OIL REFINERIES LTD

Condensed Consolidated Interim Financial Statements as at June 30 , 2024

(Unaudited)

This translation of the financial statement is for convenience purposes only.
The only binding version of the financial statement is the Hebrew version.

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Contents

Bazan Ltd.

Report of the Board of Directors on the State of the Company's Affairs for the period ended June 30, 2024

The Board of Directors is pleased to present the Report of the Board of Directors on the State of the Company's Affairs for the period ended June 30, 2024 (hereinafter - the "Reporting Period"). This report is presented under the assumption that the entire interim report and the entire Periodic Report of 2023, including the Description of the Corporation's Business chapter for 2023, are also available to the reader.

Chapter 1 - Description of the Group and its Business Environment

A. Bazan Group's Operating Segments

Bazan Ltd. (hereinafter - the "Company" or "Bazan") and its subsidiaries (hereinafter - "Bazan Group" or the "Group") are industrial companies involved in two primary operating segments: the Refining Segment (through the Company and Gadiv) and the Polymers Segment (through Carmel Olefins and Ducor). In addition, Group companies engage in operations that are not material: primarily the Trade Segment (through Trading and Shipping).

The Carmel Olefins and Gadiv plants in Israel are downstream facilities of the Company and receive most or all of the required feedstock from the Company on an ongoing basis through pipelines and return all or part of the products of their facilities to the Company, as well as the feedstock not used in their operations. This allows synergy across multiple segments, increasing operating efficiency.

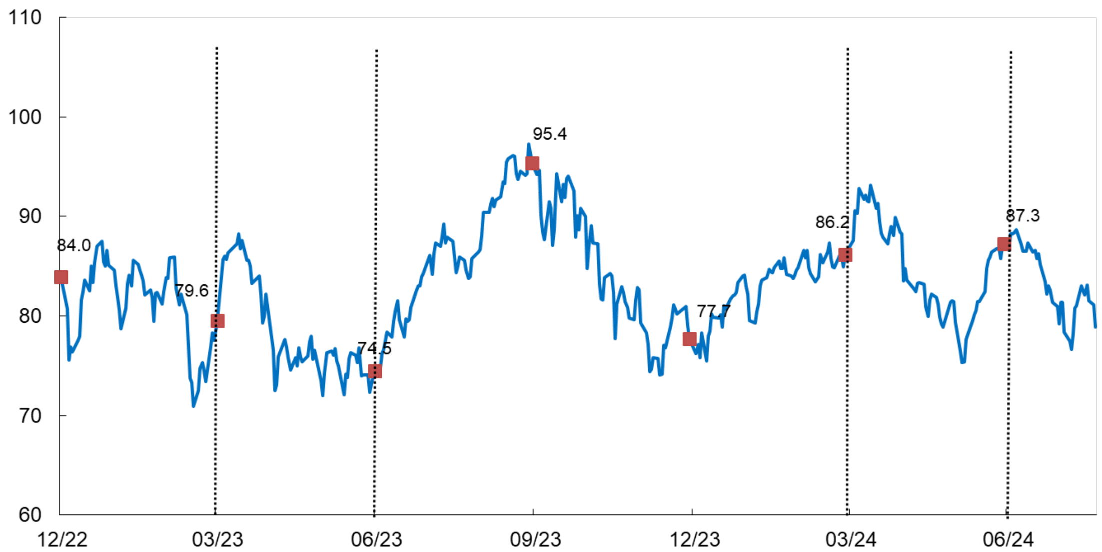
B. Bazan Group's business environment and profitability

Refining Segment (the Company and Gadiv)

Price of crude oil*

Crude oil price

Brent crude[1] prices in 2023-2024 (USD per barrel)



Source: Refinitiv (LSEG)
Dated Brent[1]

* There may be discrepancies between the information published herein and its derivatives and financial information published by the Company.

Chapter 1 - Description of the Group and its Business Environment - cont.

B. Bazan Group's business environment and profitability - cont.

Refining Segment (the Company and Gadiv) - cont.

Crude oil price - cont.

Average price of Brent crude (USD per barrel)

1-6.2024	1-6.2023	Change	4-6.2024	4-6.2023	Change
83.8	79.6	5%	84.7	78.0	9%

- During the Reporting Period, the Brent price was characterized by a mixed trend, reaching levels of USD 75 to USD 93 per barrel; the Brent price was impacted, among other things, by the following factors:

On the supply side: OPEC+'s announcements regarding the 1.6 million barrels per day cut in oil production through the end of 2025 instead of the end of 2024, and regarding the extension of the voluntary cuts in oil production of 2.2 million barrels per day through September 2024 instead of the end of the second quarter of 2024. In addition, concerns regarding escalation in the Middle East, which might affect Brent prices. On the other hand, there was an increase in crude oil exports by the US.

On the demand side: The resolution of the European Central Bank to cut interest rates, alongside a slowdown in the annual inflation rate in the United States. In addition - low demand on the part of China.

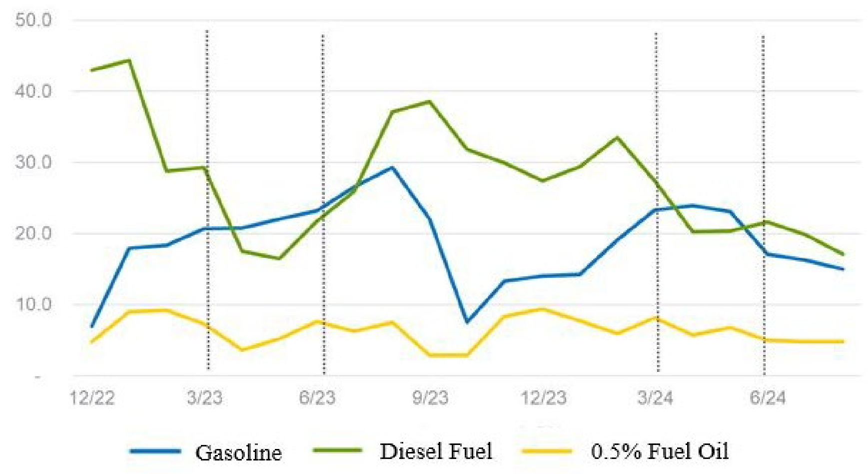
- Subsequent to the reporting date, Brent prices fell, with Brent traded at levels of USD 77 to USD 89 per barrel; prices were impacted, among other things, from continued low demand for crude oil by China in light of lower-than-expected growth rate.
- Immediately prior to the report approval date, the Brent price was fixed at approx. USD 79 per barrel.
- During the reporting period and in the second quarter of 2024, the crude futures market curve was in backwardation at an average of approx. USD 0.6 per barrel and approx. USD 0.7 per barrel, respectively, compared to backwardation at an average of approx. USD 0.2 per barrel and approx. USD 0.1 per barrel in the corresponding periods last year, respectively.

B. Bazan Group's business environment and profitability - cont.

Refining Segment (the Company and Gadiv) - cont.

Refining margins*

Monthly average(1) of Mediterranean transport diesel fuel,(2) gasoline,(3) and fuel oil 0.5% (4) Compared to Brent crude (5) (USD per barrel)



Source: Refinitiv (LSEG)

(1) Average in August through the report publication date.
(2) ULSD CIF Med
(3) Prem Unl CIF Med
(4) % Fuel Oil 0.5 CIF Med
(5) Brent (dated)

Average transport diesel fuel, gasoline and 0.5% fuel oil margins compared to Brent crude oil (USD per barrel)

	1-6.2024	1-6.2023	Difference	4-6.2024	4-6.2023	Difference
Diesel fuel	25.5	26.6	-1.1	20.7	18.7	2.0
Gasoline	20.1	20.5	-0.4	21.5	22.1	-0.6
0.5% fuel oil	6.6	7.1	-0.5	5.9	5.6	0.3

During the Reporting Period, the diesel fuel and gasoline margins remained higher than the multi-year average, and were affected, among other things, by the following factors: Ukraine's attacks on Russian refineries, which led to a decline in refining volume, a decrease in the supply of diesel fuel shipped from the east via the Red Sea due to the Houthis' attacks, combined with an increase in freight prices due to longer shipping routes between Asia and Europe. In addition, during the Reporting Period, a temporary halt was imposed on exportation of gasoline from Russia, which was lifted during the second quarter of 2024.

Immediately prior to the report approval date, the diesel fuel and gasoline margins were approx. USD 16 and approx. USD 13 per barrel, respectively.

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Chapter 1 - Description of the Group and its Business Environment - cont.

B. Bazan Group's business environment and profitability - cont.

Refining Segment (the Company and Gadiv) - cont.

Refining margins - cont.

Domestic market consumption of distillates (thousand tons) (1)

	4-6.2024	1-3.2024	10-12.2023	7-9.2023	4-6.2023	1-3.2023
Transportation fuels (2)	1,858	1,758	1,674	2,174	2,058	1,995
Other distillates	587	654	567	631	592	662
Total	**2,445**	**2,412**	**2,241**	**2,805**	**2,650**	**2,657**

Source: Ministry of National Infrastructures, Energy and Water Resources.

(1) The overall consumption of distillates in the domestic market (transportation fuels, other distillates for industry and heating) has decreased in the reporting period and in the second quarter of 2024 by approx. 8%, compared to the corresponding periods last year.

(2) Consumption of transportation fuels (gasoline, diesel fuel and kerosene) decreased during the Reporting Period and in the second quarter of 2024 by approx. 11% and approx. 10%, respectively, compared to corresponding periods last year.

The decline in consumption started in the fourth quarter of 2023 due to the effects of the Iron Swords War; however, an increase is apparent in the consumption of transportation fuels since early 2024.

Refining volume

Utilization of crude oil refining facilities, crude oil refining volume and HVGO processing in the Refining Segment (in thousands of tons):(1)

	1-6.2024	1-6.2023	4-6.2024	4-6.2023
Utilization of crude oil refining facilities	73%(2)	88%	61%(2)	84%
	9%(3)		18%(3)	
Refining volume	3,583(2)	4,321	1,488(2)	2,071
Volume of HVGO	706	275	394	138
Total	**4,289**	**4,596**	**1,882**	**2,209**

(1) Crude oil refining volume, and accordingly the utilization of the refining facilities, and the volume of processed heavy vacuum diesel are affected by optimization considerations, seeking to maximize the Group's profitability starting from the crude oil purchase phase to the production of petroleum products, polymers and aromatics.
(2) The decline in the refining volume, and accordingly the utilization of the refining facilities compared to the corresponding period last year stemmed mainly from the shutdown of the main crude refining facility (CDU 4) and ancillary facilities for periodic maintenance work. For details, see Chapter 2, Section B2 below.
(3) Had it not been for the abovementioned periodic maintenance work, the estimated utilization rate of the refining facilities would have been approx. 82% and approx. 79%, in the Reporting Period and the second quarter of 2024, respectively.

B. Bazan Group's business environment and profitability - cont.

Breakdown of the Company's output by main product groups in the Refining Segment (thousand tons):

	1-6.2024	Total in %	1-6.2023	Total in %	4-6.2024	Total in %	4-6.2023	Total in %
Diesel fuel	1,562	37%	1,798	40%	635	35%	822	38%
Kerosene	305	7%	368	8%	171	9%	213	10%
Gasoline	830	20%	777	17%	408	22%	387	18%
1% fuel oil	151	4%	335	8%	62	4%	140	6%
0.5% fuel oil	635	15%	369	8%	278	15%	185	9%
Raw materials for polymer production	185	4%	255	6%	18	1%	128	6%
Aromatics	203	5%	217	5%	107	6%	108	5%
Others(2)	313	8%	367	8%	150	8%	165	8%
Total	**4,184(1)**	**100%**	**4,486**	**100%**	**1,829(1)**	**100%**	**2,148**	**100%**

(1) The decline in the output of the Refining Segment compared to the corresponding period last year stemmed mainly from the shutdown of the main crude refining facility (CDU 4) and ancillary facilities for periodic maintenance work. For details, see Section B2 below.

(2) Primarily includes: LPG, bitumen, and from time to time - naphtha.

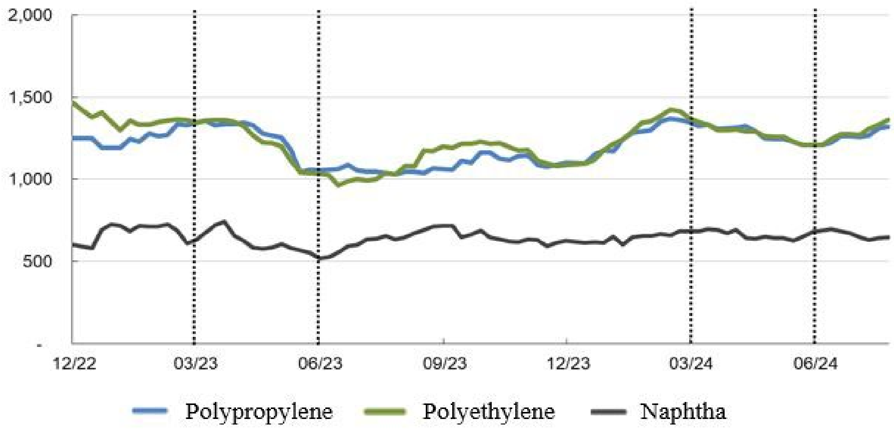
Chapter 1 - Description of the Group and its Business Environment - cont.

B. Bazan Group's business environment and profitability - cont.

Polymers Segment (Carmel Olefins and Ducor)

Polymer and naphtha prices*

Polymer(1) and naphtha(2) prices in 2023-2024 (USD per ton)



Source: ICIS

(1) Polyethylene - LDPE FD NWE Spot , polypropylene - PP FD NWE Spot
(2) Naphtha CIF NWE

Average polymer and naphtha prices (USD per ton)

	1-6.2024	1-6.2023	Change	4-6.2024	4-6.2023	Change
Naphtha	656	644	2%	663	604	10%
Polypropylene	1,268	1,245	2%	1,269	1,222	4%
Polyethylene	1,279	1,276	0%	1,266	1,198	6%

- In the Reporting Period and in the second quarter of 2024, the average price of naphtha increased compared to the corresponding period last year, assuming a trajectory that is similar to the increase in crude prices.
- In the Reporting Period and in the second quarter of 2024 there was a slight increase in polymer (polypropylene and polyethylene) prices compared to the corresponding periods last year, mainly due to an increase in freight prices due to a longer supply chain in view of the Houthis' threats to target freight vessels in the Red Sea.

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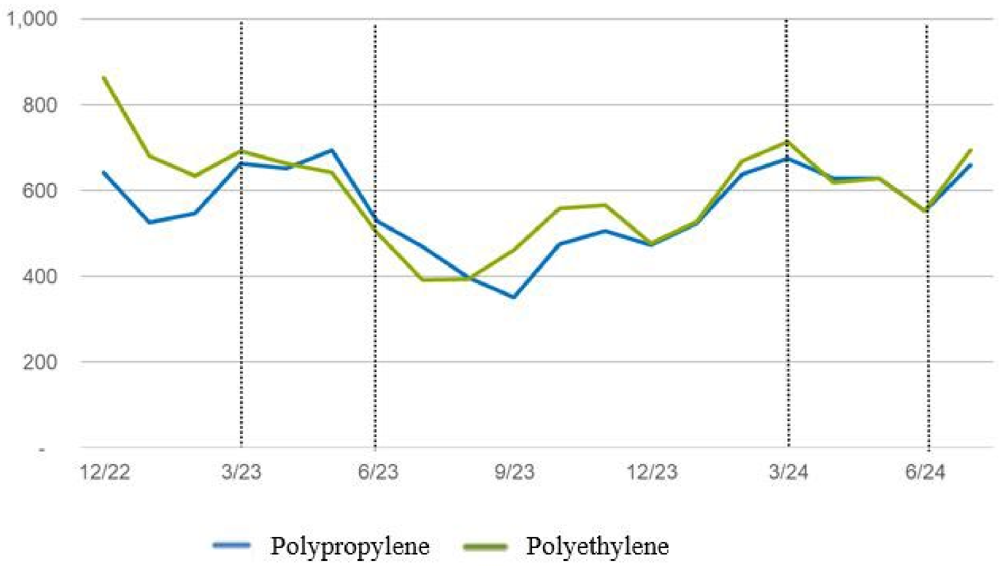
B. Bazan Group's business environment and profitability - cont.

Polymers Segment (Carmel Olefins and Ducor) - cont.

Margins*

Average monthly(1) difference of the difference between polymer and naphtha prices in 2023-2024 (USD per ton)



Source: ICIS

(1) Average in August through the report publication date.

Change in the difference between the average polymer and naphtha prices (USD per ton)

	1-6.2024	1-6.2023	Difference	4-6.2024	4-6.2023	Difference
Polypropylene	612	601	11	606	618	-12
Polyethylene	623	632	-9	603	594	9

- Immediately prior to the report approval date, the polypropylene and polyethylene margins was approx. USD 672 and approx. USD 716 per ton, respectively.

Polymer output volume (thousand tons)

	1-6.2024	1-6.2023	Difference	4-6.2024	4-6.2023	Difference
Polymers	328	310	18	164	157	7

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Chapter 2 - Operating Results of Bazan Group for the Three-Month and Six-Month Period ended June 30, 2024

A. Operating Results of Bazan Group

Breakdown of selected figures from the reported consolidated statements of income after adjustment for accounting effects for the six-month and three-month periods ended June 30, 2024 (USD millions)

To also present the financial-based operating results of the Refining Segment, in order to provide the reader of the Report with related information regarding the cash based operating income; to enable better analysis for comparison with various benchmark indices (that are calculated on an assumption that there are no inventory balances and based on the absence of hedging transactions in respect thereof); and to enable better understanding of the business performance over time and compared to comparable companies; the accounting effects in the Refining Segment are adjusted for the Fuels unit only (excluding the Aromatics unit).

In this Report, the term "consolidated adjusted EBITDA" refers to the adjusted EBITDA in the Refining Segment, for the Fuels Unit only, in addition to the EBITDA reported in the Group's other operating segments.

	1-6.2024	**1-6.2023**	**Change**	**4-6.2024**	**4-6.2023**	**Change**
Revenues	3,938	4,041	(3)%	1,850	1,888	(2)%
Reported EBITDA	**249**	**434**	**(43)%**	**119**	**127**	**(6)%**
Depreciation	(80)	(79)	1%	(39)	(40)	3%
Other revenues (expenses), net (1)	1	(8)	113%	9	(4)	325%
Operating profit	**170**	**347**	**(51)%**	**89**	**83**	**7%**
Finance expenses, net (2)	(38)	(34)	12%	(17)	(16)	6%
Income tax (3)	(22)	(50)	(56)%	(11)	(10)	10%
Net income	**110**	**263**	**(58)%**	**61**	**57**	**7%**
Refining Segment adjustments (*)	(29)	(37)		(23)	(17)	
Adjusted EBITDA	**220**	**397**	**(45)%**	**96**	**110**	**(13)%**
Adjusted operating income	**141**	**310**	**(55)%**	**66**	**66**	**0%**
Adjusted net income	**81**	**226**	**(64)%**	**38**	**40**	**(5)%**

(*) For details about the adjustment components, see Section B3 below.

(1) Including amortization of excess cost, expenses for an early retirement plan (for details, see Note 8I to the Financial Statements).
and revenues in respect of one-off compensation of approx. USD 16 million (for details, see Note 5B2 to the Financial Statements).

(2) Principal changes in net finance expenses, based on financial analysis (in USD millions):

	1-6.2024 compared to 1-6.2023	**4-6.2024 compared to 4-6.2023**
Finance expenses, net during the corresponding period last year	**34**	**16**
Interest on borrowings, net (*)	(1)	–
Financing for working capital items, net (*)	2	2
Exchange rate differences	1	(3)
Other	2	2
Net finance expenses in the Reporting Period	**38**	**17**

(*) It is noted that the Group is exposed to changes in the variable USD interest, as detailed n Note 30D to the Annual Financial Statements.

(3) The decrease in the Reporting Period arises mainly from a decrease in profit before tax compared with the corresponding period last year.

Chapter 2 - Operating Results of Bazan Group for the Three-Month and Six-Month Period ended June 30, 2024 - cont.

A. Operating Results of Bazan Group - cont.

Breakdown of the consolidated adjusted EBITDA by operating segment (USD millions):

	1-6.2024	1-6.2023	Change	4-6.2024	4-6.2023	Change
Refining Segment	199	384	(185)	78	105	(27)
Polymers Segment	10	–	10	10	(4)	14
Other and adjustments	11	13	(2)	8	9	(1)
Total	**220**	**397**	**(177)**	**96**	**110**	**(14)**

	4-6.2024	1-3.2024	10-12.2023	7-9.2023	4-6.2023	1-3.2023
Refining Segment	78	121	100	235	105	279
Polymers Segment	10	–	(14)	(3)	(4)	4
Other and adjustments	8	3	11	1	9	4
Total	**96**(1)	**124**	**97**	**233**	**110**	**287**

(1) It is noted that had it not been for the periodic maintenance work in the main crude refining facility (CDU 4) and in ancillary facilities, the estimated consolidated adjusted EBITDA would have been approx. USD 135 million (of which approx. USD 113 million in the Refining Segment and approx. USD 14 million in the Polymers Segment). For details, see Section B2 below.

<u>Refining margin</u> (USD per barrel)

	4-6.2024	1-3.2024	10-12.2023	7-9.2023	4-6.2023	1-3.2023
Adjusted refining margin (2)	10.3(1)	11.0	10.6	17.9	10.7	19.9
Adjusted pro forma refining margin			1.1			
Realized hedges of refining margins(3)	0.6	1.3	0.7	1.5	(0.2)	1.6
	10.9	**12.3**	**12.4**	**19.4**	**10.5**	**21.5**
Benchmark margin(4)	7.5	12.5	10.4	15.3	8.1	17.3

(1) The change in the pro forma refining margin as a result of the adjustment in respect of the effect of the periodic maintenance work as detailed in Chapter 1 Section B above regarding the refining volume and in Section B2 below, is negligible compared to the actual refining margin.

(2) For details about the adjustment components, see Section C3 below.

(3) For details regarding a loss on the realization of transactions entered into in order to hedge the refining margin, see Section C3 below.

(4) * The benchmark margin is calculated by Energy Market Consultants (EMC) (https://www.fgenergy.com) and published on the Refinitiv platform. For details regarding the benchmark margin, see the Company's Report of the Board of Directors for 2023.

Chapter 2 - Operating Results of Bazan Group for the Three-Month and Six-Month Period ended June 30, 2024 - cont.

B. Analysis of results for the six-month period

1. Turnover of sales to external customers, by operating segment* (in USD millions)

	Sales turnover in USD millions		Breakdown of sales		Average prices of the product mix - USD per ton	
	1-6.2024	1-6.2023	1-6.2024	1-6.2023	1-6.2024	1-6.2023
Refining (1)	3,529	3,599	90%	89%	806	780
Polymers (2)	404	425	10%	11%	1,260	1,322
Other	5	17	0%	0%		
Total	**3,938**	**4,041**	**100%**	**100%**		

(1) The decrease in the turnover of sales of the Refining Segment during the reporting period compared with the corresponding period last year resulted from the decrease in the sold quantity offset by an increase in the distillate prices.

(2) The decrease in the sales turnover of the Polymers Segment in the reporting period compared with the corresponding period last year stemmed from a decline in polymer prices.

(*) It is noted that in the refining and petrochemical industry, the main factor affecting the operating results is not the sales turnover, but rather the refining and petrochemical margins, which is the difference between the revenues from the sale of a mix of products and the costs of the energy and raw materials required for their production. In addition, the results are affected by the utilization of production facilities.

2. Consolidated Adjusted EBITDA in the operating segments

Following is a breakdown of the main reasons for the changes in consolidated adjusted EBITDA for the operating segments in the Reporting Period compared to the corresponding period last year.

Main reasons for the change in consolidated adjusted EBITDA - by segments (USD millions):

Increase (decrease)	Refining	Polymers	Other and adjustments	Consolidated
Adjusted EBITDA January-June 2023	**384**	**–**	**13**	**397**
Margin/contribution (1)	**(167)**	**15**	**(2)**	**(154)**
Sales volume	**11**	**–**	**–**	**11**
Estimated loss of income due to periodic maintenance work (2)	**(35)**	**(4)**	**–**	**(39)**
Operating expenses (3)	**6**	**(1)**	**–**	**5**
Total change	**(185)**	**10**	**(2)**	**(177)**
Adjusted EBITDA January-June 2024	**199**	**10**	**11**	**220**

(1) For analyzing the EBITDA, the change in marketing and selling expenses (transportation, storage etc.) were included in the contribution analysis.

(2) In the second quarter of 2024, periodic maintenance work was carried out in the main crude refining facility (CDU 4) and in ancillary facilities. For details, see Chapter 10C below.

(3) Includes fixed, production, general and administrative.
The change is mainly due to a decrease in costs in light of the periodic maintenance work, as described above.

Chapter 2 - Operating Results of Bazan Group for the Three-Month and Six-Month Period ended June 30, 2024 - cont.

B. Analysis of results for the six-month period - cont.

3. Adjustment components in the Refining Segment

Breakdown of adjustment components in the Refining Segment (with respect to the Fuels Unit) and their effect on EBITDA (USD millions):

	1-6.2024	1-6.2023
Refining Segment reported EBITDA	**228**	**421**
Effects of timing differences (1)	(13)	30
Effect of adjusting value of inventory to market value, net	–	(23)
Effects of changes in fair value of derivatives	(16)(2)	(44)
Total adjustments (3)	**(29)**	**(37)**
Refining Segment adjusted EBITDA	**199**	**384**
Adjusted refining margin - USD per barrel	**10.7**	**15.5**(4)
Benchmark margin - USD per barrel	**10.0**	**12.9**

(1) As at Reporting Date, the volume of inventory that is not hedged by contracts is approx. 480 thousand tons.
(2) During the reporting period, the Company recognized an adjusted EBITDA for a loss in realizing refining margin hedges totaling approx. USD 32 million (approx. USD 1.0 per barrel). On the other hand, an approx. USD 16 million adjustment was made in respect of the income arising from the futures for hedging the refining margin.
(3) As defined in the Company's Report of the Board of Directors for 2023.
(4) During the corresponding period last year, the Company recognized an adjusted EBITDA for a loss in realizing refining margin hedges totaling approx. USD 26 million (approx. USD 0.8 per barrel).

4. Net income

<u>Main reasons for the change in the consolidated net income (in USD million)</u>

Net income 1-6.2023	**263**
Change in reported EBITDA	(185)
Change in depreciation expenses	(1)
Change in finance expenses, net	(4)
Change in tax expenses	28
Other	9
Net income 1-6.2024	**110**

Chapter 2 - Operating Results of Bazan Group for the Three-Month and Six-Month Period ended June 30, 2024 - cont.

C. Analysis of results for the three-month period

1. Turnover of sales to external customers, by operating segment* (in USD millions)

	Sales turnover in USD millions		Breakdown of sales		Average prices of the product mix - USD per ton	
	4-6.2024	**4-6.2023**	**4-6.2024**	**4-6.2023**	**4-6.2024**	**4-6.2023**
Refining (1)	1,636	1,678	89%	89%	806	745
Polymers (2)	211	202	11%	11%	1,431	1,320
Other	3	8	0%	0%		
Total	**1,850**	**1,888**	**100%**	**100%**		

(1) The decrease in the turnover of sales of the Refining Segment during the second quarter of 2024 compared with the corresponding quarter last year resulted from a decrease in the sold quantity offset by an increase in distillates prices.
(2) The increase in the sales turnover of the Polymers Segment during the second quarter of 2024 compared to the corresponding quarter last year resulted from an increase in polymer prices.

(*) It is noted that in the refining and petrochemical industry, the main factor affecting the operating results is not the sales turnover, but rather the refining and petrochemical margins, which is the difference between the revenues from the sale of a mix of products and the costs of the energy and raw materials required for their production. In addition, the results are affected by the utilization of production facilities.

2. Consolidated Adjusted EBITDA in the operating segments

Breakdown of the main causes for the decrease in the adjusted consolidated EBITDA for the operating segments in the second quarter compared to the same quarter last year is presented below.

Main reasons for the change in consolidated adjusted EBITDA - by segments (USD millions):

Increase (decrease)	**Refining**	**Polymers**	**Other and adjustments**	**Consolidated**
Adjusted EBITDA - April-June 2023	**105**	**(4)**	**9**	**110**
Margin/contribution (1)	**(6)**	**15**	**(1)**	**8**
Sales volume	**10**	**4**	**–**	**14**
Estimated loss of income due to periodic maintenance work (2)	**(35)**	**(4)**	**–**	**(39)**
Operating expenses (3)	**4**	**(1)**	**–**	**3**
Total change	**(27)**	**14**	**(1)**	**(14)**
Adjusted EBITDA - April-June 2024	**78**	**10**	**8**	**96**

(1) For analyzing the EBITDA, the change in marketing and selling expenses (transportation, storage etc.) were included in the contribution analysis.
(2) For details, see Section B2 above.
(3) Includes fixed, production, general and administrative.
The change is mainly due to a decrease in costs in light of the periodic maintenance work, as described above.

Chapter 2 - Operating Results of Bazan Group for the Three-Month and Six-Month Period ended June 30, 2024 - cont.

C. Analysis of results for the three-month period - cont.

1. Adjustment components in the Refining Segment

Breakdown of adjustment components in the Refining Segment (with respect to the Fuels Unit) and their effect on EBITDA (USD millions):

	4-6.2024	4-6.2023
Refining Segment reported EBITDA	**101**	**122**
Effects of timing differences (1)	10	12
Effect of adjusting value of inventory to market value, net	(14)	(20)
Effects of changes in fair value of derivatives	(19)(2)	(9)
Total adjustments (3)	**(23)**	**(17)**
Refining Segment adjusted EBITDA	**78**	**105**
Adjusted refining margin - USD per barrel	**10.3**	**10.7**(4)
Benchmark margin - USD per barrel	**7.5**	**8.1**

(1) As at Reporting Date, the volume of inventory that is not hedged by contracts is approx. 480 thousand tons.
(2) During the second quarter of 2024, the Company recognized an adjusted EBITDA for a loss in realizing refining margin hedges totaling approx. USD 9 million (approx. USD 0.6 per barrel). Furthermore, an approx. USD 10 million adjustment was made in respect of the income arising from the futures for hedging the refining margin.
(3) As defined in the Company's Report of the Board of Directors for 2023.
(4) During the corresponding quarter last year, the Company recognized an adjusted EBITDA for a gain in realizing refining margin hedges totaling USD 3 million (approx. USD 0.2 per barrel).

2. Net income

Main reasons for the change in the consolidated net income (in USD million)

Net income 4-6.2023	**57**
Change in reported EBITDA	(8)
Change in depreciation expenses	1
Change in finance expenses, net	(1)
Change in tax expenses	(1)
Other	13
Net income 4-6.2023	**61**

Chapter 3 - Analysis of Financial Position (Balance Sheet)

USD million

	June 30, 2024	December 31, 2023	Change	Explanation
Trade and other receivables	751	740	1%	In respect of an approx. USD 74 million increase in trade receivables, which is mainly attributed to an increase in quantity and price of the products, offset by an approx. USD 63 million decrease in receivables and in price, which stems mainly from a decrease in receivables from institutions (VAT) and a decrease in refining margin calls (for details, see Note 8H to the Financial Statements).
Inventories	793	769	3%	Mainly in respect of a rise in quantity and a rise in prices in the Refining Segment.
Property, plant & equipment, net	2,279	2,262	1%	An increase mainly due to the periodic maintenance work in Bazan's facilities in the Reporting Period.
Trade, other payables and provisions	1,004	1,092	(8)%	Mainly due to a decrease in trade payables in an amount of approx. USD 17 million, which stems mainly from a decrease in quantities offset by an increase in price and by an increase in the trade payable balance pertaining to suppliers of property, plant, and equipment as a result of the periodic maintenance work, and an approx. USD 66 million decrease in payables, which stems mainly from a decrease in the taxes payable balance.
Financial derivatives, net	(65)	(64)	2%	Mainly due to an increase in liabilities net in respect of cross-currency interest rate and principal swaps at the total amount of approx. USD 20 million (of which approx. USD 22 million are in respect of exchange differences (*)), offset by a decrease in liabilities in respect of margin calls at the total amount of approx. USD 16 million (for details, see Note 7B to the financial statements).
Long-term bank loans and debentures (including current maturities)	1,140	1,188	(4)%	Mainly due to approx. USD 28 million in repayments of principal of debentures offset by issuances and loans (exchange rate differences (*) of approx. USD 22 million).
Equity	1,832	1,857	(1)%	Mainly due to net income for the period in the amount of approx. USD 110 million, offset against dividend distribution at the total amount of USD 144 million.
Equity to asset ratio	41%	40%		

(*) Generally, the Group takes action to hedge the NIS debentures through principal and interest swaps. Accordingly, the effect of debenture exchange rate differentials were substantially offset.

Chapter 4 - Analysis of the Group's Liquidity

Working capital (current assets less current liabilities) (USD millions)

June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
905	899	927	920	926	869

Current ratio

The current ratio at June 30, 2024 is 1.7 and as at December 31, 2023 is 1.7.

Accounting Cash Flows* for January - June 2024 (USD millions)

	1-6.2024
	In USD millions
Cash as at December 31, 2023	**763**
Operating cash flows(1)(2)	66
Interest paid, net	(38)
Purchase of property, plant & equipment (3)	(69)
Repayment of long-term bank loans and debentures, including early repayment (4)	(261)
Receipt of long-term borrowings and issuance of debentures, net of debt raising costs (4)	233
Payment of lease liabilities	(8)
Change in deposits and short-term borrowing, net	52
Other	3
Dividend paid (5)	(144)
Share buyback (6)	(5)
Cash as at June 30, 2024	**592**

Accounting Cash Flows* for April-June 2024 (in USD million)

	4-6.2024
	In USD millions
Cash as at March 31, 2024	**773**
Cash flow provided by operating activities (2)	103
Interest paid, net	(10)
Purchase of property, plant & equipment (3)	(44)
Repayment of long-term bank loans and debentures	(95)
Payment of lease liabilities	(3)
Change in deposits and short-term borrowing, net	7
Other	7
Dividend paid (5)	(144)
Share buyback (6)	(2)
Cash as at June 30, 2024	**592**

(*) Based on presentation in the Financial Statements.

(1) For the January to June period, tax payments of approx. USD 57 million were made in respect of 2022-2023.

(2) Net operating cash flows, net of interest paid in the January to June period amounted to approx. USD 28 million and in the April to June period - approx. USD 93 million.

(3) Including costs for periodic maintenance; for further details, see the Statements of Cash Flows in the financial statements.

(4) Including repayments of loans in the amount of approx. USD 101 million against receipt of new loans. For details, see Note 6A to the Financial Statements.

(5) For details, see Note 8F1 to the Financial Statements.

(6) For details, see Note 8F2 to the Financial Statements.

Chapter 5 - Total Borrowings from Financial Institutions

Breakdown of Bazan Group's net consolidated debt to financial institutions and Bazan Group debenture holders (in USD millions):

Financial debt

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Short-term borrowings (1)	17	15	13	10	12	1
Loans from banks (2)	463	488	462	478	449	426
Debentures (2)	703	787	754	728	754	887
Hedging transactions on debentures (3)	35	40	31	34	33	12
Gross financial debt*	**1,218**	**1,330**	**1,260**	**1,250**	**1,248**	**1,326**
Liquid financial assets (4)	(592)	(773)	(799)	(690)	(507)	(591)
Net financial debt**	**626**	**557**	**461**	**560**	**741**	**735**

(1) Mainly for Ducor.
(2) Including current maturities. Stated according to adjusted par value (excluding interest payable).
(3) In accordance with the Group's hedging policy, the Group hedges the NIS debentures. The principal and interest swaps hedging transactions are presented concurrently with the presentation of the debentures, at their adjusted par value (without interest receivable/payable), less or plus the deposits provided to secure the transactions.
(4) Including cash and cash equivalents and short-term deposits (excluding the deposits provided to secure the transactions that were carried out against the issuance of NIS debentures).

* Gross financial debt includes short-term credit, loans from banks, debentures and hedging transactions in respect of debentures.
** Net financial debt includes gross financial debt net of liquid financial assets.

For details regarding the Group's secured short-term credit facilities for 2024, see Note 13A2 to the annual financial statements. As at June 30, 2024, the Group has unutilized secured credit facilities in the amount of approx. USD 487 million (utilization is for letters of credit and guarantees only).

Movement in Financial Debt, net

	1-6.2024
	In USD millions
Net Debt as at December 31, 2023	**(461)**
Operating cash flows (net of change in operating working capital and income tax paid, net)	283
Change in working capital (1) (net of change in discounting and interest-bearing trade payables)	(110)
Changes in discounting and interest-bearing trade payables (2)	(42)
Income tax paid, net (3)	(65)
Interest paid, net	(38)
Purchase of property, plant & equipment (4)	(69)
Payment of lease liabilities	(8)
Change in deposits, net (5)	27
Other	6
Dividend paid (6)	(144)
Share buyback (7)	(5)
Net debt as at June 30, 2024	**(626)**

Chapter 5 - Total Borrowings from Financial Institutions - cont.

Movement in Financial Debt, net - cont.

	4-6.2024
	In USD millions
Net debt as at March 31, 2024	**(557)**
Operating cash flows (net of change in operating working capital and income tax paid, net)	100
Change in working capital (1) (net of change in discounting and interest-bearing trade payables)	45
Changes in discounting and interest-bearing trade payables (2)	(35)
Income tax paid, net	(7)
Interest paid, net	(10)
Purchase of property, plant & equipment (4)	(44)
Payment of lease liabilities	(3)
Change in deposits, net (5)	21
Other	10
Dividend paid (6)	(144)
Share buyback (7)	(2)
Net debt as at June 30, 2024	**(626)**

(1) Change in inventory, trade receivables and trade payables balance.
(2) For details about the balances of discounting and interest-bearing trade payables, see Note 8D and 8E to the Financial Statements, respectively.
(3) For the January to June period, tax payments of approx. USD 57 million were made in respect of 2022-2023.
(4) Including costs for periodic maintenance; for further details, see the Statements of Cash Flows in the financial statements.
(5) Stems mainly from a decrease in refining margin calls. Excluding the deposits provided to secure the transactions that were carried out against the issuance of NIS debentures.
(6) For details, see Note 8F1 to the Financial Statements.
(7) For details, see Note 8F2 to the Financial Statements.

Financial leverage

	June 30, 2024	December 31, 2023
Financial leverage (*)	1.1	0.6

(*) Net financial debt as defined above divided by adjusted EBITDA in the last 4 quarters.

Average volume of sources of financing in the Reporting Period

Short-term borrowings, long-term loans and debentures (including current maturities, based on their nominal value and without the costs of capital raising) of approx. USD 1,234 million. Average trade receivables of approx. USD 660 million and average trade payables of approx. USD 804 million.

Chapter 6 - Exposure to Market Risks and Management Thereof

In the Reporting Period, there were no significant changes in market risks to which the Company is exposed, in the policies for managing these risks and in those charged with managing them compared with the Report of the Board of Directors on the State of the Company's Affairs for the period ended December 31, 2023.

Chapter 7 - Corporate Governance Aspects

During the reporting period, there was no change in the minimum required number of directors with accounting and financial expertise, the minimum number of independent directors required by law and disclosure regarding the internal auditor of a reporting corporation, with regard to the description in the Report of the Board of Directors on the State of the Company's Affairs Report of the Report of the Board of Directors on the State of the Company's Affairs for the period ended December 31, 2023.

Chapter 8 - Disclosure of the Corporation's Financial Reporting

A. Additional information contained in the independent auditors' report to the shareholders

Without qualifying their conclusions, the independent auditors of the Company draw attention to:

Further to Note 5A to the financial information (including by way of reference to Note 20C to the annual financial statements) regarding the Government of Israel's resolution dated March 6, 2022 on the strategy for the development and advancement of the Haifa Bay, which includes forming a government team to negotiate with the Company, with the aim of reaching an arrangement to discontinue the activity of petrochemical manufacturing of the Group companies, while maintaining the energy security and regular fuel supply to the Israeli economy; in the opinion of the Company's management, at this stage, it is impossible to evaluate the significance and impact on its activity, business and financial results; as well as to Note 5B(1) to the financial information (including by way of reference to Note 20A(4) to the annual financial statements) regarding proceedings against Group companies in connection with environmental laws and regulations; in the opinion of the Company and the consolidated companies' managements, which is based, among other things, on the opinion of their legal counsels, the effect of some of those proceedings on the financial position and operating results, if any, cannot be assessed at this stage; therefore, no provisions were included with regard to this issue in the financial information.

B. Use of estimates and judgments

For further details concerning the use of estimates and judgments, see Note 2B to the Financial Statements.

C. Definition of negligible transactions in the Company's financial statements

In the Reporting Period, there were no changes with regard to the disclosure given in this regard in the Periodic Report of 2023.

Chapter 9 - Details of Outstanding Debentures

In the Reporting Period, there were no changes in the details of the existing series of debentures issued by the Company and offered to the public under a prospectus, in the details of the debentures' trustees, in the terms and conditions for call for immediate repayment of the debentures, in the Company's compliance with these terms and conditions, and in the collateral for the debentures as detailed in the Report of the Board of Directors on the State of the Company's Affairs for the period ended December 31, 2023 and in the notes to the Financial Statements for that year, with the exception of the reiterated rating of the Company and its debentures by Maalot (S&P) at 'ilA+' with a stable outlook; as well as in the expansion of Debentures (Series M), as detailed in Note 6A to the Financial Statements.

For further details regarding the financial covenants applicable to the Company, see Note 6B to the Financial Statements.

In the Reporting Period the company complied with its liabilities towards the debenture holders to refrain from creating a charge on the Company's assets, unless in accordance with the provisions of the relevant deeds of trust.

Chapter 10 - Significant Events in and Subsequent to the Reporting Period

A. The Iron Swords War

Further to Chapter 10A to the Annual Report of the Board of Directors, during the reporting period, the effects of the War on the Group's activity are declining as a result of positive developments in relation to the ability to use the relevant infrastructures and the manner of such use in combination with the Group's capabilities in order to reduce the incremental costs. However, along with the improved demand and method of use of infrastructures, the War declared in Israel increases the cost of shipping to and from Israel, including increased cost of freight insurance and other insurance policies of the Group. In addition to the excess costs due to the state of War, the Group changed the commercial terms with some of its customers, such that the responsibility for transport, including the costs associated with the exportation of the products, are borne by the Company, but almost fully reflected in the final sale price.

The continuation of the aforementioned subsidence trend of the excess costs is uncertain, and the trend may even reverse, given the lack of certainty regarding the duration of the War, its intensity, its impact on the Company's areas of activity, including the possibility that the Israeli economy will return to a normal operating pattern, or how it will adapt to operating in an ongoing state of emergency.

The effects of the War have led, among other things, to changes in the growth forecast, an expected increase in government deficit and the debt ratio. In February 2024, rating agency Moody's announced that, in view of the consequences of the War and the conduct of the government, it is downgrading Israel's credit rating from A1 to A2, with a negative outlook. In April 2024 the international rating agency S&P announced that in view of the geopolitical risks Israel has been exposed to since the outbreak of the War, it downgrades Israel's credit rating from AA- to A+ with a negative outlook. Furthermore, in August 2024 the Fitch rating agency announced that it downgrades Israel's credit rating from A+ to A- with a negative outlook. A deterioration in the local economy in Israel may affect the Company's ability to raise credit and funding sources.

In that context, it is emphasized that the Group constitutes a significant strategic asset for the Israeli energy sector. The importance of the Group to the local energy sector was demonstrated all the more so upon the outbreak of the Iron Swords War. The refinery's continuous work, the deferral of the periodic maintenance work in the main crude refining facility (CDU 4) and in ancillary facilities from the fourth quarter of 2023 to the second quarter of 2024, and the diversion of resources to transport raw materials and distillates to and from Israel, maintained Israel's energy security. Noting the above and further to the lessons drawn from the ongoing War, the Company's management believes that the Government Resolution regarding the Haifa Bay should be reconsidered, including the setting up of a taskforce, which will assess the impact on energy security.

For details regarding the announcement of the Turkish Ministry of Trade in connection with the discontinuance of trade with Israel, see the Revision of the Description of the Corporation's Business chapter.

At this stage, there is substantial uncertainty as to the development of the War, its scope and duration; therefore, it is impossible to assess the future impact of the War on the Company and on its results.

B. Proceeding of Energy Infrastructures Ltd.

For details, see Note 8J to the Financial Statements.

C. Periodic maintenance work

In the second quarter of 2024, periodic maintenance work was carried out in the main crude refining facility (CDU 4) and ancillary facilities, which was completed immediately prior to the date set upon commencement of the refurbishment. The process of operating the facilities until they reach full production capacity was prolonged, such that the facilities resumed full production capacity towards the end of July.
The total direct cost of the periodic maintenance work (before capitalization of payroll and other costs) is estimated at approx. USD 95 million. See also the Consolidated Statements of Cash Flows in the Financial Statements.

Chapter 10 - Significant Events in and Subsequent to the Reporting Period - cont.

D. Russia-Ukraine war

For details regarding the impact of the war in Ukraine on the Group's business activity, see Note 1C to the Annual Financial Statements. In the reporting period there were no material changes in the Company's estimates regarding the issues detailed in the said note.

E. Debt raising

For details regarding loans taken and the expansion of Debentures (Series M) in the Reporting Period, see Note 6A of the Financial Statements.

Refining margin hedging

For details, see Note 8H to the Financial Statements.

F. Significant events

For details about significant events in and subsequent to the reporting period, see Note 8 to the Financial Statements.

The Board of Directors thanks the employees and management of the Company for their efforts in the Reporting Period.

______________________	______________________
Moshe Kaplinsky	**Asaf Almagor**
Chairman of the Board of Directors	**CEO**

August 25, 2024

Revision of the Description of the Corporation's Business in the Periodic Report as at December 31, 2023

Details in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970.

During and subsequent to the Reporting Period, there were no significant changes or new events in the Description of the Corporation's Business that do not appear in other chapters to the Financial Statements or in the Report of the Board of Directors, except as follows:

1. Further to the Description of the Corporation's Business chapter, on May 3, 2024, the Company learned from media reports and from conversations with Turkish customers, suppliers and agents, that the Turkish Ministry of Trade published an announcement whereby trade between Turkey in Israel will be suspended immediately (hereinafter - the "Announcement"). Prior to the announcement, the Company had trade activities involving various parties in Turkey, both as part of exports activities and as part of import activities, and therefore it is making preparations for the operational effects of the said Announcement, and works to mitigate any damages it may incur. As of the report approval date, the Company is unable to assess the manner and scope of the Announcement's implementation by the Turkish authorities and customers or suppliers, and the duration of the trade suspension; however, a preliminary assessment and the preparations it made for dealing with the situation as described above, led the Company to the conclusion that the adverse effect on its 2024 financial results is not expected to be material.

   For further details, see the immediate report dated May 4, 2024 (Ref. No. 2024-01-046884), which is included herein by way of reference.

   The abovementioned information regarding the effects of the Announcement on the Company, including the potential adverse effect on its financial results, constitutes forward-looking information, as defined in the Securities Law, 1968, and as such is uncertain and may not materialize, in whole or in part, or may materialize differently than expected. This information is based on the Company's assessments regarding the trading activity, which may be adversely affected, assumptions regarding the duration and scope of the trade restrictions, a preliminary attempt to estimate the effects of the Announcement, including the potential courses of action and the alternatives for the relevant trade activity. These effects may not materialize, may materialize only in part or in a manner that is materially different than expected, as a result of factors that are outside the Company's control, including short duration of the trade restrictions (if any), the availability of alternatives for this trade activity, difficulties faced by the Company in analyzing and estimating the effects of the Announcement over time and other risk factors to which the Company is exposed, as stated in Section 1.23 to the Description of the Corporation's Business in the Company's 2023 Annual Report.

2. Further to Section 1.18.1 to the Description of the Corporation's Business chapter regarding the inter-ministerial Price Committee of the Ministry of Energy and Ministry of Finance (hereinafter - the "Committee") for the assessment of the prices of infrastructure operations in the fuel sector as set out in the Commodities and Services Price Control Ordinance (Fuel Industry Infrastructure Tariffs), 2014 (hereinafter - the "Ordinance"), and the hearing held to the Company by the Committee in connection with this matter, on May 12, 2024, "Summary of the Price Committee's Discussion After a Hearing on the Revision of Base Prices for Infrastructure Tariffs in the Fuel Sector" was posted on the website of the Ministry of Energy and Infrastructures.
   As a result of this paper, the Committee recommended to the Ministers of Finance and Energy and Infrastructures to revise the tariffs set in the Ordinance and the revision mechanisms. In the opinion of the Company, accepting the Committee's recommendations is expected to increase the amounts paid by the Company in accordance with the Ordinance in respect of the use of oil infrastructures on an annual basis, whose effect on the Group's operating results is immaterial. The draft Ordinance is expected to be published for public scrutiny, and thereafter if the Ordinance will be signed by the ministers it will come into effect. Most of the Company's arguments in the hearing were dismissed by the Price Committee, and the Company is considering its next legal steps in connection with this matter.

The abovementioned information regarding the effects of the implementation of the Ordinance on the Company's operating results constitutes forward-looking information, as defined in the Securities Law, 1968, and as such is uncertain and may not materialize, in whole or in part, or may materialize differently than expected. This information is based on Company's assessments as to the use of the infrastructure and the expected scope and nature of the activity, which may change as a result of various factors, including the potential courses of action and alternatives for the use of the relevant infrastructures. These effects may not materialize, may materialize only in part or in a manner that is materially different than expected, as a result of factors that are outside the Company's control, including difficulties in analyzing and estimating the effects of the Announcement within a short time.

Further to Sections 1.7.2.1.1, 1.7.20.5 and 1.23.3.7 to the Description of the Corporation's Business chapter, as part of a proceeding conducted in the Haifa Local Affairs Court in connection with Energy Infrastructures Ltd. (hereinafter - "Energy Infrastructures"), on June 25, 2024 the court decided that in the absence of a building permit, within six months from the date of the decision Energy Infrastructures - a government company in charge of storing and transporting crude oil and distillates in Israel - will be required to discontinue the operation of the main tankers in the Kiryat Haim tanks farm and several other buildings within nine months from the decision date. The tankers and buildings are used by Energy Infrastructures in the rendering of the services to the Company in connection with the importation, storage, and piping of crude oil.
On August 18, 2024, Energy Infrastructures delivered a notice to the Company, according to which a settlement procedure was conducted and completed, as part of which Energy Infrastructures and the Haifa Municipality reached an agreed and approved memorandum of understanding, according to which Energy Infrastructures acts (hereinafter - the "Outline"); accordingly, Energy Infrastructures is of the opinion that the Outline allows for the continued use of the tanks and the required buildings in the Kiryat Haim tanks farm, such that the provision of all the services rendered to the Company by Energy Infrastructures will continue as usual.
Based on Energy Infrastructures' notice, the Company is of the opinion that it is not expected that it will be impacted to a material extent, if at all, as a result of the abovementioned resolution of the Local Affairs Court.

The above statement regarding the effect on the Company constitutes forward-looking information; it is based on the notice and assessment of Energy Infrastructures, which owns the tanks farm and provides the storage services to the Company. This assessment may not materialize in whole or in part or materialize in a manner different than expected, if Energy Infrastructures' assessment as to the implementation of the Outline will not materialize in the manner Energy Infrastructures believes it will materialize.

3. Further to Section 1.7.19.8 of the chapter on the Description of the Corporation's Business, after assessing all the considerations, it was decided that the periodic maintenance work, which was scheduled to take place in the fourth quarter of 2024 in the hydrocracker, the hydrogen production facilities, CDU 3 and ancillary facilities shall be postponed to the first quarter of 2025.

4. Further to Section 1.18.9.3.7 to the Description of the Corporation's Business chapter, on August 7, 2024 Israel Petrochemical Enterprises announced (Ref. No.: 2024-01-080433) that it received a written notice from the Government Companies Authority, whereby the Authority announces that it stopped dealing with the application by Mr. Michael Bobrov, Mr. Ohad Schwartz and Mr. Adar Schwartz for a control permit in Bazan Ltd. in accordance with the Government Companies Ordinance (Declaration of Essential Interests for the State in Bazan Ltd.), 2007. As detailed in the Description of the Corporation's Business chapter, the above does not affect the existing control permit.

Somekh Chaikin
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Independent Auditors' Review Report to the Shareholders of Bazan Ltd.

Introduction

We have reviewed the accompanying financial information of Bazan Ltd. (hereinafter - the "Company") and its subsidiaries (hereinafter - the "Group"), including the condensed consolidated statement of financial position as of June 30, 2024 and the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month and six-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 - Interim Financial Reporting, and are also responsible for the preparation of the interim financial information pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express an opinion regarding the financial information for this interim period based on our review.

Review scope

We conducted our review in accordance with Israel Accounting Standard No. 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* of the Institute of Certified Public Accountants in Israel. 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 smaller in scope than an audit conducted in accordance with generally accepted auditing standards in Israel 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with IAS 34.

Additionally, based on our review, nothing has come to our attention that causes us to believe that this financial information is not prepared, in all material respects, in accordance with the disclosure provisions of Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970.

Emphasis of matter

Without qualifying our above conclusion, we draw attention to what is stated in Note 5A to the financial information (including by way of reference to what is stated in Note 20C to the annual financial statements) regarding the Government of Israel's resolution dated March 6, 2022 on the strategy for the development and advancement of the Haifa Bay, which includes forming a government team to negotiate with the Company, with the aim of reaching an arrangement to discontinue the activity of petrochemical manufacturing of the Group's companies, while maintaining the energy security and regular fuel supply to the Israeli economy; in the opinion of the Company's management, at this stage, it is impossible to evaluate the significance and impact on its activity, business and financial results; as well as to that which is stated in Note 5B(1) to the financial information (including by way of reference to Note 20A(4) to the annual financial statements) regarding proceedings against Group companies in connection with environmental laws and regulations; in the opinion of the Company and the consolidated companies' managements, which is based, among other things, on the opinion of their legal counsels, the effect of some of those proceedings on the financial position and operating results, if any, cannot be assessed at this stage; therefore, no provisions were included with regard to this issue in the financial information.

Somekh Chaikin
Certified Public Accountants

Tel Aviv, August 25, 2024

Somekh Chaikin
KPMG Millennium Tower
17 Haarba'a Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

Attn.
The Board of Directors of Bazan Ltd. (hereinafter - the "Company")

Dear Madam/Sir,

Re: Letter of consent in connection with the shelf prospectus of Bazan Ltd. dated January 2022

We hereby inform you that we agree to the inclusion (including by way of reference) of our statements set out below in connection with the shelf prospectus of January 2022.

(1) Review report of the independent auditor dated August 25, 2024 on the Company's condensed consolidated financial information as of June 30, 2024 and for the three-month and six-month periods then ended.

(2) Report of the independent auditor dated August 25, 2024, on the Company's condensed separate financial information as of June 30, 2024 and for the three-month and six-month periods then ended in accordance with Regulation 38D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Respectfully,

Somekh Chaikin
Certified Public Accountants

Tel Aviv, August 25, 2024

Bazan Ltd. - Condensed Consolidated Interim Statements of Financial Position, in USD thousand

	As at June 30, 2024 (Unaudited)	As at June 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Current assets			
Cash and cash equivalents	592,036	486,896	763,036
Deposits	4,790	23,452	37,673
Trade receivables (see Note 8D)	694,112	625,140	620,119
Other receivables and debit balances	56,795	61,661	120,046
Financial derivatives (see Note 7B)	4,885	19,845	11,026
Inventories	793,098	548,411	768,722
Total current assets	**2,145,716**	**1,765,405**	**2,320,622**
Non-current assets			
Loan to Company for Early Pension Haifa Ltd.	17,380	21,426	21,677
Long-term receivables and debit balances	53,757	51,738	53,065
Financial derivatives (see Note 7B)	1,067	3,118	118
Property, plant and equipment, net	2,096,659	2,054,784	2,070,898
Right-of-use assets, net	152,394	150,751	161,796
Intangible assets and deferred expenses, net	29,785	25,522	29,117
Total non-current assets	**2,351,042**	**2,307,339**	**2,336,671**
Total assets	**4,496,758**	**4,072,744**	**4,657,293**

Moshe Kaplinsky	Asaf Almagor	Guy Liberman
Chairman of the Board of Directors	CEO	CFO

Approval date of Condensed Consolidated Interim Financial Statements: August 25, 2024.

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

Bazan Ltd. - Condensed Consolidated Interim Statements of Financial Position, in USD thousand (cont.)

	As at June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	December 31, 2023 (Audited)
Current liabilities			
Loans and borrowings (including current maturities)	218,976	219,068	272,531
Trade payables (see Note 8E)	822,384	401,022	839,167
Other payables and credit balances	177,994	196,478	244,020
Financial derivatives (see Note 7B)	17,794	14,823	29,326
Provisions	3,946	8,404	8,768
Total current liabilities	**1,241,094**	**839,795**	**1,393,812**
Non-current liabilities			
Liabilities to banks, net	357,336	345,415	339,284
Debentures, net	580,144	616,287	588,490
Other long-term liabilities	112,553	105,933	117,999
Financial derivatives (see Note 7B)	53,538	44,037	45,472
Employee benefits, net	52,040	54,067	53,440
Deferred tax liabilities, net	268,110	277,610	261,580
Total non-current liabilities	**1,423,721**	**1,443,349**	**1,406,265**
Total liabilities	**2,664,815**	**2,283,144**	**2,800,077**
Equity			
Share capital	810,515	807,850	810,515
Share premium	31,087	32,623	31,087
Capital reserves	52,738	75,117	44,983
Retained earnings	937,603	874,010	970,631
Total equity	**1,831,943**	**1,789,600**	**1,857,216**
Total liabilities and equity	**4,496,758**	**4,072,744**	**4,657,293**

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

Bazan Ltd. - Condensed Consolidted Interim Statements of Income and Other Comprehensive Income, in USD thousand

	For the 6-month period ended		For the 3-month period ended		For the year ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
Revenues	3,938,489	4,040,551	1,850,262	1,887,105	8,324,323
Cost of sales	(3,663,370)	(3,603,254)	(1,722,700)	(1,759,815)	(7,560,246)
Gross income	**275,119**	**437,297**	**127,562**	**127,290**	**764,077**
Selling and marketing expenses	(80,814)	(59,626)	(35,494)	(28,865)	(122,565)
General and administrative expenses	(31,008)	(28,357)	(14,956)	(14,272)	(61,088)
Other income (expenses), net	6,348	(2,249)	11,609	(623)	(7,145)
Operating profit	**169,645**	**347,065**	**88,721**	**83,530**	**573,279**
Finance income	24,099	24,180	13,978	13,154	33,426
Finance expenses	(61,595)	(57,881)	(30,782)	(28,711)	(116,243)
Finance expenses, net	**(37,496)**	**(33,701)**	**(16,804)**	**(15,557)**	**(82,817)**
Net income before income tax	**132,149**	**313,364**	**71,917**	**67,973**	**490,462**
Expenses for income tax	(22,218)	(49,868)	(10,833)	(10,165)	(82,195)
Net income for the period	**109,931**	**263,496**	**61,084**	**57,808**	**408,267**
Net earnings per share (in USD)					
Net basic and diluted earnings per 1 ordinary share	**0.035**	**0.083**	**0.020**	**0.018**	**0.128**
Items of other comprehensive income (loss) transferred to profit and loss:					
Effective share of the change in fair value of cash flow hedges, net of tax	12,461	(11,490)	209	5,629	(25,420)
Other, net	519	(487)	177	(327)	(1,094)
Other comprehensive income (loss) for the period, transferred to profit and loss, net of tax	**12,980**	**(11,977)**	**386**	**5,302**	**(26,514)**
Items of other comprehensive income not transferred to profit and loss:					
Remeasurement of defined benefit plan, net of tax	1,041	–	1,041	–	1,850
Other, net	–	–	–	–	661
Other comprehensive income for the period, not transferred to profit and loss, net of tax	**1,041**	**–**	**1,041**	**–**	**2,511**
Total other comprehensive income (loss) for the period, net of tax	**14,021**	**(11,977)**	**1,427**	**5,302**	**(24,003)**
Comprehensive income for the period	**123,952**	**251,519**	**62,511**	**63,110**	**384,264**

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

This translation of the financial statement is for convenience purposes only.
The only binding version of this financial statement is the Hebrew version.

Bazan Ltd. - Condensed Consolidated Interim Statements of Changes in Equity, in USD thousand

	Share capital	Share premium	Capital reserves	Capital reserves for items of other comprehensive income (loss): Hedge fund reserve	Capital reserves for items of other comprehensive income (loss): Other capital reserves	Retained earnings	Total equity
	For the 6-month period ended June 30, 2024 (unaudited)						
Balance as of January 1, 2024 (audited)	**810,515**	**31,087**	**7,655**	**33,424**	**3,904**	**970,631**	**1,857,216**
Net income for the period	–	–	–	–	–	109,931	109,931
Other comprehensive income for the period, net of tax	–	–	–	12,738	242	1,041	14,021
Total comprehensive income for the period	**–**	**–**	**–**	**12,738**	**242**	**110,972**	**123,952**
Share-based payment	–	–	301	–	–	–	301
Share buyback (see Note 8F)	–	–	(5,526)	–	–	–	(5,526)
Dividend declared and paid (see Note 8F)	–	–	–	–	–	(144,000)	(144,000)
Balance as of June 30, 2024	**810,515**	**31,087**	**2,430**	**46,162**	**4,146**	**937,603**	**1,831,943**

	Share capital	Share premium	Capital reserves	Capital reserves for items of other comprehensive income (loss): Hedge fund reserve	Capital reserves for items of other comprehensive income (loss): Other capital reserves	Retained earnings	Total equity
	For the 6-month period ended June 30, 2023 (unaudited)						
Balance as of January 1, 2023 (audited)	**807,850**	**32,623**	**29,902**	**59,564**	**3,617**	**810,391**	**1,743,947**
Net income for the period	–	–	–	–	–	263,496	263,496
Other comprehensive loss for the period, net of tax	–	–	–	(11,734)	(243)	–	(11,977)
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**(11,734)**	**(243)**	**263,496**	**251,519**
Share-based payment	–	–	877	–	–	–	877
Share buyback	–	–	(6,743)	–	–	–	(6,743)
Expired share options	–	–	(123)	–	–	123	–
Dividend declared and paid	–	–	–	–	–	(200,000)	(200,000)
Balance as of June 30, 2023	**807,850**	**32,623**	**23,913**	**47,830**	**3,374**	**874,010**	**1,789,600**

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

Bazan Ltd. - Condensed Consolidated Interim Statements of Changes in Equity, in USD thousand (cont.)

	Share capital	Share premium	Capital reserves	Capital reserves for items of other comprehensive income (loss): Hedge fund reserve	Capital reserves for items of other comprehensive income (loss): Other capital reserves	Retained earnings	Total equity
	For the 3-month period ended June 30, 2024 (unaudited)						
Balance as of April 1, 2024	**810,515**	**31,087**	**4,883**	**45,834**	**4,088**	**875,478**	**1,771,885**
Net income for the period	–	–	–	–	–	61,084	61,084
Other comprehensive income for the period, net of tax	–	–	–	328	58	1,041	1,427
Total comprehensive income for the period	**–**	**–**	**–**	**328**	**58**	**62,125**	**62,511**
Share-based payment	–	–	181	–	–	–	181
Share buyback (see Note 8F)	–	–	(2,634)	–	–	–	(2,634)
Balance as of June 30, 2024	**810,515**	**31,087**	**2,430**	**46,162**	**4,146**	**937,603**	**1,831,943**

	Share capital	Share premium	Capital reserves	Capital reserves for items of other comprehensive income (loss): Hedge fund reserve	Capital reserves for items of other comprehensive income (loss): Other capital reserves	Retained earnings	Total equity
	For the 3-month period ended June 30, 2023 (unaudited)						
Balance as of April 1, 2023	**807,850**	**32,623**	**30,239**	**42,408**	**3,494**	**816,202**	**1,732,816**
Net income for the period	–	–	–	–	–	57,808	57,808
Other comprehensive income (loss) for the period, net of tax	–	–	–	5,422	(120)	–	5,302
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**5,422**	**(120)**	**57,808**	**63,110**
Share-based payment	–	–	417	–	–	–	417
Share buyback	–	–	(6,743)	–	–	–	(6,743)
Balance as of June 30, 2023	**807,850**	**32,623**	**23,913**	**47,830**	**3,374**	**874,010**	**1,789,600**

	Share capital	Share premium	Capital reserves	Capital reserves for items of other comprehensive income (loss): Hedge fund reserve	Capital reserves for items of other comprehensive income (loss): Other capital reserves	Retained earnings	Total equity
	Year ended December 31, 2023 (audited)						
Balance as of January 1, 2023	**807,850**	**32,623**	**29,902**	**59,564**	**3,617**	**810,391**	**1,743,947**
Net income for the year	–	–	–	–	–	408,267	408,267
Other comprehensive income (loss) for the year, net of tax	–	–	–	(26,140)	287	1,850	(24,003)
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**(26,140)**	**287**	**410,117**	**384,264**
Share-based payment	–	–	1,182	–	–	–	1,182
Exercised share options	2,665	(1,536)	(1,129)	–	–	–	–
Expired share options	–	–	(123)	–	–	123	–
Share buyback	–	–	(22,177)	–	–	–	(22,177)
Dividend declared and paid	–	–	–	–	–	(250,000)	(250,000)
Balance as of December 31, 2023	**810,515**	**31,087**	**7,655**	**33,424**	**3,904**	**970,631**	**1,857,216**

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

Bazan Ltd. - Condensed Consolidated Interim Statements of Cash Flows, in USD thousand

	For the 6-month period ended June 30, 2024	For the 6-month period ended June 30, 2023	For the 3-month period ended June 30, 2024	For the 3-month period ended June 30, 2023	For the year ended December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
Cash flows from operating activities					
Net income for the period	**109,931**	**263,496**	**61,084**	**57,808**	**408,267**
Adjustments required to present cash flows from operating activities:					
Revenues and expenses not involving cash flows (Appendix A – Section A)	142,016	120,863	42,308	54,590	314,045
	251,947	**384,359**	**103,392**	**112,398**	**722,312**
Changes in assets and liabilities items (Appendix A - Section B)	(121,618)	(210,786)	6,562	(52,460)	(20,060)
Received (paid) income tax, net (1)	(64,707)	188	(7,330)	(337)	2,337
Net cash provided by operating activities	**65,622**	**173,761**	**102,624**	**59,601**	**704,589**
Cash flows from investing activities					
Interest received	16,023	13,462	7,415	7,921	26,721
Change in deposits, net	57,080	18,473	21,618	(13,042)	(13,475)
Repayment of a loan from Early Pension Haifa	6,481	–	6,481	–	–
Purchase of property, plant & equipment (including periodic maintenance) (2)	(69,069)	(61,256)	(43,858)	(37,451)	(163,356)
Other	(53)	(1,355)	27	(882)	(3,032)
Net cash provided by (used in) investing activities	**10,462**	**(30,676)**	**(8,317)**	**(43,454)**	**(153,142)**
Cash flows used in financing activities					
Change in deposits and short-term borrowing, net	(5,470)	(7,316)	(14,643)	11,963	(12,687)
Interest paid	(53,888)	(59,696)	(17,734)	(21,441)	(110,729)
Derivative transactions, net	(1,551)	(251)	378	(97)	(1,020)
Receipt of long-term loans from banks (3)	152,000	40,000	–	40,000	120,000
Repayment of long-term bank loans, including early repayment (3)	(150,822)	(30,071)	(24,260)	(16,194)	(97,190)
Repayment of debentures	(110,000)	(191,600)	(70,374)	(179,882)	(202,991)
Issue of debentures, net of raising costs (see Note 6A)	81,263	56,553	–	56,553	56,553
Payment of lease liabilities	(8,439)	(8,682)	(3,672)	(5,146)	(19,005)
Share buyback (see Note 8F)	(4,813)	(7,611)	(1,572)	(7,611)	(22,890)
Paid dividend (see Note 8F)	(144,000)	(200,000)	(144,000)	–	(250,000)
Net cash used in financing activities	**(245,720)**	**(408,674)**	**(275,877)**	**(121,855)**	**(539,959)**
Net increase (decrease) in cash and cash equivalents	**(169,636)**	**(265,589)**	**(181,570)**	**(105,708)**	**11,488**
Effect of exchange rate fluctuations on balances of cash and cash equivalents	(1,364)	1,425	375	1,724	488
Cash and cash equivalents at the beginning of the period	763,036	751,060	773,231	590,880	751,060
Cash and cash equivalents at the end of the period	**592,036**	**486,896**	**592,036**	**486,896**	**763,036**

(1) During the reporting period, mostly for tax payments in respect of 2022-2023.

(2) During the Reporting Period and in 2023 - includes direct costs (before capitalization of salary costs and other costs) totaling approx. USD 15 million and approx. USD 40 million, respectively, in respect of periodic maintenance works in the Company's main refining facility and in adjacent facilities, which were scheduled to start in October 2023 and were postponed due to the War (for further details, see Note 11A to the Annual Financial Statements). The periodic maintenance works were completed subsequent to the Reporting Period, and as of June 30, 2024, a total of approx. USD 35 million, which are included in the trade payables, have not yet been paid.

(3) During the reporting period, includes repayment of loans of approx. USD 101 million against receipt of new loans. For details, see Note 6A. In 2023, includes repayment of a loan of approx. USD 36 million against receipt of a new loan. For details, see Note 13A3 to the Annual Financial Statements.

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

Bazan Ltd. - Condensed Consolidated Interim Statements of Cash Flows, in USD thousand (cont.)

Appendix A - Adjustments Required to Present Cash Flows from Operating Activities

	For the 6-month period ended June 30, 2024	June 30, 2023	For the 3-month period ended June 30, 2024	June 30, 2023	For the year ended December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
A. Revenues and expenses not included in cash flows					
Depreciation and amortization	86,271	84,778	42,657	43,327	172,970
Other expenses (income), net	(6,348)	2,249	(11,609)	623	7,145
Finance expenses, net	39,664	40,026	18,106	15,463	83,247
Change in the balance of inventory and margins derivatives (see Note 7B)	(392)	(56,577)	(18,082)	(15,120)	(31,882)
Expenses for income tax	22,218	49,868	10,833	10,165	82,195
Other	603	519	403	132	370
	142,016	**120,863**	**42,308**	**54,590**	**314,045**
B. Changes in assets and liabilities items					
Change in trade receivables (see Note 8D)	(74,690)	(36,510)	(28,035)	(63,399)	(30,313)
Change in other receivables and debit balances	50,817	15,243	5,574	11,758	(35,119)
Change in inventories	(25,042)	201,709	1,049	86,672	(18,940)
Change in trade payables (see Note 8E)	(52,583)	(345,572)	36,745	(67,484)	95,794
Change in other payables, credit balances and provisions	(20,371)	(44,642)	(8,476)	(19,900)	(31,264)
Change in employee benefits, net	251	(1,014)	(295)	(107)	(218)
	(121,618)	**(210,786)**	**6,562**	**(52,460)**	**(20,060)**

NOTE 1 - GENERAL

A. Reporting entity

Bazan Ltd. (hereinafter - the "Company" or "Bazan") is a company incorporated in Israel, which is located in Haifa Bay and its official address is POB 4, Haifa Bay 3100001, Israel. The Company's shares are traded on the Tel Aviv Stock Exchange (hereinafter - the "TASE"). The Company and its subsidiaries are industrial companies operating mainly in Israel and the Netherlands, and are engaged primarily in the production of petroleum products, feedstock for the petrochemical industry, raw materials for the plastics industry, and byproducts. The facilities of the principal manufacturing subsidiaries (Carmel Olefins and Gadiv) in Israel are integrated with those of the Company. In addition, the Company provides infrastructure services (storage, pumping, and production of petroleum products). The controlling shareholder of the Company is Israel Petrochemical Enterprises Ltd.

B. The Condensed Consolidated Interim Financial Statements as of June 30, 2024 include those of the Company and its subsidiaries (hereinafter, jointly - the "Group").

NOTE 2 - BASIS OF PREPARATION

A. Statement of compliance with IFRSs

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required in the full annual financial statements. These statements should be read together with the financial statements as of December 31, 2023 and for the year then ended (hereinafter - the "Annual Financial Statements"). Additionally, these statements have been prepared in accordance with the provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The Condensed Consolidated Interim Financial Statements were approved by the Company's Board of Directors on August 25, 2024.

B. Use of estimates and judgments

The preparation of these Condensed Consolidated Interim Financial Statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Management's judgment when applying the Group's accounting policy and the principal assumptions underlying assessments that involve uncertainty are consistent with those used in the Annual Financial Statements.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

A. The Group's accounting policy in these Condensed Consolidated Interim Financial Statements is the same policy applied to the Annual Financial Statements.

B. **Accounting standards not yet adopted**

IFRS 18, Presentation and Disclosure in Financial Statements

This standard supersedes IAS 1, Presentation of Financial Statements. The purpose of the Standard is to improve the structure and content of the financial statements, especially of the statement of income. The standard includes new disclosure and presentation requirements, in addition to requirements that were brought from IAS 1, Presentation of Financial Statements, with slight wording changes.

As part of the new disclosure requirements, companies will be required to present two interim subtotals in the statement of income: operating profit and profit before financing and income tax. Furthermore, for most companies, the results of the statement of income will be classified into three categories: operating profit, investing income and finance income.

In addition to the changes in the structure of the statements of income, the standard also includes requirement to provide a separate disclosure in the financial statements regarding the use of management-defined performance measures (hereinafter - "non-GAAP" measures).

In addition, under the amendment, specific guidance was added for the aggregation and disaggregation of items in the financial statements and notes. The standard will encourage companies to avoid classifying items as "other" and such classification will lead to further disclosure requirements.

The standard are applicable to annual periods as from January 1, 2027; earlier application is permitted.

The Group started to assess the implications of the standard and as of the reporting date, it is unable to assess its effect on the financial statements.

NOTE 4 – SEGMENT REPORTING

Further to Note 28 to the Annual Financial Statements, in the reporting period, there was no change in the composition of the Group's reportable segments or in the measurement method of the segments' results by the chief operating decision maker.

Bazan Ltd. - Notes to the Consolidated Interim Financial Statements, in USD thousand

NOTE 4 – SEGMENT REPORTING (cont.)

	Refining	Polymers	Total reportable segments	Other	Adjust-ments to consoli-dated	Consolidated
	For the 6-month period ended June 30, 2024 (unaudited)					
Revenue from external sources - Israel	2,361,471	154,086	2,515,557	–	–	2,515,557
Revenue from external sources - other countries	1,167,748	250,288	1,418,036	4,896	–	1,422,932
Total revenue from external sources	**3,529,219**	**404,374**	**3,933,593**	**4,896**	**–**	**3,938,489**
Revenue from inter-segment sales - Israel	157,687	599	158,286	14,126	(172,412)	–
Segment revenues	**3,686,906**	**404,973**	**4,091,879**	**19,022**	**(172,412)**	**3,938,489**
Reported EBITDA	**228,479** (1)	**10,140**	**238,619**	**11,320**	**(371)**	**249,568**
Depreciation and amortization	**(49,002)**	**(23,604)**	**(72,606)**	**(8,070)**	**–**	**(80,676)**
Reported EBITDA less depreciation and amortization						**168,892**
Amortization of excess cost arising on acquisition of consolidated companies						(5,595)
Other revenues, net						6,348
Operating profit						**169,645**
Finance expenses, net						(37,496)
Net income before income tax						**132,149**

(1) Adjusted EBITDA in the Refining Segment for the six-month period ended June 30, 2024 - USD 199,191 thousand.

	Refining	Polymers	Total reportable segments	Other	Adjust-ments to consoli-dated	Consolidated
	For the 6-month period ended June 30, 2023 (unaudited)					
Revenue from external sources - Israel	2,370,636	112,387	2,483,023	–	–	2,483,023
Revenue from external sources - other countries	1,228,215	312,326	1,540,541	16,987	–	1,557,528
Total revenue from external sources	**3,598,851**	**424,713**	**4,023,564**	**16,987**	**–**	**4,040,551**
Revenue from inter-segment sales - Israel	144,783	643	145,426	4,889	(150,315)	–
Segment revenues	**3,743,634**	**425,356**	**4,168,990**	**21,876**	**(150,315)**	**4,040,551**
Reported EBITDA	**421,196** (1)	**(283)**	**420,913**	**12,149**	**1,030**	**434,092**
Depreciation and amortization	**(47,402)**	**(23,299)**	**(70,701)**	**(8,354)**	**–**	**(79,055)**
Reported EBITDA less depreciation and amortization						**355,037**
Amortization of excess cost arising on acquisition of consolidated companies						(5,723)
Other expenses, net						(2,249)
Operating profit						**347,065**
Finance expenses, net						(33,701)
Net income before income tax						**313,364**

(1) Adjusted EBITDA in the Refining Segment for the six-month period ended June 30, 2023 - USD 383,625 thousand.

Bazan Ltd. - Notes to the Consolidated Interim Financial Statements, in USD thousand

NOTE 4 – SEGMENT REPORTING (cont.)

	Refining	Polymers	Total reportable segments	Other	Adjust-ments to consoli-dated	Consolidated
	For the 3-month period ended June 30, 2024 (unaudited)					
Revenue from external sources - Israel	1,136,627	78,216	1,214,843	–	–	1,214,843
Revenue from external sources - other countries	499,685	133,031	632,716	2,703	–	635,419
Total revenue from external sources	**1,636,312**	**211,247**	**1,847,559**	**2,703**	**–**	**1,850,262**
Revenue from inter-segment sales - Israel	78,499	305	78,804	5,599	(84,403)	–
Segment revenues	**1,714,811**	**211,552**	**1,926,363**	**8,302**	**(84,403)**	**1,850,262**
Reported EBITDA	**101,268** (1)	**9,925**	**111,193**	**4,721**	**3,855**	**119,769**
Depreciation and amortization	**(24,560)**	**(11,823)**	**(36,383)**	**(3,480)**	**–**	**(39,863)**
Reported EBITDA less depreciation and amortization						**79,906**
Amortization of excess cost arising on acquisition of consolidated companies						(2,794)
Other revenues, net						11,609
Operating profit						**88,721**
Finance expenses, net						(16,804)
Net income before income tax						**71,917**

(1) Adjusted EBITDA in the Refining Segment for the three-month period ended June 30, 2024 - USD 78,104 thousand.

	Refining	Polymers	Total reportable segments	Other	Adjust-ments to consoli-dated	Consolidated
	For the 3-month period ended June 30, 2023 (unaudited)					
Revenue from external sources - Israel	1,142,174	53,607	1,195,781	–	–	1,195,781
Revenue from external sources - other countries	535,883	147,705	683,588	7,736	–	691,324
Total revenue from external sources	**1,678,057**	**201,312**	**1,879,369**	**7,736**	**–**	**1,887,105**
Revenue from inter-segment sales - Israel	65,783	313	66,096	2,334	(68,430)	–
Segment revenues	**1,743,840**	**201,625**	**1,945,465**	**10,070**	**(68,430)**	**1,887,105**
Reported EBITDA	**122,612** (1)	**(4,009)**	**118,603**	**5,647**	**3,230**	**127,480**
Depreciation and amortization	**(23,835)**	**(11,645)**	**(35,480)**	**(4,982)**	**–**	**(40,462)**
Reported EBITDA less depreciation and amortization						**87,018**
Amortization of excess cost arising on acquisition of consolidated companies						(2,865)
Other expenses, net						(623)
Operating profit						**83,530**
Finance expenses, net						(15,557)
Net income before income tax						**67,973**

(1) Adjusted EBITDA in the Refining Segment for the three-month period ended June 30, 2023 - USD 104,534 thousand.

Bazan Ltd. - Notes to the Consolidated Interim Financial Statements, in USD thousand

NOTE 4 – SEGMENT REPORTING (cont.)

	Refining	Polymers	Total reportable segments	Other	Adjust-ments to consoli-dated	Consolidated
	For the year ended December 31, 2023					
Revenue from external sources - Israel	4,999,915	237,605	5,237,520	–	–	5,237,520
Revenue from external sources - other countries	2,515,117	543,293	3,058,410	28,393	–	3,086,803
Total revenue from external sources	**7,515,032**	**780,898**	**8,295,930**	**28,393**	**–**	**8,324,323**
Revenue from inter-segment sales - Israel	263,911	1,117	265,028	13,278	(278,306)	–
Segment revenues	**7,778,943**	**782,015**	**8,560,958**	**41,671**	**(278,306)**	**8,324,323**
Reported EBITDA	**744,812** (1)	**(16,772)**	**728,040**	**24,324**	**1,030**	**753,394**
Depreciation and amortization	**(96,508)**	**(46,743)**	**(143,251)**	**(18,345)**	**–**	**(161,596)**
Reported EBITDA less depreciation and amortization						**591,798**
Amortization of excess cost arising on acquisition of consolidated companies						(11,374)
Other expenses, net						(7,145)
Operating profit						**573,279**
Finance expenses, net						(82,817)
Net income before income tax						**490,462**

(1) Adjusted EBITDA in the Refining Segment for 2023 - USD 718,463 thousand.

NOTE 5 – CONTINGENT LIABILITIES, AGREEMENTS, INCLUDING WITH RELATED PARTIES, OTHER DEVELOPMENTS AND EVENTS, GUARANTEES AND LIENS

A. Government resolution

Further to Note 20C to the Annual Financial Statements, there were no significant changes in and subsequent to the reporting period regarding the implementation of the Government Resolution.

On December 11, 2023, the NOP 75 was approved by the Ministerial Committee for Interior Affairs, Services, Planning and Local Government, and on January 16, 2024, its final version was published in the Official Gazette. It should be emphasized that NOP 75 does not specify a date on which the Group's activity is to be discontinued.

The Company has objections to the manner in which the State conducts the negotiations and has even lodged a complaint with the State's official representatives.

As of the approval date of the report, the Company's management is unable to assess the implications of the Government Resolution, its implementation and its derivatives, including its impact on its activities, business, and/or financial results.

The Company's management believes that the decision does not change the assumptions and estimates underlying the Financial Statements, inter alia since the Company's position is that it will be entitled to appropriate indemnification from the state if its rights are infringed.

B. Contingent liabilities

Further to Note 20A to the Annual Financial Statements and except for the following, in and subsequent to the reporting period, there were no significant changes in lawsuits, other contingent liabilities, and administrative proceedings of Bazan Group:

1. Liabilities relating to environmental protection

As detailed in Note 20A3 to the Annual Financial Statements, there are legal, administrative and other proceedings against the Group companies, including civil claims and warnings; An indictment was filed against the Company, an officer and a manager regarding alleged deviations from emission values in periodic and spot tests held in 2017; an indictment was filed against Carmel Olefins, an officer and two managers in connection with alleged breaches of the provisions of environmental laws in Carmel Olefins Facilities; an indictment was filed against Gadiv, an officer and other defendants who are not affiliated with the Company in connection with alleged breaches of the provisions of environmental laws during loading of a ship at the chemical terminal. As part of an overall plea bargain approved by the Court, on May 19, 2024, agreements were reached in the three indictments detailed above: In the case against Carmel Olefins - the plaintiff retracted the indictment, and Carmel Olefins and all other defendants were removed therefrom, the indictment was cancelled and converted into an immaterial monetary sanction; in the case against the Company - the indictment was amended, the manager was removed from the indictment, the Company and the officers were convicted under the amended indictment, and under a letter of suspicions in another investigation held against the Company, immaterial penalties were imposed on the Company and the officer, and they were required to undertake not to commit certain offences in the future; in the case against Gadiv - the latter and the officer were convicted under the indictment, an immaterial penalty was imposed on Gadiv, and Gadiv and the officer were required to undertake not to commit certain offences in the future. The plea bargain also included the closing of three further investigations.

In addition, as detailed in Note 20A4 to the Annual Financial Statements, the Group companies operate routinely to comply with applicable environmental laws and regulations. As at the reporting date, in general, the Group companies are in compliance with the emission permits and with other environmental laws, other than deviations for which the Group companies are working with the Ministry of Environmental Protection to adjust the provisions and/or revise the schedules for their implementation.

NOTE 5 – CONTINGENT LIABILITIES, AGREEMENTS, INCLUDING WITH RELATED PARTIES, OTHER DEVELOPMENTS AND EVENTS, GUARANTEES AND LIENS (cont.)

B. Contingent liabilities (cont.)

1. Liabilities relating to environmental protection (cont.)

The Company, Carmel Olefins, and Gadiv received various warnings and summons to hearings from the Ministry of Environmental Protection for alleged violations of the emission permits, poisons permits, the discharge permit into the sea, and personal orders issued to them, including for air quality. The companies submit their responses to the Ministry for any warning and/or summons to a hearing received, as relevant. In addition, the Company, Carmel Olefins and Gadiv are negotiating with the Ministry of Environmental Protection regarding findings of soil surveys and the resulting requirements.

The Ministry of Environmental Protection is investigating a number of issues against the Company, Carmel Olefins and Gadiv, and in some of the investigations, also against managers and employees who served at the dates relevant to the investigation of the companies, including for alleged violations of various environmental protection laws, and including personal ordinances, toxic materials permits and emission permits issued to the companies at the dates on which they were valid, and/or due to malfunctions in their facilities. In addition, from time to time, sanctions and/or fines in immaterial amounts are imposed on the Group companies.

For some of these proceedings, the managements of the Company and its subsidiaries believe, based on the opinion of their legal counsel, that, at this stage, it is impossible to assess their effect, if any, on the Group and its Financial Statements as of June 30, 2024. Provisions were not included in the financial statements for these proceedings, the effect of which cannot be assessed. As for the other proceedings, the Group included provisions in immaterial amounts in its financial statements, which it believes adequately reflect the amounts that will more likely than not be paid.

2. Other contingent liabilities

A. On June 30, 2024, the Company signed a settlement agreement with third parties, under which the Company will receive - no later than July 30, 2024 - a one-off compensation (which will affect the Company's results only in the Reporting Period) - at the total amount of approx. USD 16 million (before tax), in full and final settlement of the Company's claims against them regarding their responsibility for damages that the Company claims to have suffered in previous years in connection with services rendered thereto. The compensation amount was included in the other income line item. The compensation was received subsequent to the Reporting Period.

B. Subsequent to the Reporting Period, the Company, Carmel Olefins and Gadiv were served with a motion for approval of a derivative claim filed to the Haifa District Court on behalf of the Company and subsidiaries thereof against former and serving Company officers. The applicants claim that the officers breached their duties in a way that resulted in damages and in the Company and its subsidiaries' breaching environmental laws, and that the officers should compensate the Company and its subsidiaries, and repay them various types of compensation they were paid by the Company and its subsidiaries at a total amount estimated by the applicants to exceed NIS 150 million. The Company, Carmel Olefins and Gadiv believe - based on the opinion of their legal counsels, that at this early stage, it is impossible to estimate the exposure to the said motion.

C. Agreements, including with related parties

Further to Notes 20B and 27 to the Annual Financial Statements, and except for that set out below, there were no significant changes in the agreements of the Bazan Group in the reporting period:

1. Following on Note 20B2 to the Annual Financial Statements, on February 4, 2024, a first notice was sent to the Company on behalf of the Leviathan Reservoir partners that the condensate pumping to Ashdod Refinery Ltd. is expected to commence in March 2024, and as a result, the quantity of condensate supplied to the Company's facilities will be decreased significantly. On March 7, 2024, the pumping of condensate to the company was discontinued. The Company is examining realization of its legal rights in accordance with the provisions of the agreement.

NOTE 5 – CONTINGENT LIABILITIES, AGREEMENTS, INCLUDING WITH RELATED PARTIES, OTHER DEVELOPMENTS AND EVENTS, GUARANTEES AND LIENS (cont.)

C. Agreements, including with related partied (cont.)

1. (cont.)

In that context, it is noted that subsequent to March 7, 2024, condensate was pumped to the Company on a number of occasions for a few days as per the request of the Leviathan Reservoir Partnership.

During the reporting period, condensate constituting approx. 0.7% of the total crude oil quantities being refined was pumped to the Company.

2. Further to Note 27B3 to the Annual Financial Statements, in the reporting period, the Company's Board of Directors approved (after approval by the Company's Compensation Committee) a bonus in respect of 2023 to the Company's Chairman of the Board, Mr. Moshe Kaplinsky and the Company's CEO, Mr. Asaf Almagor, totaling approx. NIS 1,050 thousand and approx. NIS 2,100 thousand each, respectively.

3. Further to Note 27B3D of the Annual Financial Statements, during the reporting period, the Company's Board of Directors approved (after approval by the Company's Compensation Committee), and subject to the approval of the Company's General Meeting, the update of the annual variable bonus cap (without changing the other terms of his employment) of the Company's CEO, Mr. Asaf Almagor, such that the cap will stand at NIS 3 million. On April 21, 2024, the Company's General Meeting decided not to approve this update.

4. Following on Note 27B3f to the Annual Financial Statements, on March 13, 2024, the Company's board of directors approved the continuation of the agreement with Mr. Passal until 2024.

5. Securities allotment plan

A. <u>Description of the plan</u>

On July 18, 2024, the Company's Board of Directors approved (after approval by the Company's Compensation Committee) a plan for the allotment of options and restricted share units (hereinafter - the "Plan") and an outline for the allotment of 60 million options to Group employees and managers and 20 million restricted share units to non-executive Group employees and managers (hereinafter - the "Securities"). The Securities which will be allotted as part of the Plan are without consideration, non-marketable and each security entitles the offeree the right to receive from the Company one ordinary share of NIS 1 par value of the Company, in accordance with the Plan and subject to certain adjustments set out in the Plan. The exercise shares underlying the securities will be registered for trade on the TASE, and from the allotment date will bear equal rights, for all intents and purposes, to the ordinary shares of NIS 1 par value in the Company's share capital. When exercising the options, the offerees will not be allotted all the underlying shares, but rather only the number of shares reflecting the amount of the financial benefit inherent therein. In the event of termination of the offeree's service, his/her right to exercise the options will be restricted to those options to which the offeree's right was established prior to termination of employment or service, and they will be exercisable during the 180 day period following termination of employment or service (but in any event, no later than the expiry date of the options). All the other options allotted to the offeree will expire on the date his/her employment or service ends. Restricted share units which have not yet vested on the date the offeree's employment or service ends will expire and be cancelled immediately.
The Plan was written in accordance with Section 102 to the Income Tax Ordinance, which sets out, among other things, a tax track according to which the Securities will be deposited with a trustee for a period of at least two years after their grant date. The Securities were allotted under the capital gains track and recipients thereof shall pay the tax which will arise from the benefit in accordance with the provisions of Section 102 to the Income Tax Ordinance.

NOTE 5 – CONTINGENT LIABILITIES, AGREEMENTS, INCLUDING WITH RELATED PARTIES, OTHER DEVELOPMENTS AND EVENTS, GUARANTEES AND LIENS (cont.)

C. Agreements, including with related partied (cont.)

5. Securities allotment plan (cont.)

B. Further to Note 27B3b of the Annual Financial Statements, on July 18, 2024, the Company's Board of Directors approved (after approval by the Company's Compensation Committee), and subject to the approval of the Company's General Meeting, the allotment of 9 million options to the Company's Chairman of the Board - Mr. Moshe Kaplinsky, in accordance with the terms and conditions of the plan detailed above.
In addition, the Company's Board of Directors approved (after approval by the Company's Compensation Committee), and subject to the approval of the Company's General Meeting, the Compensation Policy as per Note 27B3a to the Annual Financial Statements, the allotment of 33.5 million options to officers and employees reporting to the CEO as part of the abovementioned outline.

D. Guarantees and liens

Further to Note 19 to the Annual Financial Statements, there were no significant changes in the Group's guarantees and liens in and subsequent to the reporting period, other than changes in the ordinary course of business in the amount of open short-term documentary letters of credit to suppliers.

NOTE 6 - BORROWINGS FROM BANKS AND OTHERS AND DEBENTURES

A. Significant events during and subsequent to the reporting period

1. On March 13, 2024, Ma'alot S&P reiterated the rating of the Company and its debentures at 'ilA+' with a stable outlook.
2. During the reporting period, the Company took a new long-term bank loan (hereinafter - the "New Loan") of USD 72 million, at a variable USD interest rate (SOFR plus a margin), some of which was used for full repayment of an existing loan (whose balance as of the repayment date is approx. USD 33 million). The final repayment date of the new loan will be in 2030. The new loan was taken at terms and conditions that are superior to those of the existing loans, while extending the loan's average duration and significantly reducing the interest spread added over the SOFR benchmark. For the new loan, the Company is subject to the same financial covenants as in the syndication agreement (see Section B below).
3. During the reporting period, the Company issued Debentures (Series M) by way of expansion in an amount of approx. USD 81 million (net of issuance costs). To reduce currency and interest exposure, the Company entered into principal and interest swapד (including fixing the USD interest), and elected to apply cash flow hedge accounting principles.
4. In the reporting period, the Company took a new long-term bank loan (hereinafter - the "Second New Loan") of USD 80 million, at a variable USD interest rate (SOFR plus a margin), with a final repayment date in 2032. Further to the second new loan taken, the Company informed Bank Hapoalim (as a key organizer of the syndication agreement) about its wish to make an early repayment of the outstanding loan balance in an amount of USD 68 million, which was taken in accordance with the syndication agreement in 2021, as detailed in Note 13B1 to the Annual Financial Statements; and in accordance with its notice, the Company repaid the loan balance in March 2024. In this context it is noted that the second new loan was taken at terms and conditions that are superior to those of the repaid loan, while significantly extending the loan's average duration, while reducing the interest spread added to the SOFR benchmark. For the second new loan, the Company is subject to the same financial covenants as in the syndication agreement (see Section B below).

NOTE 6 - BORROWINGS FROM BANKS AND OTHERS AND DEBENTURES (cont.)

B. Financial covenants - the Company

Further to Note 13B2 to the Annual Financial Statements, set forth below are the financial covenants, as defined in the said note, applicable to the Company by virtue of the Syndication Agreement, and in connection with its financing agreements with banks (including long-term loans and secured short-term credit facilities), and the amounts and/or actual ratios as of June 30, 2024:

	Required	Required ratio / amount	Actual ratio / amount
Consolidated adjusted equity (in USD million)	≥	750	1,845.0
Consolidated adjusted equity to total consolidated statement of financial position, net	≥	20.0%	46.2%
Net consolidated financial debt to consolidated adjusted EBITDA ratio	≤	5.0	1.2
Consolidated principal and interest coverage ratio	≥	1.1	3.5
Cash flows plus the unused balance of binding credit facilities in the separate statement (in USD million)	≥	75	849.3

As at June 30, 2024, the Company is in compliance with the financial covenants.

Further to Note 14C to the Annual Financial Statements, below are the financial covenants of Debentures (Series I, J, L, and M) as defined in the deed of trust, and the actual amounts and/or ratios as of June 30, 2024:

	Required	Required ratio / amount	Actual ratio / amount
Adjusted equity (in USD million) (1)	≥	720	1,984.7
Adjusted equity plus shareholder loans to total consolidated statement of financial position (2)	≥	17.5%	49.9%(3)
Net debt divided by the average consolidated annual adjusted EBITDA	≤	8	1.2
Consolidated cash and cash equivalents (in USD million)	≥	50	592.1

(1) For Debentures (Series I, J and L), adjusted required equity is approx. USD 630 million.

(2) For Debentures (Series I, J and L) required adjusted equity plus shareholder loans out of consolidated total assets - 15%.

(3) For Debentures (Series M), the actual ratio is 50.8%.

As at June 30, 2024, the Company is in compliance with the financial covenants.

Bazan Ltd. - Notes to the Consolidated Interim Financial Statements, in USD thousand

NOTE 7 - FINANCIAL INSTRUMENTS - FAIR VALUE

A. Fair value of financial instruments for disclosure purposes only

The carrying amounts of certain financial assets and financial liabilities, including cash and cash equivalents, deposits, trade receivables, other receivables and debit balances, long-term receivables and debit balances, financial derivatives, short-term loans and borrowings, trade payables, other payables and credit balances, and other long-term liabilities (other than lease liabilities), are the same as or proximate to their fair value.

The fair value of the remaining financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	As at June 30, 2024			
	Balance of adjusted p.v.	Carrying amount	Fair value - Level 1	Fair value - Level 2
Financial liabilities:				
Marketable Debentures (Series I) (1) (2)	100,817	100,801	99,883	−
Marketable Debentures (Series J, L and M) (1) (2)	602,195	588,902	577,538	−
Bank loans (3)	463,112	450,056	−	460,159
	1,166,124	**1,139,759**	**677,421**	**460,159**

	As of June 30, 2023			
	Balance of adjusted p.v.	Carrying amount	Fair value - Level 1	Fair value - Level 2
Financial liabilities:				
Marketable Debentures (Series I) (1) (2)	140,024	139,958	137,045	−
Marketable Debentures (Series E, J, L and M) (1) (2)	613,718	597,485	588,192	−
Bank loans (3)	449,148	431,528	−	456,463
	1,202,890	**1,168,971**	**725,237**	**456,463**

	As at December 31, 2023				
	Balance of adjusted p.v.	Carrying amount	Fair value - Level 1	Fair value - Level 2	Discount rate used for determining fair value
Financial liabilities:					
Marketable Debentures (Series I) (1) (2)	134,423	134,376	134,833	−	
Marketable Debentures (Series E, J, L and M) (1) (2)	620,008	606,000	609,717	−	
Bank loans (3)	462,227	447,251	−	465,576	6.88%-8.05%
	1,216,658	**1,187,627**	**744,550**	**465,576**	

(1) The carrying amount of the debentures is presented at amortized cost (net of raising costs and premium or discounting) and to the extent relevant after application of fair value hedge accounting.
(2) The fair value of the marketable debentures is based on the quoted price on the TASE as of the report date.
(3) The carrying amount is presented net of raising costs and net of adjustments for changes in the loan terms, as detailed in Note 13C3 to the Annual Financial Statements.

For further details about the basis for the fair value measurement of financial liabilities on Level 2, see Note 4 to the Annual Financial Statements.

Bazan Ltd. - Notes to the Consolidated Interim Financial Statements, in USD thousand

NOTE 7 - FINANCIAL INSTRUMENTS - FAIR VALUE (cont.)

B. Fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of the financial instruments measured at fair value, on a timing basis, using the valuation method. The different levels were defined in Note 4 to the Annual Financial Statements.

	June 30, 2024	June 30, 2023	December 31, 2023
Financial assets			
Non-derivative			
Investments in stocks at fair value through other comprehensive income (Level 3)	21,383	21,969	21,383
Derivatives used for accounting hedges (1) (2)			
Cross-currency interest rate swaps and interest rate swaps (Level 2)	577	3,632	7,421
Derivatives for polymers margin (Level 3)	2,874	10,034	3,666
Derivatives not used for accounting hedges			
Derivatives for refining margins (Level 2) (3)	699	8,995	–
Currency hedging contracts (Level 2)	1,802	302	57
	27,335	**44,932**	**32,527**
Financial liabilities			
Derivatives used for accounting hedges (1) (2)			
Cross-currency interest rate swaps and interest rate swaps (Level 2)	67,804	57,056	55,104
Derivatives for inventory (Level 2)	3,528	–	1,962
Derivatives not used for accounting hedges			
Derivatives for refining margins (Level 2) (3)	–	–	15,592
Currency hedging contracts (Level 2)	–	1,804	2,140
	71,332	**58,860**	**74,798**

(1) The fair value of marketable derivatives for inventory and cash flow exposure for acquisition of inventory (basic) at the end of the inventory availability transaction, classified at Level 1, is presented in the statement of financial position net of the relating calculated amounts.

(2) In the three- and six-month periods ended on June 30, 2024, other comprehensive income amounted to approx. USD 15 million and approx. USD 1 million, respectively, was recognized in a hedge fund for the effective part of the change in the fair value of Brent futures. As at June 30, 2024, the balance of the hedge fund (before tax) amounts to approx. USD 50 million (credit).

(3) For further details, see Note 8H.

Following are the main assumptions used to measure the fair value of cross-currency swaps (Level 2):

	June 30, 2024	June 30, 2023	December 31, 2023 (1)
NIS interest (used for discounting the NIS component)	3.04% - 3.51%	2.51% - 3.7%	2.45% - 3.86%
USD interest (used for discounting the USD component)	3.99% - 5.32%	3.61% - 5.41%	3.47% - 5.33%
Exchange rate (NIS/USD)	3.759	3.7	3.627

(1) For details regarding changing the benchmark interest from USD LIBOR to SOFR, due to discontinuation of LIBOR as of June 30, 2023, see Note 29D2 to the Annual Financial Statements.

For further details about the basis for the fair value measurement of financial assets and liabilities, see Note 4 to the Annual Financial Statements.

NOTE 8 – SIGNIFICANT EVENTS IN AND SUBSEQUENT TO THE REPORTING PERIOD

A. For further details about the developments in agreements, including with related parties and other contingencies, including in environmental protection, other events, and changes in guarantees, in and subsequent to the reporting period, see Note 5.

B. In the reporting period, there were no material changes in the Company's assessments as to the effects of the war between Russia and Ukraine on the Group's activity as stated in Note 1C to the Annual Financial Statements.

C. In the reporting period, there were no material changes in the Company's assessments as to the effects of the Iron Swords War on the Group's activity as stated in Note 1D to the Annual Financial Statements.

D. Further to Note 6B to the Annual Financial Statements regarding the receivables factoring agreements of the Company and its subsidiaries - Carmel Olefins and Gadiv, as of June 30, 2024, December 31, 2023, and June 30, 2023 Group companies' debts were not derecognized.

Actual factoring amounts are affected, among other things, by the product sales to relevant customers, customer credit days, credit insurance caps, product prices significantly affected by the price of crude oil, as well as the range of working capital factoring sources and management of the Group's liquidity requirements.

Assuming maximum utilization of the factoring agreements as of the report date, and given the crude oil price as of the dates of the sales transactions, the potential maximum factoring amount is estimated at approx. USD 350 million.

E. Further to Note 15A to the Annual Financial Statements, as of June 30, 2024, trade payables with extended credit days amounted to approx. USD 170 million (as at December 31, 2023 - approx. USD 212 million; as of June 30, 2023 - approx. USD 181 millions).

The amount of suppliers' credit due to the extension of the credit days depends on the amount of crude oil purchases under the Master Agreements, the credit days to be determined by the Company for each transaction (within the set range of days), and changes in the price of crude oil. Assuming the Company's maximum utilization of the credit days master agreements that are in effect during 2024, and given the crude oil price of approx. USD 87 per barrel (the price of Brent crude oil as of the reporting date), the estimated amount of suppliers' credit under all the Master Agreements is approx. USD 570 million.

F. Dividends and share buyback

2. On March 13, 2024, the Company's Board of Directors approved the dividend distribution in the amount of approx. USD 144 million, based on the Company's financial statements as of December 31, 2023, which was paid on April 1, 2024.
3. Further to Note 21C6 to the Annual Financial Statements, as of June 30, 2024, the share buyback plan was completed, as part of which 25,149,160 ordinary shares of the Company were acquired for a total consideration of approx. USD 8 million.
4. On August 25, 2024, the Company's Board of Directors approved the distribution of an interim dividend in the amount of USD 30 million, based on the Company's financial statements as of June 30, 2024. Furthermore, the Company's Board of Directors approved a buyback plan of the Company's shares at a total amount of up to USD 5 million.

G. Further to Note 21B of the Annual Financial Statements, during the reporting period, the Company's Board of Directors approved (after approval by the Company's Compensation Committee), and subject to the approval of the Company's General Meeting - which was given on April 21, 2024, the granting of options to five Company directors. Each director will be entitled to 333,333 annual options (totaling 1,000,000 options over a term of office of 3 years). The options terms and conditions are in accordance with the Company's compensation policy and option plan.

NOTE 8 – SIGNIFICANT EVENTS IN AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

H. Further to Note 29D3c to the Annual Financial Statements, during 2023 and during the reporting period, the Company entered into swap transactions aimed at hedging the refining margin for 2024 at a volume of approx. 9.5 million barrels and at a level reflecting a hedged refining margin of approx. USD 11 per barrel. In addition, as of the report date, the balance of margin calls deposited in respect of future transactions for hedging the refining margins amounted to an immaterial amount (as of December 31, 2023, the Company deposited a total of approx. USD 15 million; as of June 30, 2023 - an immaterial amount).

Subsequent to the reporting date, the Company entered into swap futures aimed at hedging refining margin for the Company for 2025 at approx. 1 million barrels, and at a level reflecting an average refining margin of approx. USD 12 per barrel.

Immediately prior to the report approval date, the balance of derivatives for futures hedging the refining margin in 2024 (for the period beginning on August 1, 2024) at a level that reflects an average refining margin of approx. USD 12.5 per barrel and for futures totaling approx. 2 million barrels constitutes an asset of approx. USD 7 million. Furthermore, the balance of derivatives for futures hedging the refining margin in 2025 at a level that reflects an average refining margin of approx. USD 12 per barrel and for futures totaling approx. 1 million barrels constitutes an asset of approx. USD 1 per million.

Against the total balance of derivatives, the Company received margin calls at an immaterial amount.

I. Further to Note 18B2A of the Annual Financial Statements, during the reporting period, all the required conditions for the recognition of the balance of the provision for the early retirement plan for 2023-2025 were met.

J. Further to Note 20B3 to the Annual Financial Statements, as part of a proceeding conducted in the Haifa Local Affairs Court in connection with Energy Infrastructures Ltd. (hereinafter - “Energy Infrastructures”), on June 25, 2024 the court decided that in the absence of a building permit, within six months from the date of the decision Energy Infrastructures - a government company in charge of storing and transporting crude oil and distillates in Israel - will be required to discontinue the operation of the main tankers in the Kiryat Haim tanks farm and several other buildings within nine months from the decision date. The tankers and buildings are used by Energy Infrastructures in the rendering of the services to the Company in connection with the importation, storage, and piping of crude oil.

On August 18, 2024, Energy Infrastructures delivered a notice to the Company, according to which a settlement procedure was conducted and completed, as part of which Energy Infrastructures and the Haifa Municipality reached an agreed and approved memorandum of understanding, according to which Energy Infrastructures acts (hereinafter - the “Outline”); accordingly, Energy Infrastructures is of the opinion that the Outline allows for the continued use of the tanks and the required buildings in the Kiryat Haim tanks farm, such that the provision of all the services rendered to the Company by Energy Infrastructures will continue as usual.

Based on Energy Infrastructures’ notice, the Company is of the opinion that it is not expected that it will be impacted to a material extent, if at all, as a result of the abovementioned resolution of the Local Affairs Court.

Somekh Chaikin
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Attn.
the Shareholders of Bazan Ltd.

Dear Sir/Madam,

Re: Special report by the independent auditors on the Separate Interim Financial Information pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We reviewed the Separate Interim Financial Information presented in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of Bazan Ltd. (hereinafter - the "Company") as of June 30, 2024 and for the three-month and six-month periods then ended. The Separate Interim Financial Information is the responsibility of the Company's management and board of directors. Our responsibility is to express an opinion on the Separate Interim Financial Information for these interim periods based on our review.

Review scope

We conducted our review in accordance with Israel Accounting Standard No. 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* of the Institute of Certified Public Accountants in Israel. A review of Separate 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 smaller in scope than an audit conducted in accordance with generally accepted auditing standards in Israel 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned Separate Interim Financial Information is not prepared, in all material respects, in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970.

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Emphasis of matter

Without qualifying our above conclusion, we draw attention to that which is stated in Note 3 to the separate financial information (including by way of reference to that which is stated in Note 5A to the Condensed Separate Interim Financial Information as of June 30, 2024, and to that which is stated in Note 20C to the Company's 2023 Consolidated Financial Statements) regarding the Government of Israel's resolution dated March 6, 2022 on the strategy for the development and advancement of the Haifa Bay, which includes forming a government team to negotiate with the Company, with the aim of reaching an arrangement to discontinue the activity of petrochemical manufacturing of the Group's companies, while maintaining the energy security and regular fuel supply to the Israeli economy; in the opinion of the Company's management, at this stage, it is impossible to evaluate the significance and impact on its activity, business and financial results; as well as to that which is stated in Note 3 to the separate financial information (including by way of reference to Note 5B(1) to the Condensed Separate Interim Financial Information as of June 30, 2024 and to that which is stated in Note 20A(4) to the Company's 2023 Consolidated Financial Statements regarding proceedings against the Company in connection with environmental laws and regulations; in the opinion of the Company's management, which is based, among other things, on the opinion of its legal counsels, the effect of some of those proceedings on the Company's financial position and operating results, if any, cannot be assessed at this stage; therefore, no provisions were included with regard to this issue in the financial information.

Somekh Chaikin
Certified Public Accountants

Tel Aviv, August 25, 2024

Bazan Ltd. - Condensed Data on the Separate Interim Financial Position, in USD thousand

	As of		
	June 30, 2024	June 30, 2023	December 31, 2023
	(Unaudited)		(Audited)
Current assets			
Cash and cash equivalents	362,127	306,841	528,695
Deposits	4,728	23,380	37,598
Trade receivables	514,957	489,340	485,676
Other receivables and debit balances	161,415	127,624	186,367
Financial derivatives	4,180	19,674	11,026
Inventories	660,127	414,834	627,098
Total current assets	**1,707,534**	**1,381,693**	**1,876,460**
Non-current assets			
Investments with respect to investees, net	1,064,761	1,138,993	1,092,691
Loan to Company for Early Pension Haifa Ltd.	17,380	21,426	21,677
Long-term receivables and debit balances	19,994	25,483	21,809
Long-term loans to an investee	10,000	10,000	10,000
Financial derivatives	1,067	3,118	118
Property, plant and equipment, net	1,308,995	1,223,451	1,256,285
Right-of-use assets, net	115,025	114,182	113,995
Intangible assets and deferred expenses, net	21,933	16,775	20,696
Total non-current assets	**2,559,155**	**2,553,428**	**2,537,271**
Total assets	**4,266,689**	**3,935,121**	**4,413,731**

Moshe Kaplinsky	Asaf Almagor	Guy Liberman
Chairman of the Board of Directors	CEO	CFO

Approval date of Condensed Separate Interim Financial Information: August 25, 2024.

The additional information attached to the Condensed Separate Interim Financial Information is an integral part thereof

Bazan Ltd. - Condensed Data on the Separate Interim Financial Position, in USD thousand (cont.)

	As of June 30, 2024	As of June 30, 2023	December 31, 2023
	(Unaudited)		(Audited)
Current liabilities			
Loans and borrowings (including current maturities)	201,991	206,934	259,500
Current maturities of long-term loans from an investee	–	100,000	–
Trade payables	784,761	365,308	801,249
Other payables and credit balances	159,967	168,089	221,833
Financial derivatives	17,794	14,675	28,158
Provisions	3,662	3,393	3,630
Total current liabilities	**1,168,175**	**858,399**	**1,314,370**
Non-current liabilities			
Liabilities to banks, net	357,071	344,853	338,855
Debentures, net	580,144	616,287	588,490
Other long-term liabilities	78,250	78,342	79,408
Financial derivatives	53,538	44,037	45,472
Employee benefits, net	30,752	32,824	31,987
Deferred tax liabilities, net	166,816	170,779	157,933
Total non-current liabilities	**1,266,571**	**1,287,122**	**1,242,145**
Total liabilities	**2,434,746**	**2,145,521**	**2,556,515**
Equity			
Share capital	810,515	807,850	810,515
Share premium	31,087	32,623	31,087
Capital reserves	52,738	75,117	44,983
Retained earnings	937,603	874,010	970,631
Total equity	**1,831,943**	**1,789,600**	**1,857,216**
Total liabilities and equity	**4,266,689**	**3,935,121**	**4,413,731**

The additional information attached to the Condensed Separate Interim Financial Information is an integral part thereof

Bazan Ltd. - Condensed Data on the Separate Interim Income and Other Comprehensive Income, in USD thousand

	For the 6-month period ended June 30, 2024	For the 6-month period ended June 30, 2023	For the 3-month period ended June 30, 2024	For the 3-month period ended June 30, 2023	For the year ended December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
Revenues	3,640,322	3,708,572	1,697,046	1,728,731	7,730,546
Cost of sales	(3,395,688)	(3,294,947)	(1,597,427)	(1,611,939)	(6,989,906)
Gross income	**244,634**	**413,625**	**99,619**	**116,792**	**740,640**
Selling and marketing expenses	(35,789)	(18,435)	(12,289)	(8,356)	(42,417)
General and administrative expenses	(16,111)	(15,528)	(6,933)	(7,723)	(33,290)
Other income (expenses), net	9,233	(129)	12,116	93	(2,595)
Operating profit	**201,967**	**379,533**	**92,513**	**100,806**	**662,338**
Finance income	23,904	20,252	13,554	11,781	27,443
Finance expenses	(62,915)	(60,216)	(31,453)	(30,427)	(118,053)
Finance expenses, net	**(39,011)**	**(39,964)**	**(17,899)**	**(18,646)**	**(90,610)**
Company's share in losses of investees, net of tax	(29,459)	(25,825)	(4,541)	(13,924)	(70,339)
Net income before income tax	**133,497**	**313,744**	**70,073**	**68,236**	**501,389**
Expenses for income tax	(23,566)	(50,248)	(8,989)	(10,428)	(93,122)
Net income for the period	**109,931**	**263,496**	**61,084**	**57,808**	**408,267**
Items of other comprehensive income (loss) transferred to profit and loss:					
Effective share of the change in fair value of cash flow hedges, net of tax	11,714	(7,997)	(551)	4,051	(9,217)
Other comprehensive income (loss) for investees, net of tax	989	(3,736)	818	1,458	(16,578)
Other, net	277	(244)	119	(207)	(719)
Other comprehensive income (loss) for the period, transferred to profit and loss, net of tax	**12,980**	**(11,977)**	**386**	**5,302**	**(26,514)**
Items of other comprehensive income not transferred to profit and loss:					
Remeasurement of defined benefit plan, net of tax	714	–	714	–	1,272
Other comprehensive income in respect of investees, net of tax	327	–	327	–	1,239
Other comprehensive income for the period, not transferred to profit and loss, net of tax	**1,041**	**–**	**1,041**	**–**	**2,511**
Total other comprehensive income (loss) for the period, net of tax	**14,021**	**(11,977)**	**1,427**	**5,302**	**(24,003)**
Comprehensive income for the period	**123,952**	**251,519**	**62,511**	**63,110**	**384,264**

The additional information attached to the Condensed Separate Interim Financial Information is an integral part thereof

Bazan Ltd. - Condensed Data on the Separate Interim Cash Flows, in USD thousand

	For the 6-month period ended June 30, 2024	For the 6-month period ended June 30, 2023	For the 3-month period ended June 30, 2024	For the 3-month period ended June 30, 2023	For the year ended December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
Cash flows from operating activities					
Net income for the period	**109,931**	**263,496**	**61,084**	**57,808**	**408,267**
Adjustments required to present cash flows from operating activities					
Revenue and expense items not involving cash flows (Appendix A - Section A)	127,164	107,188	24,154	49,146	312,089
	237,095	**370,684**	**85,238**	**106,954**	**720,356**
Changes in assets and liabilities items (Appendix A - Section B)	(80,097)	(208,517)	68,651	(21,608)	(17,326)
Income tax paid(1)	(62,850)	(327)	(7,264)	(166)	(579)
Net cash provided by operating activities	**94,148**	**161,840**	**146,625**	**85,180**	**702,451**
Cash flows used for investing activities					
Interest received	15,231	13,317	7,049	7,844	25,956
Interest received from investees	3,031	2,246	1,704	1,240	4,288
Change in deposits, net	57,070	18,480	21,621	(13,209)	(13,466)
Change in cash provided by investing activities with investees, net	(31,748)	(17,410)	(37,741)	(40,050)	(20,500)
Repayment of a loan from Early Pension Haifa	6,481	–	6,481	–	–
Purchase of property, plant & equipment (including periodic maintenance work) (2)	(59,990)	(50,865)	(39,257)	(30,926)	(134,686)
Net cash used for investing activities	**(9,925)**	**(34,232)**	**(40,143)**	**(75,101)**	**(138,408)**
Cash flows used for financing activities					
Change in deposits, net	(9,167)	(19,073)	(16,595)	799	(25,879)
Interest paid	(53,635)	(59,479)	(17,608)	(21,332)	(110,163)
Interest paid to investees	(3,770)	(4,406)	(2,767)	(3,084)	(9,386)
Derivative transactions, net	(1,551)	(251)	378	(97)	(1,020)
Change in cash provided by financing activities with investees, net	(5,393)	(1,747)	(9,801)	(8,474)	11,341
Repayment of long-term loans from an investee	–	–	–	–	(100,000)
Receipt of long-term loans from banks (3)	152,000	40,000	–	40,000	120,000
Repayment of long-term bank loans, including early repayment (3)	(150,618)	(29,934)	(24,126)	(16,130)	(96,924)
Repayment of debentures	(110,000)	(191,600)	(70,374)	(179,882)	(202,991)
Issue of debentures, less issuance expenses	81,263	56,553	–	56,553	56,553
Share buyback	(4,813)	(7,611)	(1,572)	(7,611)	(22,890)
Dividend paid	(144,000)	(200,000)	(144,000)	–	(250,000)
Other	(100)	(92)	(51)	(46)	(184)
Net cash used for financing activities	**(249,784)**	**(417,640)**	**(286,516)**	**(139,304)**	**(631,543)**
Net decrease in cash and cash equivalents	**(165,561)**	**(290,032)**	**(180,034)**	**(129,225)**	**(67,500)**
Effect of exchange rate fluctuations on balances of cash and cash equivalents	(1,007)	1,037	450	1,534	359
Cash and cash equivalents at the beginning of the period	528,695	595,836	541,711	434,532	595,836
Cash and cash equivalents at the end of the period	**362,127**	**306,841**	**362,127**	**306,841**	**528,695**

(1) During the reporting period, mostly for tax payments in respect of 2022-2023.

(2) During the Reporting Period and in 2023 - includes direct costs (before capitalization of salary costs and other costs) totaling approx. USD 15 million and approx. USD 40 million, respectively, in respect of periodic maintenance works in the Company's main refining facility and in adjacent facilities, which were scheduled to start in October 2023 and were postponed due to the War. The periodic maintenance works were completed subsequent to the Reporting Period, and as of June 30, 2024, a total of approx. USD 35 million, which are included in the trade payables, have not yet been paid.

(3) During the reporting period, includes repayment of loans of approx. USD 101 million against receipt of new loans. For details, see Note 6A to the Consolidated Financial Statements. In 2023, includes repayment of a loan of approx. USD 36 million against receipt of a new loan.

The additional information attached to the Condensed Separate Interim Financial Information is an integral part thereof

Bazan Ltd. - Condensed Data on the Separate Interim Cash Flows, in USD thousand (cont.)

Appendix A - Adjustments Required to Present Cash Flows from Operating Activities

	For the 6-month period ended June 30, 2024	For the 6-month period ended June 30, 2023	For the 3-month period ended June 30, 2024	For the 3-month period ended June 30, 2023	For the year ended December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
A. Revenue and expense items not involving cash flows					
Depreciation and amortization	42,811	41,822	21,436	21,045	84,512
Other expenses (income), net	(9,233)	129	(12,116)	(93)	2,595
Finance expenses, net	40,552	44,170	19,071	18,506	89,511
Change in the balance of inventory and margins derivatives	(453)	(55,113)	(18,082)	(14,600)	(27,803)
Share in losses of investees, net of tax	29,459	25,825	4,541	13,924	70,339
Expenses for income tax	23,566	50,248	8,989	10,428	93,122
Other	462	107	315	(64)	(187)
	127,164	**107,188**	**24,154**	**49,146**	**312,089**
B. Changes in assets and liabilities items					
Change in trade receivables	(29,281)	(29,586)	27,059	(48,577)	(25,922)
Change in other receivables and debit balances	44,943	18,485	1,425	16,839	(31,968)
Change in inventories	(33,029)	177,811	5,586	82,534	(34,453)
Change in trade payables	(52,926)	(339,204)	32,436	(57,864)	100,467
Change in other payables, credit balances and provisions	(9,419)	(34,927)	2,276	(14,305)	(25,031)
Change in employee benefits	(385)	(1,096)	(131)	(235)	(419)
	(80,097)	**(208,517)**	**68,651**	**(21,608)**	**(17,326)**

The additional information attached to the Condensed Separate Interim Financial Information is an integral part thereof

Additional information

1. **General**

   A. The Condensed Separate Interim Financial Information of the Company was prepared in accordance with the provisions of Regulation 38D and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970 regarding the Condensed Separate Interim Financial Information of the corporation. This information should be read in conjunction with the separate financial information as of December 31, 2023 (hereinafter - the "Annual Financial Statements"), and the condensed consolidated interim financial information as of June 30, 2024 (hereinafter - the "Consolidated Financial Statements").

   B. **Definitions:**

   The Company - Bazan Ltd.

   Consolidated companies - companies and partnerships, the financial statements of which are fully consolidated with the financial statements of the Company.

   Investees - consolidated companies and partnerships and companies and partnerships in which the Company's investment is stated in the financial statements on the equity method.

2. **Significant Accounting Policies Applied in the Condensed Separate Interim Financial Information**

   The accounting policies applied in the Condensed Separate Interim Financial Information are in accordance with the accounting policies detailed in Note 2 to the Annual Financial Statements and in Note 3 to the Consolidated Financial Statements.

3. **Contingent liabilities, agreements, including with related parties, other developments and events, guarantees and liens**

   For details, see Note 5 to the Consolidated Financial Statements.

4. **Credit from banks and debentures**

   For details regarding credit from banking corporations and debentures, including credit rating and financial covenants, see Note 6 to the Consolidated Financial Statements.

5. **Dividend and share buyback**

   For details concerning dividends declared and paid by the Company during the reporting period and share buyback, see Note 8F to the Consolidated Financial Statements.

6. **Significant events during and subsequent to the reporting period**

   For details, see Notes 5, 6 and 8 to the Consolidated Financial Statements.