MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

2024 FINANCIAL REPORT

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A Review Report of the Auditor to the shareholders of
Mediterranean international ports A.D.G.D Ltd

Report of the Auditor to the Shareholders of Mediterranean international ports A.D.G.D Ltd

We have audited the accompanying statements of financial position of Mediterranean international ports A.D.G.D Ltd (hereinafter "the Company"), as of December 31, 2024, and 2023 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended December 31, 2024 and 2023. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in Israel, including those prescribed by the Auditors' Regulations (Auditor's mode of performance), 1973. Those standards require us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

A loan obtained from a related party was not initially recognized at fair value. Consequently, the interest expenses recorded for this period may not accurately reflect the market interest rate applicable to this loan.

In our opinion, expect for the above mentioned, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations, the changes in its equity and cash flows for the year ended on December 31, 2024 and 2023, in conformity with International Financial Reporting Standards (IFRS Accounting Standards).

We draw attention to Note 1 and to the fact that the Company's compliance with its Consortium loan covenants, as well as its ability to refinance the loan or meet its required ongoing interest payments, may be dependent on its shareholders support and other conditions. And to the management and board of directors’ assessment that the Company will have sufficient resources in the extent and timing required to meet its obligations and finance its current activities in the foreseeable future.

We also draw attention to that note regarding the potential impact of the 'Iron Swords' War on the Company's subsidiary’s operations and consequently on its ability to pay dividends to the Company.

Tel Aviv, Israel, March 17, 2025

Ziv Haft
Certified Public Accountants (Isr.)
BDO member firm

MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2024	December 31 2023
		NIS in thousands	
Current assets:			
Cash and cash equivalents		7,993	4,762
Other receivables		28	-
Dividend to receive	1	55,000	142,000
Total current assets		**63,021**	**146,762**
Non- current assets:			
Investment in HPC	1	4,036,534	4,010,250
Total non- current assets		4,036,534	4,010,250
Total assets		**4,099,555**	**4,157,012**
Current liabilities:			
Tax payables		47,441	27,609
Accrued expenses		174	186
Related parties		1,256	-
Accrued interests	4	200,910	192,880
Loan from Mizrahi, net	21, 4	1,099,872	-
Loan from Adani, net	21, 4	1,668,823	-
Total current liabilities		**3,018,476**	**220,675**
Non- current liabilities:			
Long-term loans, net	4	-	2,757,290
Total non- current liabilities		-	**2,757,290**
Equity			
Share capital		1,299,001	1,239,001
Loss		(217,922)	(59,954)
Total equity		**1,081,079**	**1,179,047**
Total liabilities and equity		**4,099,555**	**4,157,012**

Date of approval of the financial statements: March 17, 2025.

Muthukumaran Doraiswami **Director**	**Opher Linchevski** **Director**

The accompanying notes are an integral part of the financial statements.

MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

STATEMENTS OF INCOME, LOSS, AND COMPREHENSIVE INCOME

	Note	Year ended December 31 2024	Year ended December 31 2023
		NIS in thousands	
Equity profits		91,562	168,943
Operating expenses		(1,169)	(3,403)
Profit before financial expenses		90,393	165,540
Financial income		411	215
Financial expenses	4	(246,682)	(234,460)
Other costs		(1,811)	-
Financial expenses, net		(248,082)	(234,245)
Net profit (loss)		**(157,689)**	**(68,705)**
Items that will not be reclassified to the profit or loss:			
Share of investee's other comprehensive income, net of taxes		(279)	8,751
Total items that will not be reclassified to the profit or loss		(279)	8,751
Total comprehensive loss		**(157,968)**	**(59,954)**

The accompanying notes are an integral part of the financial statements.

MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

STATEMENTS OF CHANGES IN EQUITY

	Attributable to the Company's shareholders		
	NIS in thousands		
	Share capital	Retained earnings	Total
Balance of November 13, 2022	-	-	-
Net profit	-	-	-
Share of investee's other comprehensive income, net of taxes	-	-	-
Balance of December 31, 2022	-	-	-
Issue of shares	1,239,001	-	1,239,001
Loss	-	(68,705)	(68,705)
Share of investee's other comprehensive income, net of taxes	-	8,751	8,751
Balance of December 31, 2023	**1,239,001**	**(59,954)**	**1,179,047**
Issue of shares	60,000	-	60,000
Loss	-	(157,689)	(157,689)
Share of investee's other comprehensive income, net of taxes	-	(279)	(279)
Balance of December 31, 2024	**1,299,001**	**(217,922)**	**1,081,079**

The accompanying notes are an integral part of the financial statements.

MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

STATEMENTS OF CASH FLOWS

	Year ended December 31	Year ended December 31
	2024	**2023**
	NIS in thousands	
Cash flows used in operating activities:		
Net cash used in operating activities (see Appendix A below)	(9,115)	(3,059)
Net cash used in operating activities	**(9,115)**	**(3,059)**
Cash flows for investing activities:		
Acquisition of HPC	-	(3,974,556)
Net cash used in investing activities	**-**	**(3,974,556)**
Cash flows for financial activities:		
Proceeds from issue of shares	60,000	1,239,001
Dividend paid by HPC	152,000	
Receipt of long-term loans from bank, net	-	1,092,950
Repayment of interest	(199,654)	-
Receipt (repayment) of long-term loans from related party, net	-	1,650,426
Net cash provided from financing activities	**12,346**	**3,982,377**
Increase in cash and cash equivalents	3,231	4,762
Balance of cash and cash equivalents at the beginning of the period	4,762	-
Balance of cash and cash equivalents at the end of the period	**7,993**	**4,762**

The accompanying notes are an integral part of the financial statements.

MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

STATEMENTS OF CASH FLOWS

	Year ended December 31	Year ended December 31
	2024	**2023**
	NIS in thousands	
(a) Net cash from operating activities:		
loss	**(157,968)**	**(68,705)**
Adjustments in respect of income and expenses not involving cash flows:		
Financial expenses in respect of long-term loans and other liabilities - net	219,088	210,205
Equity profit from HPC	(91,284)	(168,943)
Increase (decrease) in tax payable and accruals:		
Tax payables	19,832	24,198
Other	(40)	186
Related parties	1,257	-
Net cash used in operating activities	**(9,115)**	**(3,059)**
(b) Supplementary information on investing and financing activities not involving cash flows:		
Withholding tax and VAT provision vs. loan discount	-	3,411
Dividend to receive	55,000	142,000
Share of investee’s other comprehensive income, net of taxes	(279)	8,751

The accompanying notes are an integral part of the financial statements.

NOTE 1 – GENERAL

Mediterranean International Ports A.D.G.D. Ltd. ('the Company') is a Special Purpose Company ("SPC") owned by India's Adani Ports and Special Economic Zone Limited ("APSEZ") and Israel's Gadot Chemical Terminals (1985) Ltd ("GADOT") in the ratio of 70% and 30%, respectively. The Company was formed with an intention to acquire equity shares of Haifa Port Company Ltd ("HPC") as per the Tender documents related to the Sale Process of Haifa Port Company (as described below).

On May 19, 2022, Gadot submitted, together with APSEZ an offer as part of a tender for the purchase of HPC's shares, which was conducted by virtue of the government decision (from January 2020). In January 2020 the government of Israel decided to privatize HPC and sell all the state's holdings in it 'as is' to a strategic buyer (or a group of buyers). On May 19th, 2022, APSEZ and Gadot submitted an offer as part of a tender for the purchase of HPC's shares.

On July 14, 2022, the consortium comprising APSEZ and GADOT were announced as a winner of the tender, for a total consideration of NIS 3.9 billion as detailed as follows: (a) a total of NIS 1 billion will be invested in HPC for the purpose of developing infrastructure and port equipment and other uses to strengthen the financial strength of HPC (in exchange for the allocation of its shares); and (b) a total of NIS 2.9 billion will be paid to the State of Israel in exchange for the purchase of its entire holdings (100%) in HPC's shares.

As part of the bid compliances to acquire HPC's shares, APSEZ and GADOT has formed the Company to enter into an investment and Share Purchase Agreement for HPC's shares with the State of Israel.

Gadot and APSEZ financed the amount for winning the tender (meaning NIS 3.974 billion) through the mix of debt and equity as under:

1. A capital infusion of NIS 1.239 billion by the shareholders in the ratio of their shareholding in the Company,
2. Loan of NIS 1.1 billion provided by a consortium of financiers led by Mizrahi Bank, Meitav Dash, the International Bank and Ayalon Insurance Company ("the Consortium"). The tenor of the loan is two years (Original tenor of One year with an option exercised by the Company for an extension of additional one year). At the time of sanction, the loan comprised of an interest rate of Bank of Israel interest rate plus spread of 4.25% (after one year the spread rises to 5%). As a security to this, the company has pledged 100% of its holdings in HPC. According to the loan terms, the company was required to obtain a rating for the loan from S&P Maalot (minimum credit rating of BBB-) or from Midroog (minimum credit rating of Baa3il) within 12 months after the first utilization.

3. The rest of the amount was financed through a mezzanine loan for a period of up to three years which was provided by wholly owned subsidiary of APSEZ- Adani International Ports Holdings Pte. Ltd., Singapore ("AIPH"). The loan bears interest according to the Bank of Israel interest rate plus spread of 2.15% (after one year the spread rises to 2.75%).

NOTE 1 – GENERAL (Cont.)

The completion of the transaction for the purchase of HPC's shares was subject, among other things, to the fulfillment of the following conditions: (a) the approval of the Commissioner of Competition for the purchase of the shares received on September 21, 2022; (b) the receipt of the approval of the Ministers of Finance and Transportation and Road Safety for the purchase of the shares according to the order of the Shipping and Ports Authority (declaration of essential interests for the state in the Haifa Port Company Ltd.), 2022; and (c) signing the purchase agreement and providing the amounts in respect of the winning.

The conditions were fulfilled on January 10th, 2023, and the purchase of HPC's shares was completed, and they were transferred to the ownership of the Company.

On November 29th, 2023, the Company and the Consortium signed on the first Amendment to the facility agreement in which the Consortium agreed to extend the timeline to obtain credit rating until April 10th, 2024, such that the exercise of the extension does not depend on obtaining the credit rating.

As of January 10th, 2024, the Company paid to the Consortium interest amounting to NIS 96.6 million according to the facility agreement. At the same date, the company and the Consortium signed on the second Amendment to the facility agreement which include the following:

1. APSEZ will provide to Mizrahi Bank a guarantee, limited to the sum of NIS 1.3 billion, against principal, interest and all other fees, legal costs and expenses related to the Facility ("Adani Guarantee").
2. The rate of the interest on the loan is fixed rate of 8.65% per annum.
3. Till the Company obtains a desired rating for the facility, it will ensure that Adani Guarantee remains in effect, and APSEZ maintains a corporate credit rating of at least BBB minus from S&P Global Ratings, BBB minus from Fitch Ratings, or Baa3 from Moody's Investors Services.

Both APSEZ and Gadot provided guarantees to Mizrahi bank amounting to NIS 31,771,158 and NIS 13,616,210, respectively (the difference between the dividend from HPC and the interest paid to the Consortium multiplied by 70% and 30%, respectively) ("investor Guarantee").

As of January 31st, 2024, the Company paid to AIPH a sum of NIS 101.9 million (out of NIS 103 million) regarding interest expenses (accumulated from the date the loan was provided till January 16th, 2024). The rest of the interest was paid on March 19th, 2024.

To serve the interest paid to AIPH and the Consortium, the Company raised equity capital from both Adani and Gadot (of NIS 42 million and NIS 18 million, respectively) by issuing its shares (total of 6,000,000,000 ordinary shares of the company, NIS 0.01 par value each) as of January 29th, 2024. Moreover, the Company received dividends from HPC in total amounts of NIS 142 million and NIS 10 million on January 1st, 2024 (which was declared and recognized in 2023) and on January 29th, 2024, respectively.

NOTE 1 – GENERAL (Cont.)

As of April 9th, 2024, the rating process was concluded, and the Company obtained the required credit rating of Baa3 (Midroog).

In August 2024 Midroog maintained the rating of the loan (Baa3) following the Company's steps to complete the debt restructuring. However, in November 2024, due to the tight timeline to complete the refinancing, it was difficult for Midroog to continue with the same credit rating and accordingly the rating of Midroog was withdrawn. Pursuant to this, the company was required to mandatorily repay the loan as per terms of the Facility Agreement.

In this context, the Company requested Bank Mizrahi the following:

1. To provide the company with a waiver for the mandatory payment of the loan.
2. to provide the Company with a waiver from the requirement to obtain and maintain till the final maturity date, credit rating (as required in the loan agreement).
3. to approve an extension of the final maturity date of the loan to 28 February 2025.

As of December 3, 2024, Mizrahi gave a written approval for the request and charged the Company with an amendment fees of NIS 1.1 million. Currently, the refinancing of the loan is expected to be completed on or before March 31, 2025, and the maturity date of existing loan stands extended accordingly.

On January 12, 2025, the Company paid the Consortium interest amounting to NIS 96.6 million according to the facility agreement. To pay the interest on time, both Gadot and Adani injected into the Company amount of NIS 48.09 million and NIS 112.21 million, respectively. The interest to AIPH was paid in two installments of NIS 81.84 million and NIS 31.5 million, each (on January 21, 2025, and February 5, 2025, respectively). Due to the delay in the second payment and according to the agreement with AIPH, the Company paid an additional interest of NIS 0.2 million (interest of 10.25% as of the delayed amount).

On 18 February 2025 HPC declared for distribution of dividend amounts to NIS 58 million. This dividend was paid on February 19, 2025.

It should be noted that as of October 7, 2023 An armed conflict between Hamas-led Palestinian militant groups ("Hamas") and Israeli military forces broke out following a series of surprise coordinated attacks conducted by Hamas ("the war"). On January 19, 2025, Israel and Hamas announced a ceasefire (which has been going into effect from that day).

However, the Company's management is confident that the Company will succeed in possessing a refinancing of the loan provided from the consortium and will have adequate resources, both in terms of amount and timing (by withdrawing dividends from HPC), to fulfill its obligations and sustain its ongoing operations in the foreseeable future.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of the financial statements:

The financial statements of the Company as of September 30, 2023, were prepared in accordance with IFRS and interpretations to IFRS issued by the International Financial Reporting Interpretations Committee (IFRIC).

The preparation of financial statements in conformity with IFRS requires the Company's management to make certain significant accounting estimates. It is also required that the Company management exercise discretion in the process of applying the accounting policies of the Company. Note 3 discloses those areas in which the management is required to exercise a significant degree of discretion, or which are marked by a considerable degree of complexity, as well as those areas where assumptions and estimates affect the financial statements to a considerable extent. Actual results could differ significantly from those derived from the use of estimates and assumptions by the management.

b. Investment in a subsidiary:

Subsidiaries are entities that are controlled by the Company. Control exists when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The Company applies the exemption from consolidation of its subsidiary (HPC), as all of the conditions in paragraph 4(a) of IFRS 10 are met, since the Company informed all of its shareholders, and its shareholders do not object to, the Company not presenting consolidated financial statements, its debt and equity instruments are not traded in a public market, it did not file, nor is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market, and its ultimate parent produces financial statements that are available for public use and comply with IFRSs, in which subsidiaries are consolidated in accordance with IFRS.

Instead, the financial statements of the Company's subsidiary (HPC) are included in the Company's financial statements based on the equity method according to IAS 28. Under the equity method, the investment in the subsidiary is recognized initially at cost and adjusted thereafter to recognize the Company's share (100%) of the profit or loss and other comprehensive income of the subsidiary.

The investment in the subsidiary is accounted for using the equity method from the date on which the investee becomes a subsidiary. On acquisition of the investment in the subsidiary, any excess of the cost of the investment over the Company's share (100%) of the net fair value of the identifiable assets and liabilities of the subsidiary

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

is recognized as goodwill, which is included within the carrying amount of the investment.

As of the end of the reporting period, the initial accounting for a business combination was complete.

c. Foreign currency translation:

1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (hereinafter - "the functional currency"). The financial statements are presented in NIS, which is the Company's functional and presentation currency.

2) Transactions and balances

Transactions in a currency other than the functional currency (hereinafter - foreign currency) are translated into the functional currency by using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at end-period exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

d. Impairment of non-financial assets

If there is objective evidence that the Company's investment in its subsidiary is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. If the recoverable amount of the investment is lower than its carrying amount, impairment loss is recognized. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Instead, the impairment loss is recognized for the investment as a whole. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases, but not higher than the carrying amount at which the investment would have been measured (according to the equity method) had the impairment loss was not recognized.

e. Financial assets:

1) Classification

The Company classifies its financial assets in the following measurement categories:

- Assets that are measured at fair value through profit or loss.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- Assets that are measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
Financial assets at amortized cost are financial assets held within the framework of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual terms provide entitlement on defined dates to cash flows that are only principal and interest payments in respect of the principal amount that has not been repaid yet. These assets are classified as current assets, except for maturities in respect of a period longer than 12 months after the date of the financial position statement, which are classified as non-current assets.
The financial assets at fair value through profit or loss are investments in debt instruments held for trading and derivative financial assets, and they are classified as current assets. Gains or losses due to the revaluation of these financial assets to fair value are added to the income statement.

2) Recognition and derecognition

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial assets. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Company has transferred all or most of the risks and rewards in respect of ownership of these assets.

3) Measurement

At initial recognition, the Company measures financial assets at their fair values, and in the case of a financial asset not at fair value through profit or loss, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are recorded in the statement of income. Financial assets at fair value through profit or loss are measured in subsequent periods at fair value. Financial assets at amortized cost are measured in subsequent periods at amortized cost, based on the effective interest method.

4) Impairment

The Company examines on each date of the statement of financial position whether there has been a significant increase in the credit risk of the financial asset as of its initial recognition, on an individual basis or on a company basis. Therefore, the Company compares the risk of failure of the financial instrument at the time of reporting with the risk of failure of the financial instrument at the time of the initial

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

recognition while considering all reasonable and substantiated information, including forward-looking information.

f. Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities:
The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.
The Company received a loan from AIPH (a related party) and decided not to measure it at fair value at initial recognition.

g. Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits held at call with banks with original maturities of three months or less, which are not restricted in use, and other short-term highly liquid investments.

h. Share capital

Ordinary shares of the Company are classified as equity.

i. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or in other equity accounts. In this case, the tax is also recognized in other comprehensive income or in equity, respectively.
The current income tax charge is calculated based on the tax laws enacted or substantively enacted as at the date of the statements of financial position in the countries where the Company and/or its subsidiaries operate and generate taxable income. The Company's management periodically examines the tax aspects that apply to its taxable income for tax purposes in accordance with the relevant tax laws and records provisions accordingly.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Deferred income tax is fully recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred taxes are determined based on tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax assets are realized, or the deferred income tax liabilities are settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is not calculated on temporary differences arising on investments in subsidiaries, if the timing of reversal of the differences is controlled by the Company and it is expected that no such reversal will take place in the foreseeable future.

Deferred income tax assets and liabilities are offset only if:

- There is a legally enforceable right to offset current tax assets against current tax liabilities; and
- when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

j. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable ("more likely than not") that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss. Contingent liabilities are not recognized but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

k. Interest income

For all financial assets measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss using the effective interest method.

l. Amendments to standards which have been published and are not in effect, and were adopted early by the Company:

1. Amendments to IAS 1 Presentation of Financial Statements- Classification of Liabilities as Current or Non-current:
The amendments to IAS 1 published in January 2020 (2020 amendments) affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
In October 2022 the IASB published additional amendments (2022 amendments) specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.
However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. The 2022 and 2020 amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Earlier application of the amendments is permitted. If an entity applies the 2022 amendments for an earlier period, it is also required to apply the 2020 amendments early.

The Company decided to apply the amendments to IAS 1 in the beginning of 2023. As aforementioned, the Company took a short-term loan from the Consortium with an option to extend the maturity for another one year. As of December 31st, 2023,

the exercise of the extension option depends on obtaining a rating for the loan from S&P Maalot (minimum credit rating of BBB) or from Midroog (minimum credit rating of Baa3il) within 12 months after the first utilization. Without early adopting the amendment, the Company should have classified the loan within short term liabilities (in amount of NIS 1.1 billion).

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

1) Uncertain tax positions

When assessing amounts of current and deferred taxes, the Company takes into consideration the effect of the uncertainty that its tax positions will be accepted and of the Company incurring any additional tax and interest expenses.

2) Assets impairment

Significant judgement is required to conduct an impairment test where there is indication of impairment of the investment measured according to the equity method.

3) Claims and legal proceedings

While estimating the results of claims and legal proceedings filed against the Company and its subsidiaries, the companies rely on the opinions of their legal counsel. These assessments are based on the best professional judgment of the legal counsel while considering the stage of the proceedings and the legal precedents in various matters. Since the results of the claims and proceedings will be determined in the courts, the results may differ from these estimates.

NOTE 4 - LOANS AND OTHER LIABILITIES

a. Composition:

	December 31 2024	December 31 2023
	NIS in thousands	
Short-term liabilities		
Interest accruals towards the Consortium (1)	92,811	94,223
Interest accruals towards related party (2)	108,099	98,657
Total short-term liabilities	**200,910**	**192,880**
Long-term liabilities		
Loan from the Consortium, net (1)	1,099,872	1,099,738
Loan from related party, net (2)	1,668,823	1,657,552
Total long-term liabilities	**2,768,695**	**2,757,290**

(1) On 4th January 2023, the company has availed loan facility from the Consortium amounting to NIS 1.1 billion. The facility carries Interest rate of Bank of Israel plus 4.25% spread. The Loan is secured by share pledge of Haifa Port Company. Total transaction costs accumulated amounted to NIS 7 million.
For more information, please refer to note 1.

(2) On 5th January 2023, the company has availed loan facility from Adani International Ports Holdings Pte. Ltd., Singapore ("AIPH") amounting to NIS 1.7 billion. The facility carries Interest rate of Bank of Israel plus 2.15% spread during the first two years of the tenor and after two years, the spread rises to 2.75%. The Loan is unsecured. The loan is repayable in single Installment on December 30, 2025. The interest shall be paid each year (from the date the loan was given).
Total transaction costs accumulated amounted to NIS 25 million.
For more information, please refer to note 1.

NOTE 5 - TRANSACTIONS AND BALANCES WITH INTERESTED AND RELATED PARTIES

The Company's key management personnel (who, together with others, fall within the definition of "related parties" as defined in IAS 24R) include the members of the Board of Directors.

a. Employment contracts with interested parties

Key management personnel include directors (which are not entitled to any compensation from the company).

b. Transactions with related parties:

	year ended December 31 2024	year ended December 31 2023
	NIS in thousands	
Interest expenses from loan provided by AIPH (1)	123,755	109,194
Reimbursement of Expenses (2)	-	533
Commission towards APSEZ	1,258	-
Commission towards Gadot	13	-

(1) For more information, please refer to note 4(a)(2) above.

(2) During the beginning of the year 2023, there were invoices (relating to advisory and legal expenses) which were paid by Gadot. Later, Gadot charged the Company for these costs.

c. Balances with related parties:

	December 31 2024	December 31 2023
	NIS in thousands	
Loan received including interest accrual (1)	1,776,922	1,756,209

(1) For more information, please refer to note 4(a)(2) above.

NOTE 6 - ADDITIONAL EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Please refer to note 1 for more information.

APPENDIX

MEDITERRANEAN INTERNATIONAL PORTS A.D.G.D LTD.

List of subsidiaries and investee companies
as of December 31, 2023

Company	Percentage of holding in share capital, conferring rights to share in profits and voting rights
Haifa Port Company LTD	100