post-tax development cost per boe to less than $3.5/boe, representing attractive project metrics and a cost performance well within the project's delivery contingency envelope
  - The joint venture partnership continues to anticipate receipt of the required regulatory approvals by the end of 2026, supporting the first oil schedule, enabling well testing activities and optimising the drilling programme to achieve the planned production ramp-up
- Significant progression towards unlocking material organic growth opportunities in H1, with key projects being actively advanced through to FID corridors in 2026 and 2027, subject to regulatory approval
  - Cambo has now entered the value engineering and pre-execution phase moving the project towards sanction in 2027
  - Fotla continues to progress towards the execution phase in 2026, with critical long-lead items secured, including the installation vessel and PBLJ drilling rig
  - Tornado advancing towards FID, supported by the successful 18-month license extension to March 2028
  - Continued maturation of West of Shetland tie-in opportunities, around Tornado and Tobermory, including Suilven and Spitfire
- Reviewing potential Transitional Energy Certificate (TEC) targets for Infrastructure-led exploration (ILX) and Production-led exploration (PLX) opportunities around existing infrastructure to build further optionality above the currently licensed 1bn BOE resource potential

Organic growth continued

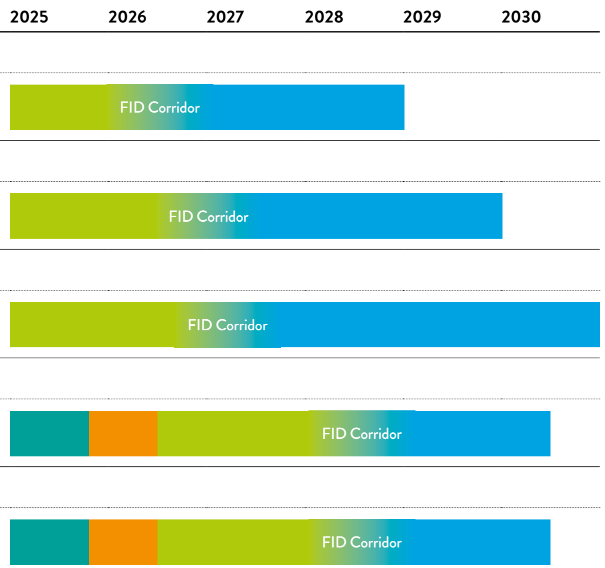
STRATEGY PILLARS 1 & 2

IN FOCUS: UNLOCK MATERIAL GROWTH OPPORTUNITIES

Over 200 mmboe of resources coming to FID within 18 months

Material pipeline of organic growth opportunities being advanced to FID corridor in 2026/27

Project	Net 2C Resources	Expected FID Date
Fotla	8 mmboe	2026
Tornado	37 mmboe	2026
Cambo	146 mmboe	2027
Suilven	16 mmboe	2028
Tobermory	~25 mmboe	2028/29



Assess | Select | Define | Execute

Enhanced shareholder returns with increase in dividend guidance for FY 2026

- First interim 2026 dividend of $255 million declared today and payable in September, representing a dividend per share of $0.1542, and reflecting the Group's transition to an equal dividend payment schedule with 50% following half year results and 50% following full year results
- Reaffirming dividend commitment of 30% post-tax CFFO, with an upgraded guidance range of $500-530 million from $470-520 million for FY 2026, reflecting the Group's strong financial performance, robust cash flow generation and confidence in the outlook for the remainder of the financial year

FIRST INTERIM 2026 DIVIDEND

$255m

H1 2026 Financial highlights

Strong cash flow generation supported by robust production, improved realised prices and high-net back capability of the portfolio and offset by commodity hedging losses

- H1 2026 adjusted EBITDAX[1] of $1.1 billion (H1 2025: $1.1 billion) and net cash flow from operating activities of $1.0 billion (H1 2025: $1.0 billion)
- Recognised prices of $83/boe for oil and gas before hedging results and $69/boe after hedging results (H1 2025: $71/boe for oil and gas before hedging results and $72/boe after hedging results)
- H1 2026 operating costs[1] of $419 million (H1 2025: $391 million) and unit operating expenditure of $18.0/boe (H1 2025: $17.5/boe), significantly lower than the latest published basin average of $24/boe demonstrating the high-quality of the Group's assets
- H1 2026 profit before tax of $494 million (H1 2025: $513 million)
- H1 2026 profit for the period of $127 million (H1 2025: loss of $217 million) and H1 2026 adjusted net income[1] of $128 million (H1 2025: $129 million)
- H1 2026 producing assets capex of $266 million (H1 2025: $290 million) and Rosebank capex of $120 million (H1 2025: $130 million)

Significant available liquidity[1] to support growth strategy

- Successful private placement ('bond tap') of a further €155 million (c.$180 million) 5.5% senior notes, as an extension to the Group's existing €450 million senior notes, due 2031, with strong investor demand
- Adjusted net debt[1] at 30 June 2026 of $1.0 billion (31 December 2025: $1.3 billion), representing a pro forma leverage ratio at 30 June 2026 of 0.49x (31 December 2025: 0.56x)
- Significant available liquidity[1] at 30 June 2026 of $1.9 billion (31 December 2025: $1.5 billion), bolstered by bond tap, supplemented by an additional available accordion of over $430 million, providing incremental liquidity[1] potential of up to circa $2.3 billion and a solid financial foundation for growth

Extension of hedge position in high price environment, protecting cash flows into 2028

- Material build on hedge position during H1, in high commodity price environment, providing strong cash flow protection with the focus on deepening distribution cover into 2028
- Hedged position at 14 August 2026 of 58.8 mmboe (c.59% oil, c.41% gas) from 30 June 2026 through the end of 2028

1 Non-GAAP measure.

Strong FY 2026 outlook

Lower cash costs and higher shareholder returns expected

- Management provides the following updates to guidance ranges for full year 2026 (provided 19 March 2026), reflecting strong operational performance in the first half of the year and re-phasing of Rosebank capital spend:
  - **FY 2026 production guidance range reaffirmed at 120-130 kboe/d**, reflecting robust asset production performance in H1 continuing into Q3
  - **FY 2026 net operating cost guidance range reduced to $800–840 million** from $820–860 million, normalised using USD:GBP exchange rate of 1.35, representing an **improved opex per barrel estimated cost of between $17/boe and $19/boe**
  - **FY 2026 net producing asset capital cost guidance range reaffirmed at $600-700 million**, normalised using USD:GBP exchange rate of 1.35 (excludes pre-FID projects and Rosebank development)
  - **FY 2026 net Rosebank project capital cost guidance range reduced to $250-280 million** from $280-320 million, reflecting the rephasing of drilling activity and associated costs from 2026 into 2027, and including the final FPSO commissioning scopes
  - **FY 2026 net decommissioning cost guidance range of $170-210 million reaffirmed**, based on USD:GBP exchange rate of 1.35
  - **FY 2026 cash tax guidance of $290-340 million reaffirmed**
- Management reaffirms the Group's dividend commitment of **30% post-tax CFFO**, with an **upgraded guidance range of $500-530 million** from $470-520 million for FY 2026, as illustrated by the first interim dividend of $255 million declared today

Half Year 2026 performance in review

Operational and strategic execution supporting long-term value creation and sustainable shareholder returns

The Group delivered a strong first half performance strategically, operationally and financially. Record high production in Q2, robust cash flow generation, continued project maturation, increased available liquidity, and disciplined capital allocation and execution have further strengthened the Group's outlook.

Guided by our vision for further 'scale, stability and strength', the Group continues to invest in sustaining and optimising production over the short to medium-term, while progressing its material pipeline of organic growth opportunities, primarily in the strategically important West of Shetland Basin, as it aims to deliver attractive reserves replacement supporting long-term value creation for our shareholders.

H1 Operational overview - Strong operational momentum continues into 2026, with record production achieved in Q2

The operational momentum established through the Group's 'perfect day' philosophy during 2025 has continued into the first half of 2026, driving sustained improvements across all key performance metrics. This disciplined focus on operational excellence has delivered enhanced safety and environmental performance, strong production efficiency and a reduction in operating cost per barrel.

The Group achieved record production in Q2 2026, averaging 131 kboe/d, as operations rebounded strongly from the weather-related challenges experienced in Q1. This performance supported robust average production of 128 kboe/d for H1 2026 (H1 2025: 124 kboe/d), that has continued into Q3, providing confidence in the Group's production outlook for the year. Production during the six-month period comprised 52% oil and 48% gas, compared with 59% oil and 41% gas in H1 2025. The change reflects the continued evolution of the portfolio following gas-weighted M&A activity undertaken in 2025, increasing the contribution of the Group's Cygnus and Seagull gas fields to the Group's overall production mix.

During H1 2026, the Group maintained its strong safety performance, recording zero Tier 1 and Tier 2 process safety events and a Total Recordable Injury Rate (TRIR) of 1.5 cases per million hours worked (H1 2025: 1.14), meaningfully below the industry average TRIR of 3.95. This achievement is particularly notable given that two operated assets reached cessation of production during the period, requiring heightened focus and vigilance to safely execute critical end-of-field-life activities while maintaining high HSE standards. The FPF-1 and Alba FSU have both been off stationed from their field locations and moved to the decommissioning yard according to plans and without recordable incidents.

The Group's gross operated emissions intensity of 16.4 $kgCO_2e$/boe in H1 2026 (H1 2025: 16.9 $kgCO_2e$/boe) remained substantially below the latest basin average of approximately 25 $kgCO_2e$/boe and continues to trend downward. This performance reflects the increased stakes in lower-emission assets, Cygnus and Seagull, and the retirement of the higher-intensity Alba and GSA fields towards the end of the first half of the year.

Operating costs, net of tanker expenses and tariff income, totalled $419 million during the period (H1 2025: $391 million), reflecting a unit operating expenditure of $18.0/boe (H1 2025: $17.5/boe) and supporting a positive trend toward reducing full year opex per bbl. Unit operating cost remains significantly below the latest published UKCS basin average of approximately $24/boe, demonstrating both the quality of the Group's asset base and its disciplined cost management The Group's operated assets achieved a record average production efficiency of 90% in Q2, reflecting the operational momentum achieved from the 'perfect day' philosophy, with PE levels achieved materially above the UKCS basin average of 75%.

Total net producing asset capital expenditure (excluding decommissioning) in H1 2026 of $266 million (H1 2025: $290 million) reflects material ongoing capital investment across key producing assets, including Captain, Cygnus and Elgin Franklin. In response to strong cash flow generation in the period, management chose to increase capital deployment targeting short-cycle, high-return opportunities in the period including the Captain B15 well intervention, supporting near-term production, with a plan to start flowing in November 2026.

Net capital investment in the Rosebank development totalled $120 million (H1 2025: $130 million) as the project continued to progress through its final stages of execution ahead of first production. Capital spend during the period was lower than planned due to the rephasing of drilling activity and associated costs into 2027, following the rig coming off-hire in April before returning to operations in Q3.

H1 Strategic overview - Disciplined execution supporting our vision for 'Scale. Stability. Strength.'

Inorganic growth

M&A supporting long-term organic growth ambitions
The Group continued to execute its inorganic growth strategy during H1, leveraging M&A as a strategic enabler to advance key development projects and unlock long-term organic growth across its portfolio.

During the period, the Group signed an agreement with Harbour Energy for their 45% farm-in to the Fotla discovery, which subsequently completed on 1 July, unlocking the development of the field and building on the existing infrastructure partnership in the Greater Britannia Area. The strategic farm-in has established the commercial framework to move the project towards final investment decision in 2026, with the project now moving into the execution phase.

The Group also completed a strategic 50% farm-in to licences P2629 and P2630 in the West of Shetland basin, which contains the Tobermory discovery, on 1 May. The farm-in aligns with the Group's vision of building scale, strengthening its role as a strategic infrastructure partner in the area and positioning the Group as part of a new northern gas hub. The farm-in creates the potential for regional synergies between the Tornado and Tobermory gas fields, while enhancing its exposure to infrastructure-led exploration opportunities across the area.

Together, these transactions demonstrate the Group's disciplined approach to portfolio management, deepening strategic infrastructure partnerships and creating commercial frameworks that support future project sanctions. In doing so, the Group continues to enhance and de-risk its resource base supporting future reserves maturation and long-term production growth potential.

Looking ahead, the Group continues to maintain an active but patient pursuit of M&A opportunities both in the UKCS and internationally, in line with its focused international expansion strategy.

"Together, these transactions demonstrate the Group's disciplined approach to portfolio management, deepening strategic infrastructure partnerships and creating commercial frameworks that support future project sanctions."

Organic growth

Delivering value through industry collaborations
In May, the Group established an industry collaboration with Harbour Energy and Dolphin Drilling, which is designed to unlock operational synergies through the shared use of drilling rigs and associated services. The collaboration seeks to enhance operational efficiency, reduce costs and support delivery across the full field life cycle, from development drilling through to late-life asset management and decommissioning.

Central to the collaboration is the rig-sharing agreement with Harbour Energy for the high-performing PBLJ semi-submersible drilling rig, through to 2030. This agreement strengthens the Group's organic growth strategy by securing access to critical drilling capacity, supporting drilling activities at the Fotla development, enabling ongoing infill drilling programmes to sustain and de-risk production across the portfolio, and providing the rig availability required to execute future plugging and abandonment activities, in line with the Group's commitments to the regulator.

Sustaining and optimising production through disciplined investment
The Group continues to prioritise disciplined investment across its producing asset base, delivering near-term value creation while supporting stable and reliable production performance.

At Captain, the deployment of the PBLJ rig demonstrates the immediate value creation potential from the Group's industry collaboration, through a three-month re-drill programme on well B15, which is expected to come onstream from the fourth quarter. The wider Captain 13th well campaign remains on schedule, with the C75 well successfully brought onstream during the second quarter. Platform rig recertification activities are currently underway ahead of the planned resumption of well operations towards the end of the third quarter.

Sanction of the Captain subsea well campaign comprising two wells and leveraging secured PBLJ rig capacity, is expected during the second half of the year, further supporting the field's long-term production outlook with first production from the campaign forecast in 2028.

At Cygnus, the infill drilling programme continues to deliver strong operational progress. The C13 well, brought onstream in May, has exceeded expectations, confirming the success of the well completion and hydraulic fracturing programme. Operations are currently underway on the C14 well, which is expected to come onstream in November, and will be followed by the drilling of the C15 well. Upon completion of the C15 well, the rig is expected to mobilise to the Bravo area to execute the C16 and C17 two-well drilling campaign sanctioned during H1, which is subject to the timely receipt of the required regulatory approvals for the Field Development Plan. The C16 well represents an example of production-led exploration, demonstrating the Group's continued commitment to investing in and maximising the value of the Cygnus asset. Timely regulatory approval is therefore critical to maintain momentum and enable the continued delivery of domestic gas production from one of the UK's most significant gas fields.

Across the Group's non-operated portfolio, the J Area continues to deliver a stable production contribution, supported by the strong performance of both the recently developed Jocelyn South well and the Talbot field, which continue to outperform expectations. At Elgin Franklin, the Group has sanctioned a two well programme, together with the operator Neo Next+, including the EIJ well and the EIH well, a well that was previously cancelled as a response to the energy profits levy. The well campaign, that is scheduled to commence in Q4, represents a short-cycle, high-return investment that will deliver net incremental production of 4.5 kboe/d from the field in 2028, with the EIJ well expected onstream in January 2028 and the EIH well in August 2028.

"The Group continues to prioritise disciplined investment across its producing asset base, delivering near-term value creation while supporting stable and reliable production performance."

Organic growth continued

Advancing material organic growth opportunities
The Group continues to make strong progress in unlocking material value across its long-life, high-value resource base, actively advancing more than 200 mmboe of resources to FID corridors during 2026 and 2027, providing a clear pathway to sustainable production growth and long-term value creation.

IN FOCUS – STABILITY

Rosebank progressing towards first production

The Rosebank development continues to advance towards the final stages of execution.

The Operator has narrowed its expected first production window to the first half of 2027, with production anticipated to ramp up to plateau levels from summer 2027, in line with project delivery expectations and subject to regulatory approvals.

A major milestone was achieved in June 2026 with the arrival and mooring of the Rosebank FPSO on location, following its short dock in Bergen, with remaining activities, including hook-up and commissioning, on the critical path to first production. Following an equipment handling incident in April which resulted in the drilling rig coming off-hire, the rig has returned to service in July and has restarted well activities. The campaign remains focused on delivering the minimum well stock required to support the planned production ramp-up in 2027.

Capital spend in 2026 is now expected to be lower than previously guided, reflecting the rephasing of drilling activity and associated costs into 2027, including final FPSO commissioning activities.

As the project enters its final stages of execution with increased certainty on the cost outlook, management expects the total post-tax project capex per project reserves to be less than $4/boe. With the anticipated addition of a high value 8th well on the drilling campaign reducing the total overall post-tax development cost per boe to less than $3.5/boe, and representing attractive project metrics and a cost performance well within the project’s delivery contingency envelope.

The joint venture partnership continues to anticipate receipt of the necessary regulatory approvals by the end of 2026, supporting its planned first oil schedule, and importantly enabling well testing activities and optimisation of the drill programme to achieve the anticipated production ramp-up.

IN FOCUS – STABILITY

Cambo: A strategic project for the UK

As the largest pre-FID undeveloped discovery on the UK Continental Shelf, Cambo remains a strategically important option for Ithaca Energy and more broadly for the UK.

The project continues to mature through key development milestones. Front-end engineering and design activities, together with the tendering phase, are substantially complete with major project contract packages ready for award. Cambo has now entered the value engineering and pre-execution phase as it progresses towards sanction, subject to the necessary regulatory approvals.

Completion of the tendering phase marks a significant milestone, materially de-risking the project by providing greater execution certainty. Activity also continues across rig tendering, commercial and financing workstreams supporting the project timeline to FID and equity farm-down.

IN FOCUS – STABILITY

Unlocking the next wave of resource maturation

Fotla continues to progress towards execution, supported by the successful farm-down transaction and the rig-sharing agreement with Harbour Energy.

Key long-lead items, including the installation vessel and PBLJ drilling rig capacity, have already been secured, reducing development risk and increasing confidence in reaching FID in 2026.

The Group's West of Shetland gas strategy continues to maintain strong momentum, as a strategically important growth basin. The Tornado development, that will serve as a key enabler for future tie-backs providing the foundation for additional value creation, is advancing towards FID following the award of an 18-month licence extension to March 2028. The project continues to secure critical long-lead items, while project sanction remains subject to regulatory approvals.

Alongside these developments, a full review of all potential Transitional Energy Certificate (TEC) targets for ILX and PLX opportunities around existing infrastructure continues to identify further optionality above the Group's currently licensed 1bn BOE resource potential. The Group is actively maturing and prioritising a range of infrastructure-led exploration opportunities across the Greater Tornado and Tobermory areas in the West of Shetland, including the Suilven and Spitfire discoveries, while progressing production-led exploration opportunities in the Greater Cygnus Area and the J Area, including the Peach discovery.

H1 Financial overview – Financial strength and flexibility

Strong cash flow generation underpinned by production growth and portfolio quality
The Group delivered a strong financial performance in the first half of 2026, with adjusted EBITDAX of $1.1 billion during the period (H1 2025: $1.1 billion), while net cash flow from operating activities totalled $1.0 billion (H1 2025: $1.0 billion). This performance reflects the strength of the Group's portfolio and operational performance driving higher production volumes, improved realised commodity prices and the continued contribution from high-netback assets across the portfolio, which were offset by commodity hedging losses.

The Group recorded Profit before tax for the period of $494 million (H1 2025: $513 million). Profit after tax was $127 million, compared with a loss of $217 million in the prior period, which was materially impacted by the non-cash deferred tax charge arising from the extension of the Energy Profits Levy. The Group delivered adjusted net income of $128 million in the period (H1 2025: $129 million).

Material financial firepower supports growth strategy
The Group further strengthened its financial position during the first half of the year through strong cash flow generation and proactive balance sheet management. In June 2026, the Group successfully completed a private placement of an additional €155 million (~$180 million) of 5.5% senior notes, due 2031, as an extension to the Group's existing €450 million senior notes. The bond tap attracted strong investor demand, reflecting confidence in the Group's financial strength, strategy and growth outlook. It also demonstrates the Group's continued agility to respond to favourable market conditions to further optimise its capital structure while enhancing available liquidity to pursue growth opportunities.

As at 30 June 2026, the Group had significant available liquidity of $1.9 billion, further supplemented by an unused accordion facility of over $430 million, which provides additional liquidity capacity of up to $2.3 billion. Despite significant continued investment, leverage remains low, with a pro forma leverage ratio of 0.49x at the period end (31 December 2025: 0.56x), reflecting an adjusted net debt position at 30 June 2026 of $1.0 billion (31 December 2025: $1.3 billion).

Extension of hedge book to protect cash flows into 2028
The Group continued to materially build on its hedge position during H1, capitalising on a favourable commodity price environment which presented attractive hedge opportunities and resulted in a hedged position at 14 August of 58.8 mmboe (c.59% oil, c.42% gas) from 30 June 2026 through the end of 2028. The Group's proactive hedging strategy is designed to provide protection for future cash flows, investment capacity and shareholder distributions in line with its capital allocation framework, while maintaining meaningful exposure to commodity price upside, particularly across its gas portfolio. This balanced approach supports earnings resilience while preserving the potential to benefit from favourable market conditions.

Enhanced shareholder returns with increased guidance range
The Group remains committed to delivering attractive and sustainable shareholder returns in line with its disciplined capital allocation framework. Consistent with this commitment, Ithaca Energy has today declared a first interim dividend for 2026 of $255 million, equivalent to $0.1542 per share, payable in September 2026. The dividend reflects the Group's strong financial performance, robust cash flow generation and confidence in the outlook for the remainder of the financial year. The Group continues to reaffirm its FY 2026 dividend commitment to return 30% of post-tax cash flow from operations (CFFO) to shareholders with management upgrading its FY 2026 dividend guidance range to $500-530 million from $470–520 million.

The 2026 interim dividend also reflects the refreshed capital allocation policy introduced alongside the Group's FY 2025 results. Under the revised framework, the Group transitioned to an equal dividend payment schedule, with approximately 50% of the annual dividend distributed following the half-year results and 50% following the full-year results, replacing the previous one-third/two-thirds distribution structure. This approach provides shareholders with a more balanced distribution profile while maintaining the flexibility to support the Group's investment programme and growth ambitions.

Improved FY 2026 outlook

The Group enters the second half of 2026 from a position of significant strength, supported by continued strong operational momentum, disciplined capital allocation and successful execution across its organic and inorganic growth strategy. Performance in H1 has strengthened confidence in the outlook for the remainder of the year and provides a solid platform for long-term value creation.

Against this backdrop, management provides updates to its previously provided guidance ranges for full year 2026:

- **FY 2026 production guidance range reaffirmed at 120-130 kboe/d**, reflecting robust asset production performance in H1 continuing into the second half of the year
- **FY 2026 net operating cost guidance range reduced to $800–840 million from $820–860 million**, normalised using USD:GBP exchange rate of 1.35, representing an improved opex per barrel cost of between $17/boe and $19/boe and reflecting ongoing strict cost management
- **FY 2026 net producing asset capital cost guidance range reaffirmed at $600-700 million**, normalised using USD:GBP exchange rate of 1.35 (excludes pre-FID projects and Rosebank development).
- **FY 2026 net Rosebank project capital cost guidance range reduced to $250-280 million from $280-320 million**, reflecting the rephasing of drilling activity and associated costs from 2026 into 2027, including the final FPSO commissioning scopes
- **FY 2026 net decommissioning cost guidance range of $170-210 million reaffirmed**, based on USD:GBP exchange rate of 1.35.
- **FY 2026 cash tax guidance of $290-340 million reaffirmed**
- **FY 2026 dividend guidance range upgraded to $500-530 million from $470-520 million**

Scale. Stability. Strength.

Summary of financial results

Financial key performance indicators (KPIs)

	H1 2026	H1 2025
Adjusted EBITDAX[1] ($m)	**1,121.4**	1,117.0
Profit before taxation ($m)	**493.8**	513.4
Adjusted net income[1] ($m)	**127.7**	128.7
Profit/(loss) for the period ($m)	**127.0**	(217.5)
Basic EPS (cents)	**7.7**	(13.2)
Net cash flow from operating activities ($m)	**954.6**	1,004.6
Unit operating expenditure[1] ($/boe)	**18.0**	17.5

	H1 2026	Q4 2025
Available liquidity[1] ($m)	**1,871.4**	1,470.1
Adjusted net debt[1] ($m)	**1,018.7**	1,258.2
Pro forma leverage ratio[1]	**0.49x**	0.56x

Other KPIs

	H1 2026	H1 2025
Total production (kboe/d)	**128**	124
Tier 1 and 2 process safety events	**0**	0
Serious injury and fatality frequency	**0**	0

1 Non-GAAP measure – details of non-GAAP measures are set out on pages 44 to 46.

A reconciliation between profit/(loss) for the period and adjusted net income is set out on page 19.

Financial performance: revenue, costs and adjusted EBITDAX

Adjusted EBITDAX[2] is a key measure of operational performance delivery in the business and amounted to $1,121 million (H1 2025: $1,117 million), mainly reflecting the higher production and higher commodity prices partly offset by commodity hedging losses.

Movement in oil and gas inventory was a charge of $108 million (H1 2025: credit of $99 million), reflecting a decrease in net underlift volumes.

Average recognised oil prices for H1 2026 were $83/boe for oil and gas before hedging results and $69/boe after hedging results (H1 2025: $71/boe for oil and gas before hedging results and $72/boe after hedging results).

During the period, operating costs net of restructuring costs, tanker costs and tariff income were $419 million (H1 2025: $391 million). The increase in unit operating expenditure reflects H1 2025 benefitting from higher credits under annual cost sharing arrangements than H1 2026.

Adjusted EBITDAX analysis

	H1 2026		H1 2025		FY 2025	
Production	**kboe/d**	**mmboe**	kboe/d	mmboe	kboe/d	mmboe
Oil	61	11	67	12	61	22
Gas	61	11	51	9	52	19
Condensate	6	1	6	1	6	2
Total production	**128**	**23**	124	22	119	43
Revenues[1]	**$/boe**	**$m**	$/boe	$m	$/boe	$m
Oil revenue	89	1,133	71	756	70	1,534
Gas revenue	76	801	71	611	63	1,117
Condensate revenue	49	53	48	47	44	81
Oil and gas hedging (losses)/gains and other revenue	(12)	(300)	1	23	4	184
Total	**73**	**1,687**	64	1,437	67	2,916
Movement in oil and gas inventory	(5)	(108)	4	99	–	12
Tanker costs	(1)	(14)	–	(11)	–	(20)
Stella royalties	–	–	–	(1)	–	(2)
Total value from production	**67**	**1,565**	68	1,524	67	2,906
Costs						
Operating costs excluding tanker costs and net of tariff income	(18)	(419)	(17)	(391)	(19)	(817)
Administration expenses excluding restructuring costs	(1)	(26)	(1)	(19)	(1)	(43)
Foreign exchange gains/(losses)	–	1	–	3	–	(15)
Other operating costs in arriving at adjusted EBITDAX	(19)	(444)	(18)	(407)	(20)	(875)
Adjusted EBITDAX[2]	**48**	**1,121**	50	1,117	47	2,031

1 Revenues in the above table exclude principally tariff income and premium payments on oil and gas derivative instruments.
2 Non-GAAP measure.

Adjusted EBITDAX to profit before taxation

	H1 2026 $m	H1 2025 $m
Adjusted EBITDAX	**1,121.4**	1,117.0
Depletion, depreciation and amortisation (DDA)	**(483.6)**	(438.9)
Impairment reversals/(charges) on development and production assets	**4.6**	(30.2)
Exploration and evaluation expenses	–	(0.1)
Finance income	**5.2**	2.7
Finance costs	**(157.3)**	(129.8)
Oil and gas put premiums	**(0.1)**	(0.1)
Restructuring costs	**(7.6)**	(6.9)
Fair value remeasurements of contingent consideration	**(3.4)**	(14.6)
Revaluation of derivative contracts	**14.6**	14.3
Profit before taxation	**493.8**	513.4

DDA charges were $483.6 million (H1 2025: $438.9 million). The period-on-period increase was principally due to the higher production.

Impairment charges on development and production assets was a credit of $4.6 million (H1 2025: charge of $30.2 million), principally reflecting decommissioning cost estimate changes on assets which have ceased production.

Exploration and evaluation expenses amounted to $nil (H1 2025: $0.1 million).

Finance costs were $157.3 million (H1 2025: $129.8 million) with the increase principally due to the senior notes due 2031 which were issued in Q3 2025.

Restructuring costs of $7.6 million (H1 2025: $6.9 million) were incurred on the cessation of production in the Greater Stella Area and the Alba field.

Fair value remeasurements of contingent consideration was a charge of $3.4 million (H1 2025: $14.6 million), mainly due to an updated view by management of the likelihood of certain milestones being achieved.

Revaluation of derivative financial instruments was a credit of $14.6 million (H1 2025: credit of $14.3 million), principally reflecting the revaluation of commodity hedges partly offset by the revaluation of forex collar contracts.

Financial performance: profit/(loss) for the period and adjusted net income

	H1 2026 $m	H1 2025 $m
Profit before taxation	**493.8**	513.4
Taxation charge	**(366.8)**	(730.9)
Profit/(loss) for the period	**127.0**	(217.5)
Impairment (reversals)/charges on development and production assets	**(4.6)**	30.2
Tax charge/(credit) on impairment (reversals)/charges	**3.6**	(13.1)
Restructuring costs	**7.6**	6.9
Tax credit on restructuring costs	**(5.9)**	(5.4)
One-off, non-cash deferred tax charge on two-year extension of the 38% EPL tax rate to 31 March 2030	–	327.6
Adjusted net income[1]	**127.7**	128.7

1 Non-GAAP measure.

Taxation charge

The taxation charge for the period was $366.8 million (H1 2026: $730.9 million) with the reduction mainly due to the one-off charge of $327.6 million in H1 2025 due to the substantive enactment of the two-year extension of EPL to 31 March 2030.

Earnings per share (EPS)

Basic EPS was 7.7 cents (H1 2025: loss of 13.2 cents) and adjusted basic EPS was also 7.7 cents (H1 2025: 7.8 cents). Adjusted basic EPS eliminates items which distort period-on-period comparisons such as impairment charges on development and production assets, restructuring costs and the tax effect of such items.

Shares in issue

As at 30 June 2026, there were 1,653.7 million (H1 2025: 1,653.7 million) shares in issue. The weighted average number of shares during the period for EPS calculations, excluding shares held by the Employee Benefit Trust, was 1,651.7 million (H1 2025: 1,648.1 million).

Dividends

A third interim dividend for 2025 of $199.8 million was paid during the period (H1 2025: third interim dividend for 2024 of $199.3 million).

Financial position: assets/liabilities/equity

	30 June 2026 $m	31 December 2025 $m
Total assets	**8,816.8**	8,447.0
Total liabilities	**(6,402.7)**	(5,875.2)
Net assets and shareholders' equity	**2,414.1**	2,571.8

Assets

At 30 June 2026, total assets amounted to $8,816.8 million (31 December 2025: $8,447.0 million), and comprised current assets of $1,346.5 million (31 December 2025: $1,152.5 million) and non-currents assets of $7,470.3 million (31 December 2025: $7,294.5 million). The increase in total assets was primarily due to:

- Cash and cash equivalents being $401.3 million higher due to strong cash generation and the net proceeds of the bond tap;
- Deferred tax assets have increased by $229.6 million principally due to tax on favourable cash flow hedge movements which go through the statement of comprehensive income;
- Trade and other receivables are $101.6 million higher mainly due to higher commodity prices; partly offset by:
- Derivative financial instruments assets being $262.0 million lower due to higher commodity prices compared to 31 December 2025; and
- Property, plant and equipment is $88.0 million lower as the depreciation charge for the period and changes in decommission cost estimates exceeded the fixed asset addition for the period.

Liabilities

At 30 June 2026, total liabilities amounted to $6,402.7 million (31 December 2025: $5,875.2 million) including decommissioning provisions of $2,985.0 million (31 December 2025: $3,081.9 million) and gross borrowings of $1,598.1 million (31 December 2025: $1,421.8 million). The increase in total liabilities during the period was primarily because of:

- Derivative financial instrument liabilities were $271.2 million higher due to higher commodity prices;
- Gross borrowings were $176.3 million higher mainly due to the net proceeds of the bond tap;
- Current tax payable increased by $117.1 million as the charge for H1 was greater than cash tax payments including the $78 million group relief payment to Eni S.p.A.;
- Trade and other payables increased by $71.9 million principally due to higher capital expenditure accuals and increased overlift due primarily to higher commodity prices; partly offset by:
- Decommissioning liabilities were $96.9 million lower mainly because of the decommissioning spend in the period as downward revisions to cost estimates largely offset the accreciation for H1 2026; and
- Contingent and deferred consideration liabilities were $71.2 million lower principally due to payments made in the period.

Equity and reserves

At 30 June 2026, total equity and reserves amounted to $2,414.1 million (31 December 2025: $2,571.8 million). The reduction in equity and reserves during the period was primarily due to dividends paid of $199.8 million and unfavourable hedging reserve movements of $96.1 million, partly offset by the profit for the period of $127.0 million.

Financial position: cash

	H1 2026 $m	H1 2025 $m
Opening cash	**170.1**	165.1
Operating cash flows	**954.6**	1,004.6
Investing cash flows	**(416.7)**	(539.5)
Financing cash flows	**(137.6)**	(198.8)
Foreign exchange	**1.0**	7.2
Net cash flow	**401.3**	273.5
Closing cash	**571.4**	438.6
Undrawn borrowing facilities	**1,300.0**	790.0
Available liquidity	**1,871.4**	1,228.6

Operating cash flows

Net cash from operating activities amounted to $954.6 million (H1 2025: $1,004.6 million), with the reduction mainly due to higher tax payments partly offset by higher production.

Investing cash flows

Cash flow used in investing activities amounted to $416.7 million (H1 2025: $539.5 million), reflecting net capital expenditure of $352.3 million (H1 2025: $364.1 million), driven mainly by the Captain well campaign, drilling on Cygnus and continued investment in Rosebank as the project moves towards completion. In addition, payments of contingent and deferred consideration amounted to $77.7 million (H1 2025: $131.6 million), reflecting the Siccar payment in respect of Rosebank phase 1 and the final payment for the Cygnus acquisition.

Financing cash flows

Cash outflow from financing activities of $137.6 million (H1 2025: $198.8 million) with interest costs and lease payments of $120.0 million (H1 2025: $59.5 million) and the payment of the third interim dividend for 2025 of $199.8 million (H1 2025: third interim dividend for 2024 of $199.3 million), partly offset by the net proceeds of the Bond tap of $182.1 million. Amounts drawn on the RBL facility were repaid during the period (H1 2025: net drawdown of $60.0 million).

Cash balances were $571.4 million (H1 2025: $438.6 million) at the end of H1 2026 and available liquidity was $1,871.4 million (H1 2025: $1,228.6 million).

Going concern

Based on their assessment of the Group's financial position over the period to 30 September 2027, the Directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements. Further details are set out in note 3.

Derivative financial instruments

Derivative financial instruments are utilised to manage commodity price risk in a substantive financial hedging programme for future oil and gas production volumes. As at 30 June 2026, the following hedges were in place:

	H2 2026	2027	2028
Oil			
Volume hedged (mmboe)	10.2	17.4	4.0
Weighted average floor hedged price ($/bbl)	59	60	64
Gas			
Volume hedged (mmboe)	6.9	13.4	1.9
Weighted average floor hedged price (p/therm)	82	78	85

Principal risks and uncertainties

The Group faces various risks that could result in events or circumstances that might threaten our business model, future performance, liquidity, solvency or reputation. Not all of these risks are completely within the control of the business and the Group may be affected by risks that have yet to manifest themselves or are not reasonably foreseeable at the present time.

For those identified risks, the Group has mitigation strategies to minimise the likelihood of the risk and reduce the impact as far as is practicable. Depending on the nature of the risk, the Group may elect to take or tolerate risk, treat risk with mitigating actions, transfer risk to third parties, or eliminate risk by ceasing certain operations or activities.

The Directors have reviewed the principal risks and uncertainties facing the Group and have concluded that those facing the Group for the remaining six months of the current financial year are unchanged from the risks set out in the 2025 Annual Report and Accounts. In reaching this conclusion, the Directors considered changes in the internal and external environment during the intervening period which could threaten the Group's business model, future performance, liquidity, solvency or reputation.

The principal risks and uncertainties are as follows:

- Major HSE incident;
- Cyber security breach;
- Access to capital;
- Capital project execution;
- Commodity price volatility;
- Production delivery issues;
- Energy transition and Net Zero delivery;
- Workforce recruitment and retention;
- Supply chain capacity and capability;
- Governmental regulatory, political and fiscal; and
- Major compliance breach.

Details of these principal risks and how they are being managed are set out on pages 76 to 83 of the 2025 Annual Report and Accounts.

Subsequent events
The first interim dividend for 2026 of $255 million, or $0.1542 per ordinary share, will be paid on 24 September 2026 to shareholders on the register on 4 September 2026.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge:

- Condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as contained within United Kingdom adopted IFRS;
- Half-yearly results statement includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- Half-yearly results statement includes a fair review of the information required by DTR 4.2.8R (disclosure of material related parties' transactions and changes therein) as set out in note 18.

By order of the Board,

Iain C S Lewis
Director
18 August 2026

Independent review report to Ithaca Energy plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2026 which comprises:

- the condensed consolidated statement of profit or loss;
- the condensed consolidated statement of comprehensive income;
- the condensed consolidated statement of financial position;
- the condensed consolidated statement of changes in equity;
- the condensed consolidated statement of cash flows; and
- the related notes 1 to 19 to the condensed consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2026 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however, future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
18 August 2026

Unaudited condensed consolidated statement of profit or loss

For the three and six months ended 30 June

	Note	Three months ended 30 June		Six months ended 30 June	
		2026 $m	2025 $m	**2026 $m**	2025 $m
Revenue	4	**795.4**	745.5	**1,674.1**	1,452.9
Other income	4	**15.7**	0.9	**18.9**	1.1
Revenue and other income		**811.1**	746.4	**1,693.0**	1,454.0
Cost of sales	5	**(508.5)**	(496.9)	**(1,038.0)**	(762.2)
Gross profit		**302.6**	249.5	**655.0**	691.8
Impairment reversals/(charges) on oil and gas assets		**4.6**	(29.2)	**4.6**	(30.2)
Exploration and evaluation expenses		**–**	–	**–**	(0.1)
Administrative expenses		**(13.1)**	(11.8)	**(25.7)**	(21.9)
Other gains	6	**13.9**	1.1	**12.0**	0.9
Profit from operations before taxation, finance income and finance costs		**308.0**	209.6	**645.9**	640.5
Finance income	7	**2.7**	1.0	**5.2**	2.7
Finance costs	7	**(79.6)**	(64.4)	**(157.3)**	(129.8)
Profit before taxation		**231.1**	146.2	**493.8**	513.4
Taxation	12	**(171.4)**	(105.1)	**(366.8)**	(730.9)
Profit/(loss) for the period		**59.7**	41.1	**127.0**	(217.5)

Earnings per share (EPS)	Note	Three months ended 30 June		Six months ended 30 June	
		2026 $m	2025 $m	**2026 $m**	2025 $m
Basic	8	**3.6**	2.5	**7.7**	(13.2)
Diluted	8	**3.6**	2.5	**7.6**	(13.2)

The results above are entirely derived from continuing operations.

The accompanying notes on pages 32 to 43 are an integral part of the condensed consolidated financial statements.

Unaudited condensed consolidated statement of comprehensive income

For the three and six months ended 30 June

	Note	Three months ended 30 June		Six months ended 30 June	
		2026 $m	2025 $m	**2026 $m**	2025 $m
Profit/(loss) for the period		**59.7**	41.1	**127.0**	(217.5)
Items that may be reclassified to profit and loss					
Fair value (losses)/gains on cash flow hedges	16	**611.4**	156.4	**(404.6)**	282.5
Fair value (losses)/gains on cost of hedging	16	**107.9**	39.3	**(60.0)**	87.2
Fair value gains/(losses) on investments in listed oil and gas shares		**(12.4)**	–	**8.7**	–
Deferred tax credit/(charge) on cash flow hedges, cost of hedging and fair value through OCI reserve movements	12	**(550.5)**	(152.6)	**368.4**	(288.4)
Other comprehensive (expense)/income		**156.4**	43.1	**(87.5)**	81.3
Total comprehensive income/(expense) for the period		**216.1**	84.2	**39.5**	(136.2)

The accompanying notes on pages 32 to 43 are an integral part of the financial statements.

Unaudited condensed consolidated statement of financial position
As at 30 June 2026 and 31 December 2025

	Note	2026 $m	2025 $m
Assets			
Current assets			
Inventories		**192.1**	253.4
Other financial assets		**–**	11.3
Trade and other receivables	9	**457.2**	355.6
Decommissioning reimbursements	9	**64.7**	64.9
Prepayments		**43.0**	29.4
Derivative financial instruments	17	**18.1**	267.8
Cash and cash equivalents		**571.4**	170.1
		1,346.5	1,152.5
Non-current assets			
Goodwill		**1,343.9**	1,338.8
Exploration and evaluation assets	10	**639.7**	606.0
Property, plant and equipment	11	**4,657.5**	4,745.5
Deferred tax assets	12	**591.6**	362.0
Investments in listed oil and gas shares		**55.7**	49.0
Decommissioning reimbursements	9	**100.7**	99.7
Derivative financial instruments	17	**81.2**	93.5
		7,470.3	7,294.5
Total assets		**8,816.8**	8,447.0
Liabilities and equity			
Current liabilities			
Borrowings	13	**(17.9)**	(14.1)
Trade and other payables		**(682.2)**	(610.3)
Other provisions		**(23.8)**	(7.6)
Current tax payable		**(434.0)**	(316.9)
Decommissioning liabilities	14	**(245.6)**	(328.0)
Lease liabilities		**(70.7)**	(59.1)
Contingent and deferred consideration	15	**(95.0)**	(111.1)
Derivative financial instruments	17	**(202.8)**	(9.3)
		(1,772.0)	(1,456.4)

Unaudited condensed consolidated statement of financial position continued

As at 30 June 2026 and 31 December 2025

	Note	2026 $m	2025 $m
Non-current liabilities			
Borrowings	13	**(1,580.2)**	(1,407.7)
Decommissioning liabilities	14	**(2,739.4)**	(2,753.9)
Lease liabilities		**(81.8)**	(53.1)
Other provisions		**(6.2)**	(3.6)
Contingent and deferred consideration	15	**(144.8)**	(199.9)
Derivative financial instruments	17	**(78.3)**	(0.6)
		(4,630.7)	(4,418.8)
Total liabilities		**(6,402.7)**	(5,875.2)
Net assets		**2,414.1**	2,571.8
Shareholders' equity			
Share capital		**20.0**	20.0
Share premium		**308.8**	308.8
Merger reserve		**852.8**	852.8
Capital contribution reserve		**181.9**	181.9
Own shares		**(1.4)**	(4.7)
Share-based payment reserve		**20.6**	21.3
Cash flow hedge reserve		**(19.6)**	64.3
Cost of hedging reserve		**(6.3)**	6.0
Fair value through OCI reserve		**18.4**	10.7
Retained earnings		**1,038.9**	1,110.7
Total equity		**2,414.1**	2,571.8

The accompanying notes on pages 32 to 43 are an integral part of the financial statements.

Approved on behalf of the Board on 18 August 2026:

Iain C S Lewis
Director

Unaudited condensed consolidated statement of changes in equity

For the six months ended 30 June

	Share capital $m	Share premium $m	Merger reserve $m	Capital contribution reserve $m	Own shares $m	Share-based payment reserve $m	Cash flow hedge reserve $m	Cost of hedging reserve $m	Fair value through OCI reserve $m	Retained earnings $m	Total $m
Balance at 1 January 2025	20.0	308.8	852.8	181.9	(9.6)	18.8	(15.7)	(9.1)	–	1,692.5	3,040.4
Dividends paid	–	–	–	–	–	–	–	–	–	(199.3)	(199.3)
Share-based payments	–	–	–	–	2.0	0.8	–	–	–	–	2.8
Comprehensive income for the period:											
Loss for the period	–	–	–	–	–	–	–	–	–	(217.5)	(217.5)
Other comprehensive income	–	–	–	–	–	–	62.1	19.2	–	–	81.3
Total comprehensive income/(expense) for the period	–	–	–	–	–	–	62.1	19.2	–	(217.5)	(136.2)
Balance at 30 June 2025	20.0	308.8	852.8	181.9	(7.6)	19.6	46.4	10.1	–	1,275.7	2,707.7
Balance at 1 January 2026	20.0	308.8	852.8	181.9	(4.7)	21.3	64.3	6.0	10.7	1,110.7	2,571.8
Dividends paid	–	–	–	–	–	–	–	–	–	**(199.8)**	**(199.8)**
Share-based payments	–	–	–	–	**3.3**	**(0.7)**	–	–	–	–	**2.6**
Recycling of gain on disposal of listed oil and gas shares	–	–	–	–	–	–	–	–	**(1.0)**	**1.0**	–
Comprehensive income for the period:											
Profit for the period	–	–	–	–	–	–	–	–	–	**127.0**	**127.0**
Other comprehensive income/(expense)	–	–	–	–	–	–	**(83.9)**	**(12.3)**	**8.7**	–	**(87.5)**
Total comprehensive income/(expense) for the period	–	–	–	–	–	–	**(83.9)**	**(12.3)**	**8.7**	**127.0**	**39.5**
Balance at 30 June 2026	**20.0**	**308.8**	**852.8**	**181.9**	**(1.4)**	**20.6**	**(19.6)**	**(6.3)**	**18.4**	**1,038.9**	**2,414.1**

The accompanying notes on pages 32 to 43 are an integral part of the financial statements.

Unaudited condensed consolidated statement of cash flows
For the three and six months ended 30 June

	Note	Three months ended 30 June 2026 $m	Three months ended 30 June 2025 $m	Six months ended 30 June 2026 $m	Six months ended 30 June 2025 $m
Cash provided by/(used in) operating activities:					
Profit before tax		**231.1**	146.2	**493.8**	513.4
Adjustments for:					
Depletion, depreciation and amortisation	11	**261.3**	216.3	**483.6**	438.9
Exploration and evaluation expenses			–	**–**	0.1
Impairment (reversals)/charges on oil and gas assets		**(4.6)**	29.2	**(4.6)**	30.2
Fair value remeasurements of contingent consideration	6	**3.0**	10.6	**3.4**	14.6
Loan fee amortisation	7	**3.2**	2.6	**6.4**	5.3
Fair value gains on derivatives	16	**(17.2)**	(8.9)	**(14.6)**	(14.3)
Accretion on deferred consideration and decommissioning liabilities less accretion on decommissioning reimbursements	7	**33.6**	30.3	**65.7**	65.5
Finance costs	7	**42.8**	31.5	**85.2**	59.0
Finance income	7	**(2.7)**	(1.0)	**(5.2)**	(2.7)
Unrealised foreign exchange		**(3.1)**	(6.2)	**(7.2)**	(7.2)
Changes in provisions		**10.3**	–	**27.4**	–
Movements in cash flow hedges not yet settled		**(65.5)**	–	**63.8**	–
Other non-cash income		**(3.1)**	–	**(6.1)**	–
Share-based payment expenses		**1.1**	1.5	**2.6**	2.8
Decommissioning expenditure	14	**(81.2)**	(26.4)	**(101.3)**	(54.8)
Decommissioning reimbursements net of taxation[1]	9	**2.6**	5.5	**4.0**	9.8
Operating cash flows before movements in working capital		**411.6**	431.2	**1,096.9**	1,060.6
Decrease/(increase) in inventories		**56.5**	52.6	**51.3**	(87.5)
(Increase)/decrease in trade and other receivables		**157.2**	7.4	**(118.5)**	(12.2)
Increase/(decrease) in trade and other payables		**(95.9)**	75.6	**30.6**	66.2
Operating cash flows		**529.4**	566.8	**1,060.3**	1,027.1
Taxation and group relief payments		**(0.3)**	0.1	**(110.6)**	(21.7)
Settlements of foreign exchange and commodity derivative financial instruments		**–**	1.4	**–**	(3.5)
Finance income		**2.4**	1.0	**4.9**	2.7
Net cash from operating activities		**531.5**	569.3	**954.6**	1,004.6

1 Comparative amounts for the three months to 30 June 2025 of $5.5 million and the six months to 30 June 2025 of $9.8 million were included in the line '(increase)/decrease in trade and other receivables' in the H1 2025 Report.

Unaudited condensed consolidated statement of cash flows continued

For the three and six months ended 30 June

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Cash used in investing activities:				
Capital expenditure	**(148.6)**	(185.7)	**(375.8)**	(364.1)
Third-party contribution to field development	**–**	–	**23.5**	–
Acquisition of businesses and subsidiary undertakings	**–**	–	**–**	(20.3)
Other proceeds from/(investments in) listed oil and gas shares	**2.0**	(23.5)	**2.0**	(23.5)
Decrease in other financial assets	**–**	–	**11.3**	–
Deferred consideration payments	**(9.7)**	–	**(9.7)**	(130.0)
Contingent consideration payments	**–**	(0.3)	**(68.0)**	(1.6)
Net cash used in investing activities	**(156.3)**	(209.5)	**(416.7)**	(539.5)
Cash used in financing activities:				
Dividends paid	**(199.8)**	(199.3)	**(199.8)**	(199.3)
Payments for lease liabilities (principal)	**(20.7)**	(5.4)	**(41.1)**	(10.6)
Drawdown of RBL loan	**–**	60.0	**100.0**	60.0
Repayment of RBL loan	**(100.0)**	–	**(100.0)**	–
Net proceeds of bond tap	**182.1**		**182.1**	
Bank and bond interest and charges	**(66.7)**	(40.3)	**(78.9)**	(48.9)
Net cash used in financing activities	**(205.0)**	(185.0)	**(137.6)**	(198.8)
Currency translation differences relating to cash	**2.3**	6.2	**1.0**	7.2
Increase in cash and cash equivalents	**172.5**	181.0	**401.3**	273.5
Cash and cash equivalents, beginning of period	**398.9**	257.6	**170.1**	165.1
Cash and cash equivalents, end of period	**571.4**	438.6	**571.4**	438.6

The accompanying notes on pages 32 to 43 are an integral part of the financial statements.

1. General information

Ithaca Energy plc (the Group or Ithaca Energy), is a public Company, limited by shares, incorporated and domiciled in the UK and is a Group involved in the development and production of oil and gas in the North Sea. The Group's registered office is 33 Cavendish Square, London, United Kingdom, W1G 0PP.

2. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with United Kingdom adopted International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated financial statements for the six months ended 30 June 2026 do not include all the information required for a full annual report and do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The condensed consolidated financial statements for the three and six months ended 30 June 2026 are not audited but have been reviewed by the auditor whose review report is set out on page 24. The accounting policies adopted in the preparation of the H1 2026 condensed consolidated financial statements are consistent with those adopted and disclosed in the Group's 2025 Annual Report and Accounts. Comparative information for the year ended 31 December 2025 has been taken from the statutory accounts for that year, a copy of which has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis and did not contain any statements under section 498(2) or (3) of the Companies Act 2006. A number of amendments to existing standards and interpretations were effective from 1 January 2026 but there was no impact on the H1 2026 condensed consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated financial statements are presented in US Dollars as this is the functional currency of the business. All values are presented in millions ($m) rounded to one decimal place, except when otherwise indicated.

In terms of segmental reporting, the Group currently operates a single class of business being oil and gas exploration, development and production and related activities in a single geographical area, being presently the North Sea. The Group's segmental reporting structure remained in place for all periods presented and is consistent with the way in which the Group's activities are reported to the Board and to the Chief Decision Making Officer. The Group's activities are considered to represent an individual operating segment due to the to the activities of the Group being homogeneous and such operations existing in a single geographical area that is governed by the same regulations.

These H1 2026 condensed consolidated financial statements are to be read in conjunction with Ithaca Energy's Annual Report and Accounts for the year ended 31 December 2025, which contains additional accounting policy disclosures.

3. Accounting policies

Basis of measurement

The condensed consolidated financial statements have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial assets and financial liabilities (under IFRS) to fair value, including derivative instruments. Historical cost is generally based on the fair value consideration given in exchange for the assets or liabilities.

Going concern

Management closely monitors the funding position of the Group including monitoring compliance with covenants and available facilities to ensure sufficient headroom is maintained to fund operations. Management have considered a number of risks applicable to the Group that may have an impact on the Group's ability to continue as a going concern. Short-term and long-term cash forecasts are prepared on a weekly and quarterly basis respectively along with any related sensitivity analysis. This allows proactive management of any business risk including liquidity risk.

The Directors consider the preparation of the condensed consolidated financial statements on a going concern basis to be appropriate. This is due to the following key factors:

- Continuing robust commodity price backdrop and a well hedged portfolio over the next 24 months;
- Reserves Based Lending (RBL) liquidity headroom of $1,300 million undrawn, plus $571 million of cash at the end of June 2026; and
- Strong operational performance and a well-diversified portfolio.

Cash flow forecast – base case assumptions:		H2 2026	Q1 to Q3 2027
Average oil price	$/bbl	72	71
Average gas price	p/th	108	90
Average hedged oil price (including floor price for zero cost collars)	$/bbl	61	63
Average hedged gas price (including floor price for zero cost collars)	p/th	90	80

Owing to the ongoing fluctuations in commodity demand and price volatility, management prepared sensitivity analysis to the forecasts and applied a number of plausible downside scenarios, including decreases in production of 10%, reduced sales prices of 20% and increases in operating and capital expenditures of 10%. Management aggregated these scenarios to create a reasonable combined worst-case scenario. The sensitivity analysis showed that, without any consideration of the mitigation strategies within management's control, there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fell due. Further mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable operating cost savings in the low production scenario. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity to continue trading throughout the period to 30 September 2027.

Notwithstanding the Group having net current liabilities at 30 June 2026 of $425.5 million (31 December 2025: $303.9 million), the Group has material liquidity capacity under existing borrowing facilities and the current derivative liabilities of $202.8 million is largely linked to oil and gas production revenues in the next 12 months.

Based on their assessment of the Group's financial position in the period to 30 September 2027, the Directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. Accounting policies continued

Use of judgements and estimates

In preparing these H1 2026 condensed consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty are the same as those described on pages 183 to 185 of the Group's 2025 Annual Report and Accounts. Judgements and estimates made in assessing the impact of climate change and the energy transition have not changed for the H1 2026 consolidated condensed financial statements. Details of these are set out on pages 176 and 177 of the 2025 Annual Report and Accounts.

The only critical accounting judgements applied in the preparation of the H1 2026 condensed consolidated financial statements is as to whether or not there have been indications of impairment in respect of the Rosebank field.

Management has reviewed the pre-tax carrying value of the Rosebank field of $1,001 million or post-tax $524 million (31 December 2025: pre-tax $872 million or post-tax $450 million). Although the first phase of the Rosebank development had been sanctioned by the NSTA, it was subject to Judicial Review proceedings. On 30 January 2025, the Court of Session ruled that this consent had been unlawfully given in relation to the sanctioning of the Rosebank field development and that a new consent application would be required, which included Scope 3 emissions. It did, however, permit the project to progress as planned whilst this new consent is sought from the Regulators but that no oil could be extracted without this new consent. The Group continues to target receipt of the required regulatory approvals by the end of 2026, supporting the first oil schedule.

Whilst the outcome of the Judicial Review could be construed as an indicator of impairment, management has no reason to believe that this further consent will not be forthcoming, and further management believe that the most likely outcome will be that the further consent will be granted and that the project will continue. Although a recent equipment handling incident has halted drilling, it is not anticipated that it will impact on first oil which is still expected in the first half of 2027. As a result, no impairment charge is required.

4. Revenue

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Oil sales	**563.6**	436.8	**1,132.7**	756.2
Gas sales	**433.2**	256.3	**800.6**	610.6
Condensate sales	**26.6**	14.2	**53.0**	47.4
Total revenue from contracts with customers	**1,023.4**	707.3	**1,986.3**	1,414.2
Realised (losses)/gains on oil derivative contracts	**(203.8)**	16.4	**(285.4)**	20.9
Realised (losses)/gains on gas derivative contracts	**(32.0)**	15.2	**(42.0)**	2.3
Premium payments on gas derivative contracts	**–**	(0.1)	**(0.1)**	(0.1)
Tariff income	**3.2**	6.7	**6.4**	15.6
Other revenue[1]	**4.6**	–	**8.9**	–
Total revenue from production activities	**795.4**	745.5	**1,674.1**	1,452.9
Other income[2]	**15.7**	0.9	**18.9**	1.1
	811.1	746.4	**1,693.0**	1,454.0

1 Other revenue comprises amouts recoverable from partners related to lease obligations.
2 Other income primarily comprises proceeds from insurance claims and claims made for historic R&D expenditure credits.

The majority of payment terms are on a specified monthly date, as detailed in the initial contract. Otherwise, payment is due within 30 days of the invoice date. No significant judgements have been made in determining the timing of satisfaction of performance obligations, the transactions price and the amounts allocated to performance obligations. Other income relates to tariff income receivable in the period.

Revenue from three customers (30 June 2025: two customers) exceeds 10% of the Group's consolidated revenue arising from hydrocarbon sales for the six months ended 30 June 2026, representing $878 million, $644 million and $266 million, respectively (six months ended 30 June 2025: $953 million and $435 million, respectively).

Revenue from contracts with customers derives largely from customers within a single geographical region, being the United Kingdom. Revenue from contracts with customers outwith the United Kingdom is immaterial and is therefore not disclosed separately.

Notes to the consolidated financial statements continued

5. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Movement in oil and gas inventory	**(26.2)**	(61.6)	**(107.7)**	99.1
Operating costs of hydrocarbon activities	**(221.0)**	(218.6)	**(446.4)**	(421.4)
Royalties	**–**	(0.4)	**(0.3)**	(1.0)
Depreciation on right-of-use assets (note 11)	**(22.3)**	(6.1)	**(44.4)**	(11.2)
Depletion, depreciation and amortisation (note 11)	**(239.0)**	(210.2)	**(439.2)**	(427.7)
	(508.5)	(496.9)	**(1,038.0)**	(762.2)

Royalty costs represent 3.34% of Stella and Harrier field revenue paid to the original licence holders. Ithaca Energy holds a 100% interest in the Stella and Harrier fields.

6. Other gains and losses

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Gains on financial instruments (note 16)	**17.2**	8.8	**14.6**	12.4
Fair value remeasurements of contingent consideration	**(3.0)**	(10.6)	**(3.4)**	(14.6)
Net foreign exchange gains/(losses)	**(0.3)**	2.9	**0.8**	3.1
	13.9	1.1	**12.0**	0.9

7. Finance costs and finance income

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Loan interest and charges	**(14.2)**	(15.7)	**(28.2)**	(27.7)
Senior notes interest	**(25.5)**	(15.1)	**(51.2)**	(30.1)
Loan fee amortisation	**(3.2)**	(2.6)	**(6.4)**	(5.3)
Interest on lease liabilities	**(3.1)**	(0.7)	**(5.8)**	(1.2)
Accretion[1]	**(33.6)**	(30.3)	**(65.7)**	(65.5)
Total finance costs	**(79.6)**	(64.4)	**(157.3)**	(129.8)
Finance income	**2.7**	1.0	**5.2**	2.7

1 Accretion on deferred consideration and decommissioning liabilities less accretion on decommissioning reimbursements.

During the six months to 30 June 2026, $6.8 million of interest was capitalised into qualifying assets (six months to 30 June 2025: $4.9 million).

8. Earnings per share

The calculation of basic earnings per share is based on the profit after tax and the weighted average number of ordinary shares in issue during the period. Basic and diluted earnings per share are calculated as follows:

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Earnings for the period				
Earnings for the purpose of basic and diluted earnings per share	**59.7**	41.1	**127.0**	(217.5)
Number of shares (million)				
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,651.7**	1,648.1	**1,651.7**	1,648.1
Dilutive potential ordinary shares	**12.6**	13.9	**12.6**	13.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,664.3**	1,662.0	**1,664.3**	1,662.0
Earnings per share (cents)				
Basic	**3.6**	2.5	**7.7**	(13.2)
Diluted	**3.6**	2.5	**7.6**	(13.2)

9. Trade and other receivables and decommissioning reimbursements

Current	**30 June 2026 $m**	31 December 2025 $m
Trade receivables	**6.3**	10.9
Other receivables	**3.1**	6.3
Joint operations receivables	**121.3**	111.5
Accrued income	**326.5**	226.9
	457.2	355.6

Materially all trade and other receivables, including receivables from joint operations are not overdue by more than 90 days. The credit risk associated with trade receivables, accrued income and other receivables is considered to be insignificant. No ECL has been recognised in the current period or prior year. Accrued income mainly comprises amounts due, but not yet invoiced, for the sale of oil and gas.

9. Trade and other receivables and decommissioning reimbursements continued

Non-current	30 June 2026 $m	31 December 2025 $m
Decommissioning reimbursements	**100.7**	99.7

Current	2026 $m	2025 $m
Decommissioning reimbursements	**64.7**	64.9

Movements on decommissioning reimbursements were as follows:	30 June 2026 $m	31 December 2025 $m
Balance at beginning of period	**164.6**	167.4
Accretion net of tax at 30%	**2.8**	6.2
Reimbursements received	**(4.0)**	(25.3)
Change in reimbursement estimates net of tax and adjusted for movements on related contingent consideration	**2.0**	16.3
Balance at end of period	**165.4**	164.6

The decommissioning reimbursements represent the equal and opposite of decommissioning liabilities (note 14), net of tax, associated with the Heather and Strathspey fields and relates to a contractual agreement as part of the CNSL acquisition. As part of the terms of the acquisition of what is now Ithaca Oil and Gas Limited (IOGL), Chevron have the obligation to provide the security and remain financially responsible for the decommissioning obligations of IOGL in relation to these interests. The Group pays the liabilities in respect of Heather and Strathspey and then receives full reimbursement from Chevron.

As these payments are virtually certain, they have been accounted for under IAS 37 as a reimbursement asset.

10. Exploration and evaluation assets

	$m
At 1 January 2025	612.5
Additions	45.9
Change in decommissioning estimates	(2.2)
Revisions to 2024 business combinations	(23.9)
Transfers to development and production assets (note 11)	(24.2)
Write-offs/relinquishments	(2.1)
At 31 December 2025 and 1 January 2026	606.0
Additions	**33.7**
At 30 June 2026	**639.7**

The transfers from exploration and evaluation assets to development and production assets in 2025 relates to the Jocelyn South well. The principal component of exploration and evaluation assets at 30 June 2026 is the Cambo field with a pre-tax carrying value of $426 million (31 December 2025: $415 million).

11. Property, plant and equipment

Additions to right-of-use assets in the period to 30 June 2026 and the year to 31 December 2025 principally relate to modifications to the Rosebank FPSO and will begin to be depreciated on commencement of production. The related lease will commence on delivery of the FPSO to the joint venture partners at first oil, which is currently anticipated to be in the first half of 2027. Additions to right-of-use assets in the year to 31 December 2025 also included a drilling rig for Cygnus, a decommissioning vessel for Alba and a two-year extension to a supply vessel contract.

Other fixed assets include buildings, computer equipment, office equipment and furniture and fittings.

	Right-of-use operating assets $m	Development and production assets $m	Other fixed assets $m	Total $m
Cost				
At 1 January 2025	311.1	9,512.8	48.1	9,872.0
Additions	244.0	723.2	8.2	975.4
Business combinations	–	249.4	–	249.4
Transfers from exploration and evaluation assets (note 10)	–	24.2	–	24.2
Change in decommissioning estimates	–	160.5	–	160.5
At 31 December 2025 and 1 January 2026	555.1	10,670.1	56.3	11,281.5
Additions	**153.8**	**293.1**	**6.9**	**453.8**
Change in decommissioning estimates	–	**(58.2)**	–	**(58.2)**
At 30 June 2026	**708.9**	**10,905.0**	**63.2**	**11,677.1**
Depletion, depreciation, amortisation and impairment				
At 1 January 2025	(112.3)	(5,537.9)	(33.4)	(5,683.6)
Depletion, depreciation and amortisation charge for the year	(44.9)	(788.2)	(7.5)	(840.6)
Impairment charge	(3.6)	(8.2)	–	(11.8)
At 31 December 2025 and 1 January 2026	(160.8)	(6,334.3)	(40.9)	(6,536.0)
Depletion, depreciation and amortisation charge for the period	**(44.4)**	**(435.8)**	**(3.4)**	**(483.6)**
At 30 June 2026	**(205.2)**	**(6,770.1)**	**(44.3)**	**(7,019.6)**
Net book value at 31 December 2025	394.3	4,335.8	15.4	4,745.5
Net book value at 30 June 2026	**503.7**	**4,134.9**	**18.9**	**4,657.5**

The transfers from exploration and evaluation assets to development and production assets in 2025 relates to the Jocelyn South well following successful commencement of production. At the point of transfer, the Jocelyn South assets were tested for impairment and the recoverable amount exceeded the carrying value of the well.

Notes to the consolidated financial statements continued

12. Taxation

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Current tax				
Current corporation tax (charge)/credit	**0.5**	(6.6)	**(12.6)**	(55.7)
Current EPL tax charge	**(111.3)**	(72.8)	**(226.9)**	(261.4)
True-up in respect of prior years	**8.6**	(0.7)	**6.1**	(0.7)
Total current tax charge in condensed consolidated statement of profit or loss	**(102.2)**	(80.1)	**(233.4)**	(317.8)
Deferred tax				
True-up in respect of prior years	**(6.6)**	18.0	**4.3**	18.0
Group tax charge in condensed consolidated statement of profit or loss	**(61.8)**	(60.8)	**(134.0)**	(448.9)
Deferred tax charge in condensed consolidated statement of profit or loss	**(68.4)**	(42.8)	**(129.7)**	(430.9)
Group tax credit/(charge) in condensed consolidated statement of other comprehensive income	**(550.5)**	(152.6)	**368.4**	(288.9)
Total deferred tax credit/(charge)	**(618.9)**	(195.4)	**238.7**	(719.3)
Deferred Petroleum Revenue Tax (PRT)				
Deferred PRT (charge)/credit in condensed consolidated statement of profit or loss	**(1.0)**	17.8	**(3.7)**	17.8
Total tax charge through condensed consolidated statement of profit or loss	**(171.4)**	(105.1)	**(366.8)**	(730.9)

The Company is UK tax resident. The effective rate of tax applicable for UK ring fence oil and gas activities in both 2026 and 2025 was 40% (excluding the Energy Profits Levy), consisting of a Ring Fence Corporation Tax rate of 30% and the supplementary charge of 10%. Items affecting the tax charge include interest income taxed at non-oil and gas tax rate of 25%, true-ups in respect of prior years resulting from filing of prior year tax returns and Supplementary Charge. In addition, investment allowance, a 62.5% uplift on capital expenditure, is available reducing the profits subject to the supplementary charge only. Petroleum Revenue Tax (PRT) is applied at 0% on certain oil and gas fields in the UK, however, adjustments to recognised deferred PRT assets are made to reflect updated expectations of reversal against profits subject to the 0% PRT rate. The Energy Profits Levy of 35% originally applied up to 31 March 2028. On 6 March 2024, it was announced that EPL would be extended by one year to 31 March 2029 and on 29 July 2024, it was announced that there would be a further extension to March 2030 and that the rate would increase from 35% to 38% from 1 November 2024. The extension to 31 March 2030 was substantively enacted on 3 March 2025 and resulted in a deferred tax charge of $327.6 million in the year to 31 December 2025. As part of the Autumn 2025 Budget, it was announced that the EPL would be replaced by a permanent revenue-based oil and gas price mechanism and, on 13 July 2026, draft legislation was released setting out the proposed Oil and Gas Revenue Levy (OGRL). The OGRL will apply only during periods of high prices and will be charged at a levy rate of 35% on exceptional oil and gas revenues, calculated by reference to receipts attributable to oil and gas disposals that exceed the relevant

12. Taxation continued

reference price thresholds (announced as $90 per barrel for oil and 90p per therm for gas, with those thresholds to be adjusted annually in line with CPI inflation). The OGRL is expected to be implemented in a future Finance Bill and to come into force on 1 April 2030, or earlier if the Energy Security Investment Mechanism (ESIM) is triggered. On the basis that the proposed OGRL is calculated by reference to exceptional revenues rather than taxable profits, it is not expected to meet the definition of an income tax under IAS 12. Accordingly, no deferred tax asset or liability is expected to arise in respect of the levy. If the OGRL had been substantively enacted by the balance sheet date, there would have been no material impact on the financial statements of the Group.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the 40% statutory rate of tax applicable for UK ring fence oil and gas activities as follows:

	Three months ended 30 June		Six months ended 30 June	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Accounting profit before tax	**231.1**	146.2	**493.8**	513.4
At tax rate of 40% (2024: 40%)	**(92.4)**	(58.5)	**(197.5)**	(205.4)
Non-deductible expense	**(4.1)**	(8.2)	**(4.1)**	(12.7)
Financing costs not allowed for SCT	**(2.7)**	(1.8)	**(6.0)**	(5.1)
Ring Fence Expenditure Supplement	**–**	5.8	**–**	8.3
Deferred tax effect of investment allowance	**3.4**	11.1	**9.4**	22.0
True-up in respect of prior years	**2.0**	17.4	**10.3**	17.4
Deferred PRT net of corporation tax	**(0.4)**	10.6	**(2.2)**	10.6
Deferred tax on EPL	**42.5**	3.3	**66.4**	(291.6)
Current tax on EPL	**(111.3)**	(72.8)	**(226.9)**	(261.4)
Income taxed at different rates	**(8.5)**	(12.0)	**(13.8)**	(13.0)
Foreign exchange movements on current taxation	**0.1**	–	**(2.4)**	–
Total tax charge recorded in the consolidated statement of profit or loss	**(171.4)**	(105.1)	**(366.8)**	(730.9)

Deferred tax at 30 June 2026 and 31 December 2025 relates to the following:

	30 June 2026 $m	31 December 2025 $m
Deferred corporation tax liability	**(2,561.5)**	(2,953.0)
Deferred corporation tax asset	**3,017.1**	3,175.3
Deferred PRT asset	**136.0**	139.7
Net deferred tax asset	**591.6**	362.0

12. Taxation continued

Deferred tax assets primarily relate to decommissioning liabilities, brought forward tax losses and accumulated losses and profits related to derivative contracts. Deferred tax liabilities primarily relate to accelerated capital allowances on property, plant and equipment and accumulated losses and profits related to derivative contracts. Deferred tax balances are presented net as they arise in the same jurisdiction and the Group has a legally-enforceable right to offset as well as an intention to settle on a net basis. There are unrecognised deferred tax assets in relation to allowances of up to circa $76 million (31 December 2025: circa $64 million) that have no expiry date and could be recognised in future periods if future revenue from oil and gas activities increases and/or further actions are undertaken. A deferred tax asset of $210 million (31 December 2025: $72 million) associated with non-oil and gas losses and disallowed interest carried forward, of which there is no expiry date, has not been recognised for deferred tax purposes as it is not sufficiently certain that there will be future non-oil and gas profits to offset these losses.

The net movement on deferred tax in the statement of financial position, including deferred PRT, is as follows:

	30 June 2026 $m	31 December 2025 $m
Balance at beginning of period	**362.0**	1,224.2
Condensed consolidated statement of profit or loss charge	**(133.4)**	(561.0)
Other comprehensive income credit/(charge)	**368.4**	(336.9)
Deferred tax on decommissioning reimbursements	**0.8**	16.9
Business combinations	**(6.2)**	18.8
Balance at end of period	**591.6**	362.0

The net movement on deferred tax through the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income, excluding PRT, relates to the following:

	6 months ended 30 June 2026 $m	6 months ended 30 June 2025 $m
Accelerated capital allowances	**126.2**	(315.0)
Tax losses	**(211.7)**	(147.8)
Decommissioning provision	**(39.6)**	23.5
Deferred PRT	**1.5**	(7.2)
Hedging[1]	**352.8**	(299.1)
Other timing differences	**0.1**	(3.8)
Investment allowances	**9.4**	30.1
	238.7	(719.3)

1 Hedging relates to deferred tax on derivatives designated in cash flow hedges and used for economic hedges.

12. Taxation continued

Gross deferred corporation tax liabilities	Hedges $m	Other timing differences $m	Deferred corporation tax on deferred PRT $m	Accelerated tax depreciation $m	Total $m
At 1 January 2025	–	–	(56.8)	(2,140.7)	(2,197.5)
Business combinations	–	–	–	(92.5)	(92.5)
True-up in respect of prior years	–	(3.8)	6.0	(9.1)	(6.9)
Origination and reversal of temporary differences	(348.3)	–	(5.0)	(396.6)	(749.9)
Reclassification from deferred corporation tax assets	93.8	–	–	–	93.8
At 31 December 2025 and 1 January 2026	(254.5)	(3.8)	(55.8)	(2,638.9)	(2,953.0)
True-up in respect of prior years	–	–	–	**21.9**	**21.9**
Origination and reversal of temporary differences	–	–	**1.4**	**113.7**	**115.1**
Reclassification to deferred corporation tax assets	**254.5**	–	–	–	**254.5**
At 30 June 2026	**–**	**(3.8)**	**(54.4)**	**(2,503.3)**	**(2,561.5)**

Gross deferred corporation tax assets	Share schemes $m	Decommissioning provision $m	Other provisions $m	Tax losses $m	Hedges $m	Total $m
At 1 January 2025	4.9	1,039.9	21.4	2,119.6	93.8	3,279.6
Business combinations	–	57.0	(21.4)	75.7	–	111.3
True-up in respect of prior years	–	–	–	14.5	–	14.5
Origination and reversal of temporary differences	0.8	113.8	–	(250.7)	–	(136.3)
Reclassification to deferred corporation tax liabilities	–	–	–	–	(93.8)	(93.8)
At 31 December 2025 and 1 January 2026	5.7	1,210.7	–	1,958.9	–	3,175.3
True-up in respect of prior years	–	–	–	**(12.7)**	**(4.2)**	**(16.9)**
Business combinations/equity	–	–	–	**(6.2)**	**367.7**	**361.5**
Origination and reversal of temporary differences	–	**(38.8)**	**0.1**	**(199.0)**	**(10.6)**	**(248.3)**
Reclassification from deferred corporation tax liabilities	–	–	–	–	**(254.5)**	**(254.5)**
At 30 June 2026	**5.7**	**1,171.9**	**0.1**	**1,741.0**	**98.4**	**3,017.1**

12. Taxation continued

Deferred PRT asset	Total $m
At 1 January 2025	142.1
True-up in respect of prior years	(14.8)
Origination and reversal of temporary differences	12.4
At 31 December 2025 and 1 January 2026	139.7
Origination and reversal of temporary differences	**(3.7)**
At 30 June 2026	**136.0**

The carrying value of the net deferred tax asset (DTA) and the deferred PRT asset at 30 June 2026 of $456 million and $136 million, respectively (31 December 2025: $222 million and $140 million, respectively), are supported by estimates of the Group's future taxable income, based on the same price and cost assumptions as used for impairment testing. The Group has undertaken and will undertake further restructuring exercises to move certain assets between Group entities. Existing restructuring exercises have now been substantially completed. The recoverability of the deferred corporation tax asset is supported by this restructuring. The DTA relating to losses within the Group are expected to unwind against taxable profits before the end of 2031.

On 20 June 2023, Finance (No. 2) Act 2023 was substantially enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for all accounting periods starting on or after 31 December 2023. The adoption of this has not had a material impact as the prevailing rate of tax in the United Kingdom is in excess of the 15% minimum rate. The Group has applied the exemption under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes and, therefore, there is no impact on the tax values reported.

13. Borrowings

	30 June 2026 $m	31 December 2025 $m
Current		
Accrued interest costs on borrowings	**(31.3)**	(26.9)
Unamortised short-term bank fees	**7.4**	7.3
Unamortised short-term senior notes fees	**6.0**	5.5
Total current borrowings	**(17.9)**	(14.1)
Non-current		
Accrued interest costs on borrowings	**(25.6)**	(18.8)
Senior unsecured notes 2029	**(750.0)**	(750.0)
Senior unsecured notes 2031	**(690.2)**	(528.3)
Project capital expenditure facility	**(150.0)**	(150.0)
Unamortised long-term bank fees	**17.1**	20.6
Unamortised long-term senior notes fees	**18.5**	18.8
Total non-current borrowings	**(1,580.2)**	(1,407.7)

Details of covenants under the RBL are set out in note 20 to the 2025 Annual Report and Accounts. The Group was in compliance with all financial covenants relating to the RBL in all periods presented.

14. Decommissioning liabilities

	30 June 2026 $m	31 December 2025 $m
Balance at beginning of period	(3,081.9)	(2,655.1)
2024 business combinations and revisions	–	(17.2)
Business combination additions in 2025	–	(125.4)
Accretion	(68.5)	(124.9)
Additions and revisions to estimates	64.1	(266.5)
Decommissioning provision utilised	101.3	107.2
Balance at end of period	(2,985.0)	(3,081.9)
Current		
Balance at beginning of period	(328.0)	(152.7)
Balance at end of period	(245.6)	(328.0)
Non-current		
Balance at beginning of period	(2,753.9)	(2,502.4)
Balance at end of period	(2,739.4)	(2,753.9)

The total future decommissioning liability represents the estimated cost to decommission, in situ or by removal, the Group's net ownership interest in all wells, infrastructure and facilities, based upon forecast timing in future periods. The Group uses a nominal discount rate of 4.06% for the first five years and 4.91% thereafter (31 December 2025: 3.74% for the first five years and 4.75% thereafter) and an inflation rate of 2.0% (31 December 2025: 2.0%) over the varying lives of the assets to calculate the present value of the decommissioning liabilities. In both 2026 and 2025 revisions to estimates were due to changes in both cost estimates and discount rate assumptions.

The estimated 2026 H2 and 2027 H1 decommissioning spend of $246 million (31 December 2025: estimated 2026 decommissioning spend of $328 million) which includes $52 million (31 December 2025: $93 million) for assets that are subject to reimbursement, has been treated as a current liability as at 30 June 2026. Although the Group currently expects to incur decommissioning costs over the next 40 years, it is estimated that approximately 34% (31 December 2025: 36%) of the decommissioning liability relates to assets which are expected to cease production in the next five years and includes spend for assets that will be reimbursed (see note 9 for further details).

A reduction or an increase in the nominal discount rate used of 1% would increase or decrease the decommissioning liabilities by approximately $292 million and $253 million, respectively (31 December 2025: $300 million and $260 million, respectively).

15. Contingent and deferred consideration

Current	30 June 2026 $m	31 December 2025 $m
Contingent consideration	(61.7)	(68.0)
Deferred consideration payable to related-party for business combination	(33.3)	(32.6)
Deferred consideration in respect of Cygnus	–	(10.5)
	(95.0)	(111.1)

Non-current	30 June 2026 $m	31 December 2025 $m
Contingent consideration	(128.8)	(184.3)
Deferred consideration payable to related-party for business combination	(16.0)	(15.6)
	(144.8)	(199.9)

	31 June 2026 $m	31 December 2025 $m
Cash flows relating to contingent and deferred considerations	(77.7)	(235.6)

Movement in contingent consideration is as follows:

	30 June 2026 $m	31 December 2025 $m
Balance at beginning of period	(252.3)	(240.5)
Payments made	68.0	1.6
Changes in fair value	(6.3)	(13.4)
Balance at end of period	(190.6)	(252.3)

Movement in deferred consideration is as follows:

	30 June 2026 $m	31 December 2025 $m
Balance at beginning of period	(58.7)	(272.7)
Additions from business combinations	–	(10.5)
Payments made	9.7	234.0
Accretion and changes in fair value	(0.3)	(9.5)
Balance at end of period	(49.3)	(58.7)

Cash outflows in H1 2026 of $77.7 million (H1 2025: $131.6 million) are in relation to Siccar contingent consideration in respect of Rosebank phase 1 and the final payment for the Cygnus acquisition.

Fair value remeasurements of contingent consideration in H1 2026 relate principally to management's regular reassessment of the likelihood of certain milestones and certain other events occurring.

16. Financial instruments

Details of valuation methodologies are set out on page 205 of the 2025 Annual Report and Accounts.

All of the Group's assets are pledged as security against borrowings.

The accounting classification of each category of financial instruments and their carrying amounts as at 30 June 2026 are set out below:

	Measured at amortised cost $m	Mandatorily measured at fair value through profit or loss $m	Derivatives designated in hedge relationships $m	Measured at fair value through other comprehensive income $m	Total carrying amount $m
Financial assets					
Cash and cash equivalents	**571.4**	–	–	–	**571.4**
Trade and other receivables[1]	**461.1**	–	–	–	**461.1**
Investments	–	–	–	**55.7**	**55.7**
Derivative financial instruments	–	**3.3**	**95.9**	–	**99.2**
Financial liabilities					
Borrowings	**(1,598.1)**	–	–	–	**(1,598.1)**
Trade and other payables[2]	**(581.1)**	–	–	–	**(581.1)**
Lease liabilities	**(152.4)**	–	–	–	**(152.4)**
Contingent and deferred consideration	**(49.2)**	**(190.6)**	–	–	**(239.8)**
Derivative financial instruments	–	**(5.9)**	**(276.9)**	–	**(282.8)**
					(1,666.8)

1 Excluding VAT receivable.
2 Excluding deferred income, inventory overlift and bonus/holiday pay accruals.

16. Financial instruments continued

The accounting classification of each category of financial instruments and their carrying amounts as at 31 December 2025 are set out below:

	Measured at amortised cost $m	Mandatorily measured at fair value through profit or loss $m	Derivatives designated in hedge relationships $m	Measured at fair value through other comprehensive income $m	Total carrying amount $m
Financial assets					
Cash and cash equivalents	170.1	–	–	–	170.1
Other financial assets	11.3	–	–	–	11.3
Trade and other receivables[1]	355.6	–	–	–	355.6
Investments	–	–	–	49.0	49.0
Derivative financial instruments	–	8.4	352.9	–	361.3
Financial liabilities					
Borrowings	(1,421.7)	–	–	–	(1,421.7)
Trade and other payables[2]	(503.8)	–	–	–	(503.8)
Lease liabilities	(112.2)	–	–	–	(112.2)
Contingent and deferred consideration	(58.7)	(252.3)	–	–	(311.0)
Derivative financial instruments	–	–	(9.9)	–	(9.9)
					(1,411.3)

1 Excluding VAT receivable.
2 Excluding deferred income, inventory overlift and bonus/holiday pay accruals.

The following table presents the Group's material financial instruments measured at fair value for each hierarchy level as at 30 June 2026:

	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
Investments	**55.7**	–	–	**55.7**
Contingent consideration (note 15)	–	–	**(190.6)**	**(190.6)**
Derivative financial instrument asset	–	**47.8**	–	**47.8**
Derivative financial instrument liability	–	**(1,026.7)**	–	**(1,026.7)**

16. Financial instruments continued

Movements in level 3 contingent consideration in the six months to 30 June 2026 were as follows:

	$m
At 1 January 2026	(252.3)
Payments made	**68.0**
Fair value remeasurements	**(6.3)**
30 June 2026	**(190.6)**

Movements in level 1 investments in the six months to 30 June 2026 were as follows:

	$m
At 1 January 2026	49.0
Fair value remeasurements and disposals	**6.7**
30 June 2026	**55.7**

The following table presents the Group's material financial instruments measured at fair value for each hierarchy level as at 31 December 2025:

	Level 1 $m	Level 2 $m	Level 3 $m	Total fair value $m
Investments	49.0	–	–	49.0
Contingent consideration (note 15)	–	–	(252.3)	(252.3)
Derivative financial instrument asset	–	361.3	–	361.3
Derivative financial instrument liability	–	(9.9)	–	(9.9)

Movements in level 3 financial instruments in the 12 months to 31 December 2025 were as follows:

	$m
At 1 January 2025	(239.3)
Fair value remeasurements	(13.0)
31 December 2025	(252.3)

Movements in level 1 investments in the 12 months to 31 December 2025 were as follows:

	$m
At 1 January 2025	–
Additions	38.3
Fair value remeasurements	10.7
31 December 2025	49.0

16. Financial instruments continued

Level 3 contingent consideration is valued on a discounted cash flow basis with the key inputs being commodity prices, the probability of certain future events occurring ('trigger events') and the discount rate.

The forecast cash flows are discounted at a rate of 6.93% (31 December 2025: 6.53%).

The following table summarises the sensitivity of the Group's profit before tax due to changes in the carrying value of level 3 financial instruments at the reporting date resulting from a 20% change in the probability of a trigger event occurring, risking of project and conditions being met for payment of contingent consideration, with all other variables held constant. The impact on equity is the same as the impact on profit before tax.

Change in probability	**30 June 2026 $m**	31 December 2025 $m
20% decrease in probability	**65.6**	81.8
20% increase in probability	**(62.3)**	(64.1)

The following table summarises the sensitivity of the Group's profit before tax due to changes in the carrying value of level 3 financial instruments at the reporting date resulting from a 1% decrease in discount rate, with all other variables held constant. The impact on equity is the same as the impact on profit before tax.

Change in discount rate	**30 June 2026 $m**	31 December 2025 $m
1% decrease in discount rate	**(5.3)**	(5.8)

A 1% increase in discount rate would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The following table presents the (losses)/gains on financial instruments that has been recognised in the condensed consolidated statement of profit or loss as disclosed in note 6.

	Three months ended 30 June		**Six months ended 30 June**	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Revaluation of forex forward contracts	–	8.9	–	14.3
Revaluation of forex collar contracts	**(2.3)**	–	**(4.9)**	–
Revaluation of commodity hedges	**19.5**	–	**19.5**	–
Total revaluation gains on financial instruments	**17.2**	8.9	**14.6**	14.3
Realised losses on forex forward contracts	–	(0.1)	–	(1.9)
Total gains on financial instruments (note 6)	**17.2**	8.8	**14.6**	12.4

16. Financial instruments continued

Cash flow hedge reserve

The table below presents the movement in financial instruments that has been recognised through the condensed consolidated statement of comprehensive income relating to the cash flow hedge reserve:

	Three months ended 30 June		Six months ended 30 June	
Cash flow hedge reserve	**2026 $m**	2025 $m	**2026 $m**	2025 $m
At beginning of period	**(163.2)**	12.0	**64.3**	(15.7)
Change in fair value of derivative instruments	**396.5**	196.0	**(718.2)**	313.0
Amounts recycled to revenue	**235.7**	(31.0)	**327.6**	(22.6)
Amounts recycled to operating costs	**(6.8)**	(4.5)	**(14.6)**	(3.8)
Amounts recycled to dividends	**–**	(4.1)	**–**	(4.1)
Amounts recycled to finance costs	**4.0**	–	**8.0**	–
Amounts recycled to foreign exchange gains and losses	**6.5**	–	**17.1**	–
Amounts frozen in cash flow hedge reserve	**(24.5)**	–	**(24.5)**	–
Amount per condensed consolidated statement of comprehensive income	**611.4**	156.4	**(404.6)**	282.5
Deferred tax on movement in period	**(467.8)**	(122.0)	**320.7**	(220.4)
Cash flow hedge reserve at 30 June	**(19.6)**	46.4	**(19.6)**	46.4

Cost of hedging reserve

The table below presents the movement in financial instruments that has been disclosed through the condensed consolidated statement of comprehensive income relating to the cost of hedging reserve:

	Three months ended 30 June		Six months ended 30 June	
Cost of hedging reserve	**2026 $m**	2025 $m	**2026 $m**	2025 $m
At beginning of period	**(31.5)**	1.4	**6.0**	(9.1)
Change in fair value of the intrinsic value of derivative instruments	**106.9**	39.2	**(61.1)**	87.1
Amounts recycled to revenue - premium payments on gas derivative contracts	**–**	0.1	**0.1**	0.1
Amounts frozen in cost of hedging reserve	**1.0**	–	**1.0**	–
Amount per condensed consolidated statement of comprehensive income	**107.9**	39.3	**(60.0)**	87.2
Deferred tax on movement in period	**(82.7)**	(30.6)	**47.7**	(68.0)
Cost of hedging reserve at 30 June	**(6.3)**	10.1	**(6.3)**	10.1

17. Derivative financial instruments

The net carrying amount of each category of derivative is set out below:

	30 June 2026 $m	31 December 2025 $m
Oil swaps – cash flow hedge	**(67.1)**	65.3
Oil collars – cash flow hedge	**(46.7)**	26.1
Oil collars – non-cash flow hedge	**(5.9)**	–
Gas swaps – cash flow hedge	**(26.0)**	95.2
Gas collars – cash flow hedge	**(48.8)**	113.7
FX forwards – cash flow hedge	**4.4**	10.5
FX collars – cash flow hedge	**25.8**	41.3
FX collars – non-cash flow hedge	**3.3**	8.4
Cross-currency interest rate swaps	**(20.8)**	(9.1)
	(181.8)	351.4

Maturity analysis of derivative financial instruments	**30 June 2026 $m**	31 December 2025 $m
Non-current assets	**81.2**	93.5
Current assets	**18.1**	267.8
Non-current liabilities	**(78.3)**	(0.6)
Current liabilities	**(202.8)**	(9.3)
	(181.8)	351.4

Derivative financial instruments that are with counterparties included within the RBL are subject to Master Netting Agreements, this includes the majority of the Group's derivative financial instruments as at 30 June 2026 and 31 December 2025.

The terms of the Master Netting Arrangements create a legally enforceable right of offset that comes into effect only on the occurrence of a specified event of default or termination event or other events not expected to happen in the normal course of business. Although the Group has the ability to net settle certain transactions with certain counterparties where an election has been made, this is not considered to be significant at either 30 June 2026 or 31 December 2025. Accordingly, the Group has not offset any derivatives balances in the statement of financial position in any of the periods presented.

18. Related-party transactions

The immediate parent undertaking is DKL Energy Limited (incorporated in Jersey), which owns 50.5% (31 December 2025: 50.5%) of the issued share capital of Ithaca Energy plc. The registered office address of DKL Energy Limited is 47 Esplanade, St Helier, JE1 0BD, Jersey.

Eni UK Limited, an indirect wholly-owned subsidiary of Eni S.p.A., owns 35.9% (31 December 2025: 35.9%) of the issued share capital of Ithaca Energy plc.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no material changes to related-party transactions or balances with Eni S.p.A. since 31 December 2025, with the exception of:

- Revenue from sales of hydrocarbons was $644 million (H1 2025: $435 million) in the six months to 30 June 2026.
- A group relief payment of $78 million was made in the six months to 30 June 2026 in relation to tax payable up to the date of the business combination.

Further details of related-party transactions are set out in note 32 of the 2025 Annual Report and Accounts.

The ultimate parent of the Group is Delek Group Limited (incorporated in Israel), a Group with direct and indirect activities in the fields of energy, finance and real estate which is listed on the Tel Aviv Stock Exchange.

There were no related-party transactions with Delek Group Limited in either the period ended 30 June 2026 or the period ended 30 June 2025.

19. Subsequent events

The first interim dividend for 2026 of $255 million, or $0.1542 per ordinary share, will be paid on 24 September 2026 to shareholders on the register on 4 September 2026.

Alternative performance measures

Non-GAAP measures

The Group uses certain performance metrics that are not specifically defined under United Kingdom adopted International Financial Reporting Standards or other generally accepted accounting principles. These measures are considered to be important as they track both operational and financial performance and are used to manage the business and to provide an objective comparison to Ithaca Energy's peer group. These non-GAAP measures which are presented in the Annual Report and Accounts are defined below.

Adjusted EBITDAX: earnings before finance income, finance costs, taxation charges, revaluation gains or losses on financial instruments, depletion depreciation and amortisation, impairment charges on oil and gas assets, exploration and evaluation expenditure, fair value remeasurements of contingent consideration and restructuring costs. The Group believes that adjusted EBITDAX is a useful measure for stakeholders because it is a measure closely tracked by management to evaluate the Group's operating performance and to make financial, strategic and operating decisions and because it may help stakeholders to better understand and evaluate, in the same manner as management, the underlying trends in the Group's operational performance on a comparable basis, period-on-period. Adjusted EBITDAX is reconciled to profit/(loss) after tax as follows:

	Six months ended 30 June	
	2026 $m	2025 $m
Profit/(loss) after tax	**127.0**	(217.5)
Taxation charge (note 12)	**366.8**	730.9
Depletion, depreciation and amortisation (note 11)	**483.6**	438.9
Impairment (reversals)/charges on oil and gas assets	**(4.6)**	30.2
Finance income (note 7)	**(5.2)**	(2.7)
Finance costs (note 7)	**157.3**	129.8
Premium payments on oil and gas derivative contracts (note 4)	**0.1**	0.1
Revaluation gains on financial instruments (note 16)	**(14.6)**	(14.3)
Restructuring costs	**7.6**	6.9
Exploration and evaluation expenses (note 10)	**–**	0.1
Fair value remeasurements of contingent consideration (note 6)	**3.4**	14.6
Adjusted EBITDAX	**1,121.4**	1,117.0

Adjusted net income: profit/(loss) after tax excluding impairment charges on oil and gas assets, restructuring costs and the tax effects of these items where applicable and non-cash deferred tax charges on changes in EPL. Adjusted net income, which is presented as it eliminates items which distort period-on-period comparisons, is reconciled to profit/(loss) after tax as follows:

	Six months ended 30 June	
	2026 $m	2025 $m
Profit/(loss) after tax	**127.0**	(217.5)
Impairment (reversals)/charges on oil and gas assets	**(4.6)**	30.2
Tax charge/(credit) on impairment (reversals)/charges on oil and gas assets	**3.6**	(13.1)
Restructuring costs	**7.6**	6.9
Tax credit on restructuring costs	**(5.9)**	(5.4)
Deferred tax impact of EPL changes substantively enacted during the period	**–**	327.6
Adjusted net income	**127.7**	128.7

Adjusted earnings per share (EPS): Adjusted net income divided by average shares for the period of 1,651.7 million (H1 2025: 1,648.1 million):

	Six months ended 30 June	
	2026	2025
Adjusted EPS (cents)	**7.7**	7.8

Adjusted net debt: consists of amounts outstanding under RBL facility, senior unsecured loan notes and project capital expenditure facility less cash and cash equivalents and excludes intragroup debt arrangements or liabilities represented by letters of credit and surety bonds. Adjusted net debt, which also excludes accrued interest on borrowings, lease liabilities and unamortised fees, is comprised of:

	30 June 2026 $m	31 December 2025 $m
Senior unsecured notes 2029	**(750.0)**	(750.0)
Senior unsecured notes 2031	**(690.1)**	(528.3)
Project capital expenditure facility	**(150.0)**	(150.0)
Cash and cash equivalents	**571.4**	170.1
Adjusted net debt	**(1,018.7)**	(1,258.2)

Pro forma leverage ratio: adjusted net debt at the end of the period divided by pro forma adjusted EBITDAX for the preceding 12 months. The pro forma leverage ratio is considered to be an important measure as it is indicative of the borrowing potential of the Group. The calculations are as follows:

	30 June 2026	31 December 2025
Adjusted net debt ($m)	1,018.7	1,258.2
Pro forma adjusted EBITDAX ($m)	2,073.4	2,251.2
Pro forma leverage ratio	0.49x	0.56x

Pro forma adjusted EBITDAX comprises:

	30 June 2026 $m	31 December 2025 $m
Adjusted EBITDAX year ended 31 December 2025	2,030.8	2,030.8
Adjusted EBITDAX H1 2026	1,121.4	–
Adjusted EBITDAX H1 2025	(1,117.0)	–
JAPEX and Cygnus pre-acquisition adjusted EBITDAX	38.2	220.4
	2,073.4	2,251.2

Cygnus adjusted EBITDAX for the period 1 July 2025 to 30 September 2025 was $38.2 million (31 December 2025: JAPEX adjusted EBITDAX from 1 January 2025 to 6 July 2025 of $34.7 million and Cygnus adjusted EBITDAX from 1 January 2025 to 30 September 2025 of $185.7 million).

Available liquidity: the sum of cash and cash equivalents on the balance sheet and the undrawn amounts available to the Group using existing approved third-party facilities, excluding letters of credit. Available liquidity is regarded as a key measure as it is indicative of the financial capacity of the Group. Available liquidity comprises:

	30 June 2026 $m	31 December 2025 $m
Cash and cash equivalents	571.4	170.1
Undrawn borrowing facilities	1,300.0	1,300.0
Available liquidity	1,871.4	1,470.1

Group free cash flow: net cash flow from operating activities less cash used in investing activities, adjusting for acquisition payments and deferred consideration payments, less bank and bond interest and charges and interest rate swaps. This measure is considered a useful indicator of the Group's ability to make strategic investments, repay the Group's debt and meet other payment obligations. Group free cash flow reconciles to net cash flow from operating activities as follows:

	Six months ended 30 June	
	2026 $m	2025 $m
Net cash flow from operating activities	954.6	1,004.6
Net cash used in investing activities excluding the cost of acquisitions and deferred consideration payments	(406.9)	(389.2)
Bank and bond interest and charges	(78.9)	(48.9)
Group free cash flow	468.8	566.5

Unit operating expenditure: operating costs (excluding over/underlift) including tariff expense but excluding restructuring costs, tanker costs and net of tariff income, divided by net production for the period. This measure is considered a useful indicator of ongoing operating costs and is also used to compare performance between assets. Operating costs for this calculation reconcile to note 5 as follows:

	Six months ended 30 June	
	2026	2025
Operating costs of hydrocarbon activities per note 5 ($m)	446.4	421.4
Less restructuring costs	(7.6)	(3.9)
Less tanker costs included within operating costs of hydrocarbon activities in note 5 ($m)	(13.8)	(10.6)
Less tariff income per note 4 ($m)	(6.4)	(15.6)
Operating costs used to calculate unit operating expenditure ($m)	418.6	391.3
Production (mmboe)	23.22	22.37
Unit operating expenditure ($/boe)	18.0	17.5

Other key performance indicators

DDA rate per barrel: depletion, depreciation and amortisation charge for the period divided by net production for the period. DDA per barrel was:

	Six months ended 30 June	
	2026	2025
Depletion, depreciation and amortisation per note 11 ($m)	**483.6**	438.9
Production (mmboe)	**23.22**	22.37
DDA ($/boe)	**20.8**	19.6

Production: total hydrocarbons produced related to Ithaca Energy's equity in operated and non-operated fields divided by the number of days in the period. Production in H1 2026 was 128 kboe/d (H1 2025: 124 kboe/d).

Tier 1 and 2 process safety events: process safety incidents as defined by API 465 Process Safety-Recommended Practice On Key Performance Indicators. There were no Tier 1 or 2 process safety events recorded in H1 2026 (H1 2025: 0).

Serious injury and fatality frequency: the number of serious injuries resulting in permanent impairment, as defined by IOGP, per million hours worked. There were no such incidents in H1 2026 (H1 2025: 0).

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INDEPENDENT REVIEW REPORT TO ITHACA ENERGY PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the three and six months ended 30 June 2026 which comprises:

- The condensed consolidated statement of profit or loss;
- The condensed consolidated statement of comprehensive income;
- The condensed consolidated statement of financial position;
- The condensed consolidated statement of changes in equity;
- The condensed consolidated statement of cash flows; and
- The related notes 1 to 19 to the condensed consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the three and six months ended 30 June 2026 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
18th August 2026

Deloitte LLP
5th Floor, 110 Queen Street, Glasgow
G1 3BX

Phone: +44 (0)1224 625888
www.deloitte.co.uk

18 August 2026

Ithaca Energy plc
33 Cavendish Square
London
W1G 0PP

Dear Sirs/Madams

Inclusion of Ithaca Energy plc ("the Company") financial information in Shelf Offering Report Pursuant to the Shelf Prospectus of Delek Group Ltd dated 22 May 2025:

We hereby inform you that we consent to the inclusion (including by way of reference), in the above-referenced shelf prospectus and in the shelf offering reports pursuant to such shelf prospectus for Delek Group Limited, of our reports for Ithaca Energy plc, (as a material investment of Delek Group Limited) as listed below:

- Review report of the auditor dated 18 August 2026, on the condensed consolidated financial information of the Company as of 30 June 2026 and for the six and three-month periods ended on that date;

- Review report of the auditor dated 19 May 2026, on the condensed consolidated financial information of the Company as of 31 March 2026 and for the three-month period ended on that date;

- Audit opinion dated 17 March 2026, on the consolidated financial information of the Company as of 31 December 2025; and

- Review report of the auditor dated 18 November 2025, on the condensed consolidated financial information of the Company as of 30 September 2025 and for the nine and three-month periods ended on that date.

Yours faithfully,

Deloitte LLP

Deloitte LLP

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 date 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.

Isracard Ltd. (hereinafter - "**Isracard**"), a subsidiary of the Corporation, is a credit card company, which is subject to the directives of the Banking Supervision Department regarding the assessment of the effectiveness of internal control over financial reporting. With regard to internal control in Isracard, the corporation implements Proper Conduct of Banking Business Directives 309.

In the Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the Quarterly Report for the period ended March 31, 2026 (hereinafter - the "**Most Recent Quarterly Report of Internal Control**"), the said internal controls were found to be effective.

As of the report date, no event or matter was brought to the attention of the Board of Directors and Management, which leads them to change the assessment of the effectiveness of the internal control, as presented 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 Quarterly Report 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 second quarter of 2026 (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 or not material, 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 quarterly 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.

August 18, 2026

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 interim financial reports of Delek Group Ltd. (hereinafter - the "**Corporation**") for the second quarter of 2026 (hereinafter - the "**Reports**" or the "**Reports for the Interim Period**");

(2) To 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 reporting period;

(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 Interim 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 quarterly 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.

August 18, 2026

Tamir Polikar

Executive VP & CFO

Certification by Isracard's CEO

I, Itamar Furman, certify that:

1. I have reviewed the quarterly report of Isracard Ltd. (hereinafter - the "**Company**") for the quarter ended June 30, 2026 (hereinafter - the "**Report**").

2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, which is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.

3. To my knowledge, the quarterly financial statements and other financial information included in the Financial Statements fairly represent, in all material respects, the Company's financial position, financial performance, changes in shareholders' equity and cash flows as of the dates and for the periods presented in the Financial Statements.

4. I and others at the Company signing this certification are responsible for setting and implementing controls and procedures regarding the Company's disclosure(1) and internal control over financial reporting.(1) and:

   (a) We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated corporations is brought to our attention by others in the Company and these corporations, especially during the preparation of the Report;

   (b) We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department. As stated in Note 2 to the Annual Financial Statements, the directives of the Banking Supervision Department primarily adopt US GAAP;

   (c) We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and

   (d) The Report discloses any change in the Company's internal control over financial reporting which occurred during this quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and

5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:

   (a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -

   (b) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

Bnei Brak, August 12, 2026

Itamar Furman

CEO

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management (Chapter 620).

Certification by the CFO

I, Yonatan Regev, certify that:

1. I have reviewed the quarterly report of Isracard Ltd. (hereinafter - the "**Company**") for the quarter ended June 30, 2026 (hereinafter - the "**Report**").

2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, which is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.

3. To my knowledge, the quarterly financial statements and other financial information included in the Financial Statements fairly represent, in all material respects, the Company's financial position, financial performance, changes in shareholders' equity and cash flows as of the dates and for the periods presented in the Financial Statements.

4. I and others at the Company signing this certification are responsible for setting and implementing controls and procedures regarding the Company's disclosure[(1)] and internal control over financial reporting.[(1)] and:

   (a) We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated corporations is brought to our attention by others in the Company and these corporations, especially during the preparation of the Report;

   (b) We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department. As stated in Note 2 to the Annual Financial Statements, the directives of the Banking Supervision Department primarily adopt US GAAP;

   (c) We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and

   (d) The Report discloses any change in the Company's internal control over financial reporting which occurred during this quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and

5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:

   (a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -

   (b) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

Bnei Brak, August 12, 2026

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Yonatan Regev

CFO

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(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management (Chapter 620).

Certification by the Chief Accounting Officer

I, Nir Carmon, certify that:

1. I have reviewed the quarterly report of Isracard Ltd. (hereinafter - the "**Company**") for the quarter ended June 30, 2026 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, which is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the quarterly financial statements and other financial information included in the Financial Statements fairly represent, in all material respects, the Company's financial position, financial performance, changes in shareholders' equity and cash flows as of the dates and for the periods presented in the Financial Statements.
4. I and others at the Company signing this certification are responsible for setting and implementing controls and procedures regarding the Company's disclosure[(1)] and internal control over financial reporting.[(1)] and:

   (a) We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated corporations is brought to our attention by others in the Company and these corporations, especially during the preparation of the Report;

   (b) We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department. As stated in Note 2 to the Annual Financial Statements, the directives of the Banking Supervision Department primarily adopt US GAAP;

   (c) We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and

   (d) The Report discloses any change in the Company's internal control over financial reporting which occurred during this quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:

   (a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -

   (b) Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

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

Bnei Brak, August 12, 2026

Nir Carmon

Chief Accounting Officer

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management (Chapter 620).