

Paz Oil Company Ltd. (the Company or Paz)

Immediate Report Regarding Non-Material Mergers

To:
Israel Securities Authority
www.isa.gov.il

To:
Tel Aviv Stock Exchange Ltd.
www.tase.co.il

November 19, 2025

Event Type: Immediate report regarding non-material mergers

1. Names of the Parties to the Merger and Main Points of the Merger Agreements

The Company is pleased to hereby submit an immediate report regarding the approval by the Company's Board of Directors for non-material mergers with each of the following companies, which are neither dependent upon nor related to each other: Natanya Petrol Station and Lubricant Ltd., T.C. Fueling Station Ltd., and Nativ Paz Agents Ltd. (hereinafter: the Target Companies), all being wholly owned subsidiaries of the Company, under which the Target Companies will be legally merged with and into the Company (hereinafter: the Mergers or the Merger), as well as regarding the submission of the merger proposal to the Companies Registrar.

The Mergers will take place pursuant to the provisions of the merger agreements (hereinafter: the Merger Agreements) to be signed on November 19, 2025, between the Company and the Target Companies, in accordance with the provisions of Chapter One of Part Eight in the Companies Law, 1999 (hereinafter: the Companies Law) and as per Section 103B of the Income Tax Ordinance [New Version] (hereinafter: Section 103 and the Income Tax Ordinance, respectively).

The Mergers will be completed subject to receiving approval from the Tax Authority that the Mergers meet the conditions set forth in Section 103G of the Income Tax Ordinance and will be performed tax-exempt in accordance with Section 103B of the Income Tax Ordinance (hereinafter: the Suspensive Condition). The merger proposal is attached as Annex A. According to the provisions of the Merger Agreements, upon fulfillment of the Suspensive Condition, the Mergers will be implemented as set out in Section 323 of the Companies Law.

2. Tax Implications of the Mergers for the Absorbing Company

The Company expects to submit, in the upcoming days, an application to the Tax Authority for approval to carry out the Mergers on a tax-exempt basis.

3. Merger Consideration

In light of the fact that the Company holds the entire share capital of the Target Companies, the Mergers will be implemented without any consideration to be paid by the Company.

4. Holdings of Interested Parties in the Company as a Result of the Mergers

As a result of the mergers, there should not be any changes in the holdings of interested parties in the Company. For details regarding the shareholdings of interested parties in the Company as of September 30, 2025, see the Company's immediate report dated October 20, 2025 (reference no. 2025-01-077634), incorporated herein by reference.

5. Board of Directors' Position on Whether There Is a Reasonable Concern That, Due to the Mergers, the Company Will Not Be Able to Fulfill Its Obligations to Its Creditors After the Mergers

The Company's Board of Directors has confirmed that, considering the financial condition of the merging companies, in its opinion, there is no reasonable concern that the Company will be unable to meet its obligations and/or those of the target companies to their creditors following the mergers, including its obligations to the holders of the Company's BONDS.

6. Required Approvals for the Mergers

The Board of Directors of the Company and the boards of directors of the target companies have approved the mergers, but the approval from the Tax Authority regarding the execution of the mergers on a tax-exempt basis, as stated above, has not yet been received. According to Section 320(a1)(2) of the Companies Law, the mergers do not require approval from the Company's general meeting.

The mergers are subject to the fulfillment of all other conditions for merger as detailed in Chapter One of Part Eight of the Companies Law and the receipt of merger certificates from the Companies Registrar. The Company is unable to assess when all such conditions will be met.

7. New or Expected Restrictions That Will Apply, to the Company's Knowledge, to the Absorbing Company as a Result of the Mergers

To the best of the Company's knowledge, except for compliance with the conditions of the Tax Authority's decision regarding executing the mergers tax-exempt (when received), as defined in Section 103G of the Income Tax Ordinance, the merger process is not expected to impose any new restrictions on the Company.

8. Names of Any Director, Controlling Shareholder, and Interested Party with a Personal Interest in the Mergers and the Nature of their Interest

To the best of the Company's knowledge, there are no directors and/or controlling shareholders and/or interested parties with a personal interest in the mergers, given that the target companies are wholly owned subsidiaries of the Company. It should be noted that the Company has no controlling core of shareholders.

9. Reasons Why the Mergers Are Not Material

In the Company's opinion, the mergers between the Company and the target companies are not material mergers, for the following reasons, among others:

- The mergers are between the parent company and its wholly owned subsidiaries.
- The mergers will have no impact whatsoever on the Company's asset or liability position in its consolidated financial statements, as the target companies are fully consolidated in the Company's financial statements, and will also not result in an increase in the Company's liabilities in its solo financial statements.
- The mergers do not involve any consideration to be paid by the Company and are not interdependent.

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10. The main reasons of the Board of Directors for the mergers

The purpose of carrying out the mergers is for a business and economic purpose, unified management and operation of the companies, creation of operational synergy that will lead to cost savings, and deepening and improving the abilities of supervision and control over the business operations of the merging companies.

Signed by:
Nir Stern, CEO
Anat Rothschild, Deputy CEO, Chief Legal Counsel and Company Secretary

Paz Retail and Energy Ltd.

Form 1 (Regulation 2)

To:
Registrar of Companies

(Section 326 of the Companies Law, 1999)

Please note - according to the provisions of the Companies Law, 1999, this form must be submitted online only.

(The form must be filled out with respect to each of the merging companies)

1. Names of the companies

Absorbing company: Paz Retail and Energy Ltd.;

The submitters: Target companies: Netanya Gas Station and Lubrication Ltd., Tzadik C. Gas Station Ltd., Paz Agents' Route Ltd.

Target companies: Netanya Gas Station and Lubrication Ltd.,
Tzadik C. Gas Station Ltd.,
Paz Agents' Route Ltd.

Absorbing company: Paz Retail and Energy Ltd.

State whether it is a target company or an absorbing company

2. On 19.11.25, at a duly convened meeting, the Board of Directors of the company resolved to approve the following, having determined, taking into account the financial status of the merging companies, that in its opinion, there is no reasonable concern that as a result of the merger, the absorbing company will be unable to meet its obligations to the creditors of the company.

3. Details of the merger:

Name of absorbing company: Paz Retail and Energy Ltd.

ID of absorbing company: 510216054

Name of target company: Netanya Gas Station and Lubrication Ltd.

ID of target company: 510488851

Name of target company: Tzadik C. Gas Station Ltd.

ID of target company: 512346255

Name of target company: Paz Agents' Route Ltd.

ID of target company: 510099633

Consideration to be given to shareholders in the target company (please mark V in the appropriate places and complete):

(1) (a) In shares of the absorbing company -

Total number of shares:

Total percentage of voting rights to be conferred by the shares to be allocated to the shareholders of the target company:

And on full dilution:

Number of shares allocated per each share of

[illegible]

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of the target company:

(b) In other securities of the absorbing company -

Type of security, including its terms (specify)

Number of securities to be allotted for each share of the target company

(2) In cash -

1 Specify the currency name);

In the total amount of

Amount to be paid for each share in the target company

No consideration (in view of the fact that each of the target companies is a wholly-owned subsidiary of the absorbing company, no consideration will be paid for the merger). In other consideration, not in cash or securities (specify):

(b) If the consideration is in securities of another company, specify the company name:

Type of security:

Number of securities for each share in the target company:

If the securities were not or will not be held by the absorbing company prior to the merger, specify the consideration the other company received from the absorbing company, if provided

Attached to this application are:

(a) The merger agreements or their main terms, detailed as determined by the boards of directors of the merging companies.

(b) The main reasons given by each of the boards of directors; detailed as determined by the boards of directors of the merging companies.

Name of the director authorized by the boards of directors of the target companies Netanya Gas Station and Lubrication Ltd., Tzadik C. Gas Station Ltd., Paz Agents' Route Ltd. to sign in their name:

Oron Mor I.D. 037336237

¹ If the total sum is not precisely known due to the overall number of shares, upon full dilution, in the target company being unknown, the amount should be filled in approximately.

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I hereby certify that I, Adv. Mr. Oron Mor, after warning him/her – whom I know personally or who identified him/herself to me with identity card number 037336237 – that he/she must declare the truth and that he/she will be subject to the penalties provided by law if he/she does not do so, he/she confirmed the accuracy of the above details and signed the form in my presence.

Name

ID Number

Date

Kibbutz Yakum, GREEN WORK Complex

Address

License Number

Signature of the attorney

Name of the director authorized by the board of directors of the absorbing company to sign on its behalf: Harel Locker

ID Number: 022147995

Signature:

I hereby certify that I, Adv. Mr. Harel Locker, after warning him/her – whom I know personally or who identified him/herself to me with identity card number 022147995 – that he/she must declare the truth and that he/she will be subject to the penalties provided by law if he/she does not do so, he/she confirmed the accuracy of the above details and signed the form in my presence.

Name

ID Number

Date

Kibbutz Yakum, GREEN WORK Complex

Address

License Number

Signature of the attorney