

Convenience Translation
The Hebrew version is the binding version

Oil Refineries Ltd
("The Company")

December 15, 2020

Immediate Report - Temporary Waiver for Syndication Agreement

1. Further to the Company's report dated June 22, 2020¹ concerning signing of a waiver for a temporary change in the terms of the Syndication Agreement² and what is stated in chapter 10B of the Company's Directors' Report as of September 30, 2020³ concerning the consequences of the COVID 19 pandemic on the Group's commercial operations, in accordance with the Company's estimates whereby if the average refining margin by the end of Q4 2020 declines to the level of the average margin that prevailed in Q3 2020 it will not comply with the modified covenant of net financial debt to EBITDA stipulated in the waiver signed with the banks, so the Company has acted with the banks to obtain an exemption to the said covenant in respect of Q4 2020 and the year of 2021.

On December 14, 2020 the Company and the banks signed an additional waiver in respect of the temporary change in the terms of the Syndication Agreement, as detailed below:

- 1.1 Increase in the maximum value in the financial covenant of the ratio of net financial debt plus discounting of receivables in the consolidated financial statements to EBITDA net of the consolidated⁴, from 5.0 (the value stipulated in the Syndication Agreement) to (1) in respect of the quarter ending December 31, 2020: 9.3; (2) in respect of the quarter ending March 31, 2021: 9.3; (3) in respect of the quarter ending June 30, 2021: 11.0; (4) in respect of the quarter ending September 30, 2021: 7.7; and (5) in respect of the quarter ending December 31, 2021: 6.7.

From the quarter ending March 31, 2022 and thereafter the maximum value will revert to be 5.0.

- 1.2 Increase in the minimum amount of the Cash flows plus the unused balance of binding credit facilities in the separate statement that the Company is obliged to maintain during the five quarters referred to in section 1.1 above, from USD 75 million to USD 250 million.

From the quarter ending March 31, 2022 and thereafter the minimum value will revert to be USD 75 million.

¹ Ref no. 2020-01-055960.

² For additional information concerning the Syndication Agreement, including a definition of the financial covenants applicable to the Company under it, see Note 13C2 of the Company's financial statements to December 31, 2019.

³ As published on November 4, 2020 (ref. no. 2020-01-119160).

⁴ It is clarified that the manner of calculating the covenant of net financial debt to EBITDA in the Syndication Agreement is different from the manner of calculating that covenant in the Deeds of Trust of the Company's debentures. Accordingly, the maximum values stipulated in the Waiver stated above do not testify to a possible deviation from the parallel covenant in the Deeds of Trust of the debentures. In the Company's opinion, a deviation from the covenant stipulated in the Deeds of Trust of the debentures might occur in materially more serious scenarios.

The Company's assessments concerning its financial situation and compliance with the covenants to which it has committed in the Deeds of Trust fall in the category of forward-looking information in its meaning in the Securities Law, and are dependent on events not under the Company's sole control, and are based on the information available to the Company and its assessments as of the date of this report. Fulfillment of these assessments in a different manner is likely to have a materially adverse effect on the Company's

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ability to comply with its above undertakings.

- 1.3 Declaration of making a distribution and distribution of dividends by the Company in the five quarters detailed in section 1.1 above, or according to the financial statements for these quarters will be subject to prior, written approval by the lender banks.
2. The modification of the financial covenant as stated in section 1.1 above has been made on account of the consequences of the COVID 19 pandemic on the Group's businesses, including the adverse effect on demand for the Company's fuels and on the refining margins, and as a result on the EBITDA net of the consolidated arising from it, and the material uncertainty that continues against this background, including in respect of the timing of mass production of a vaccine against the virus, as detailed in Chapter 10B of the Company's Directors' Report as of September 30, 2020.
3. These changes in respect of the Syndication Agreement also apply to the other financing agreements of the Company with banks, in accordance with the provisions of the aforementioned financing agreements, except in respect of a financing agreement with one foreign bank, where the balance of the loan as of the report date is not material, and with which similar understandings have been reached.
4. For amendment of the Syndication Agreement and the other agreements with banks as stated above, the Company will bear a payment of temporary additions to interest for the relief period and commissions in an overall amount that is not material for the Company.
5. It is clarified that apart from the changes stated in this Immediate Report, the rest of the terms of the Syndication Agreement continue and will remain fully valid.

Oil Refineries Ltd.
Adv. Eli Mordoch,
Corporate Secretary