



OIL REFINERIES LTD

# **Condensed Consolidated Interim Financial Statements as at September 30 , 2024**

**(Unaudited)**

This translation of the financial statement is for convenience purposes only.

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**Chapter B: Condensed Consolidated Interim Financial Statements as at September 30, 2024**

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**Report of the Board of Directors on the State of the Company's Affairs**  
**for the period ended September 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 September 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.

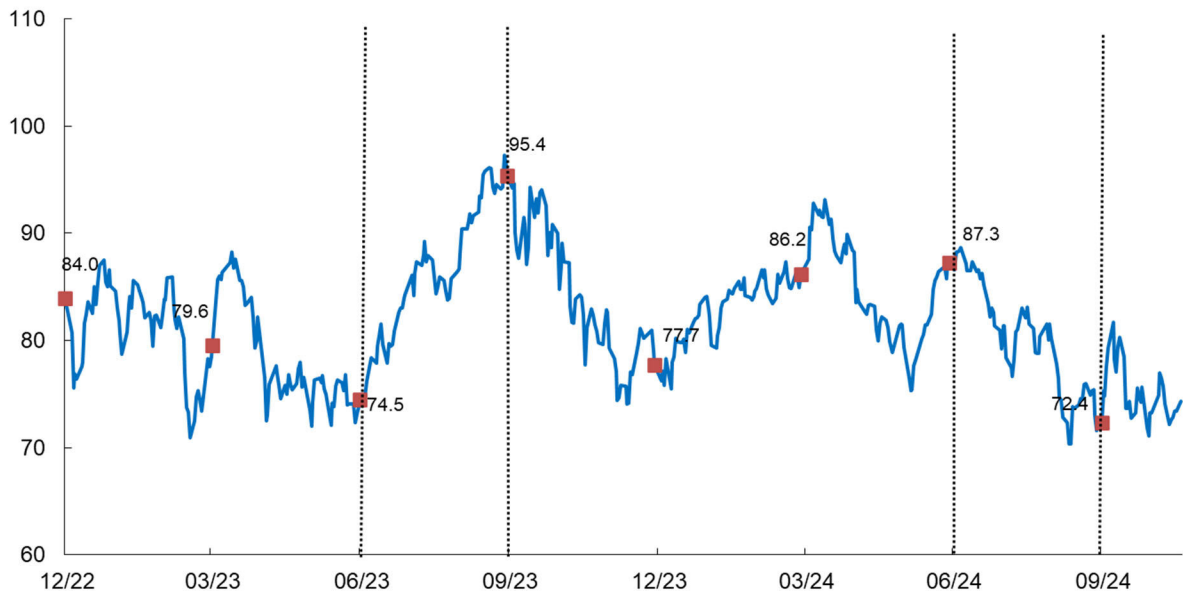
**B. Bazan Group's business environment and profitability**

**Refining Segment (the Company and Gadiv)**

**Price of crude oil\***

**Crude oil price**

**Brent crude<sup>1</sup> prices in 2023-2024 (USD per barrel)**



Source: Refinitiv (LSEG)  
 Dated Brent<sup>1</sup>

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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.**

**Crude oil price - cont.**

**Average price of Brent crude (USD per barrel)**

<b>1-9.2024</b>	<b>1-9.2023</b>	<b>Change</b>	<b>7-9.2024</b>	<b>7-9.2023</b>	<b>Change</b>
82.5	82.0	1%	80.0	86.9	-8%

- During the Reporting Period, the Brent price was characterized by a mixed trend, reaching levels of USD 70 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 December 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 Saudi Arabia (despite production limits imposed by OPEC+) and by the United States.

On the demand side: Demand by China continued to be low despite a recovery plan introduced by the Chinese government. On the other hand, the United States' Federal Reserve decided to cut the interest rate by 0.5 basis points in the third quarter of 2024 amid cooling annual inflation in the United States.

- Subsequent to the report date, the Brent was traded at a mixed trend, ranging between USD 71 and USD 82 per barrel, with its price affected by, among other things, the fading of concerns over an attack on Iranian oil infrastructures, thus mitigating concerns over disruptions in global energy provision. On the other hand, the Fed's decision to further decrease the interest rate and the announcement by OPEC+ of a further increase in output.
- Immediately prior to the report approval date, the Brent price was fixed at approx. USD 74 per barrel.
- During the Reporting Period and in the third quarter of 2024, the front month Brent Crude Futures (ICE) curve was in backwardation at an average of approx. USD 0.7 per barrel compared to an average backwardation of approx. USD 0.3 per barrel and approx. USD 0.6 per barrel in the corresponding periods last year, respectively.

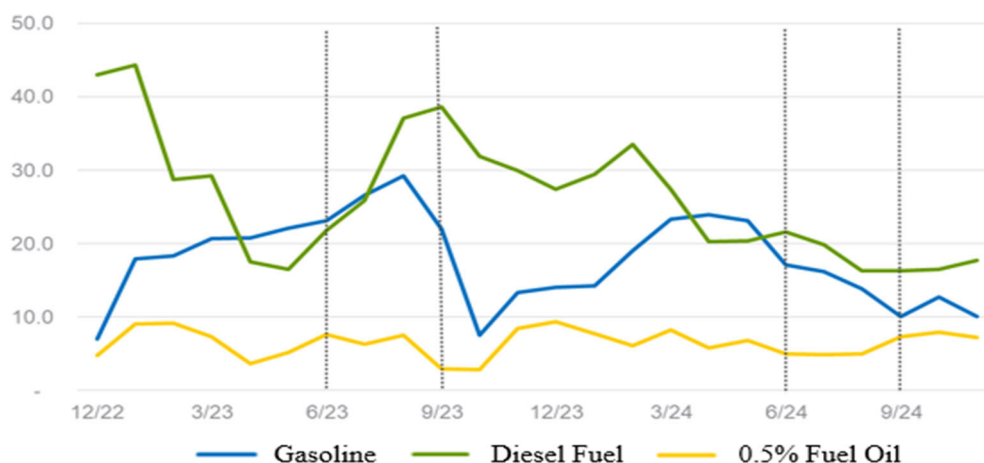
**Chapter 1 - Description of the Group and its Business Environment - cont.**

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

**Refining Segment (the Company and Gadiv) - cont.**

**Refining margins\***

**Monthly average<sup>(1)</sup> of Mediterranean transport diesel fuel,<sup>(2)</sup> gasoline,<sup>(3)</sup> and fuel oil 0.5%<sup>(4)</sup> Compared to Brent crude<sup>(5)</sup> (USD per barrel) in 2023-2024**



Source: Refinitiv (LSEG)

- (1) Average in November 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)**

	1-9.2024	1-9.2023	Difference	7-9.2024	7-9.2023	Difference
Diesel fuel	22.8	29.0	-6.2	17.5	34.1	-16.6
Gasoline	17.8	22.3	-4.5	13.5	26.0	-12.5
0.5% fuel oil	6.3	6.6	-0.3	5.7	5.6	0.1

During the Reporting Period, there was a decline in the margin environment, but 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 part of the Reporting Period, Russia was banned from exporting gasoline.

On the other hand, consumption by China declined amid the transition to use of liquefied natural gas by trucks, alongside an increase in the use of electric vehicles.

Immediately prior to the report approval date, the diesel fuel and gasoline margins were approx. USD 20 and approx. USD 10 per barrel, respectively.

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## Bazan Ltd.

### 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)

	7-9.2024	4-6.2024	1-3.2024	10-12.2023	7-9.2023	4-6.2023	1-3.2023
Transportation fuels <sup>(2)</sup>	2,019	1,858	1,758	1,674	2,174	2,058	1,995
Other distillates	584	587	654	567	631	592	662
<b>Total</b>	<b>2,603</b>	<b>2,445</b>	<b>2,412</b>	<b>2,241</b>	<b>2,805</b>	<b>2,650</b>	<b>2,657</b>

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 third quarter of 2024 by approx. 8% and approx. 7%, respectively, 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 third quarter of 2024 by approx. 10% and approx. 7%, respectively, compared to the corresponding periods last year.  
Since early 2024, consumption is on the rise, following a slump in the fourth quarter of 2023 due to the effect of the Iron Swords War.

##### Refining volume

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

	1-9.2024	1-9.2023	7-9.2024	7-9.2023
Utilization of crude oil refining facilities	73% <sup>(2)</sup>	89%	73% <sup>(2)</sup>	90%
	9% <sup>(3)</sup>		9% <sup>(3)</sup>	
Volume of crude oil refining	5,385 <sup>(2)</sup>	6,563	1,802 <sup>(2)</sup>	2,242
Volume of HVGO	994	507	288	232
<b>Total</b>	<b>6,379</b>	<b>7,070</b>	<b>2,090</b>	<b>2,474</b>

- (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 periods last year stemmed mainly from the shutdown of the main crude refining facility (CDU 4) and ancillary facilities in the second quarter of 2024 for periodic maintenance work, which were fully reactivated towards late July 2024. For details, see Chapter 2, Section B2 below.
- (3) Had it not been for the effect of the abovementioned periodic maintenance work, the estimated utilization rates of the refining facilities would have been approx. 82% in the third quarter of 2024.

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## Bazan Ltd.

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

#### 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):**

	<b>1-9.2024</b>	<b>Total in %</b>	<b>1-9.2023</b>	<b>Total in %</b>	<b>7-9.2024</b>	<b>Total in %</b>	<b>7-9.2023</b>	<b>Total in %</b>
Diesel fuel	2,332	37%	2,734	39%	770	38%	936	39%
Kerosene	495	8%	605	9%	190	9%	237	10%
Gasoline	1,231	20%	1,166	17%	401	20%	389	16%
1% fuel oil	162	3%	408	6%	11	1%	73	3%
0.5% fuel oil	940	15%	685	10%	304	15%	316	13%
Raw materials for polymer production	281	4%	400	6%	97	5%	145	6%
Aromatics	290	5%	330	5%	87	4%	113	4%
Others <sup>(2)</sup>	486	8%	574	8%	173	8%	207	9%
<b>Total</b>	<b>6,217<sup>(1)</sup></b>	<b>100%</b>	<b>6,902</b>	<b>100%</b>	<b>2,033<sup>(1)</sup></b>	<b>100%</b>	<b>2,416</b>	<b>100%</b>

- (1) The decline in the Refining Segment's output, and accordingly the utilization of the refining facilities compared to the corresponding periods last year stemmed mainly from the shutdown of the main crude refining facility (CDU 4) and ancillary facilities in the second quarter of 2024 for periodic maintenance work, which were reactivated towards late July 2024. For details, see Chapter 2, Section B2 below.
- (2) Primarily includes: LPG, bitumen, and from time to time - naphtha.

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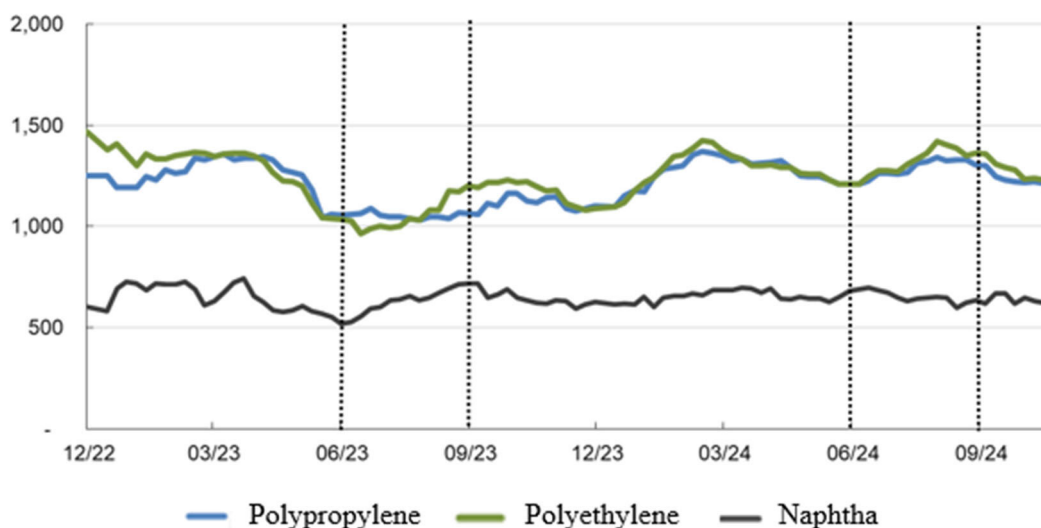
**Chapter 1 - Description of the Group and its Business Environment - cont.**

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

**Polymers Segment (Carmel Olefins and Ducor)**

**Polymer and naphtha prices\***

**Polymer<sup>(1)</sup> and naphtha<sup>(2)</sup> 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)**

	1-9.2024	1-9.2023	Change	7-9.2024	7-9.2023	Change
Naphtha	653	647	1%	645	652	-1%
Polypropylene	1,277	1,181	8%	1,296	1,054	23%
Polyethylene	1,298	1,208	7%	1,335	1,071	25%

- In the Reporting Period and in the third quarter of 2024 there was an increase in polymer (polypropylene and polyethylene) prices compared to the corresponding periods last year, in view of a decrease in the exportation of polymers from Asia, mainly China, due to a shortage of vessels alongside an increase in marine freight prices due to the Houthis' threats to target freight vessels in the Red Sea. In addition, supply by the United States declined due to hurricanes, which took place in the third quarter of 2024.

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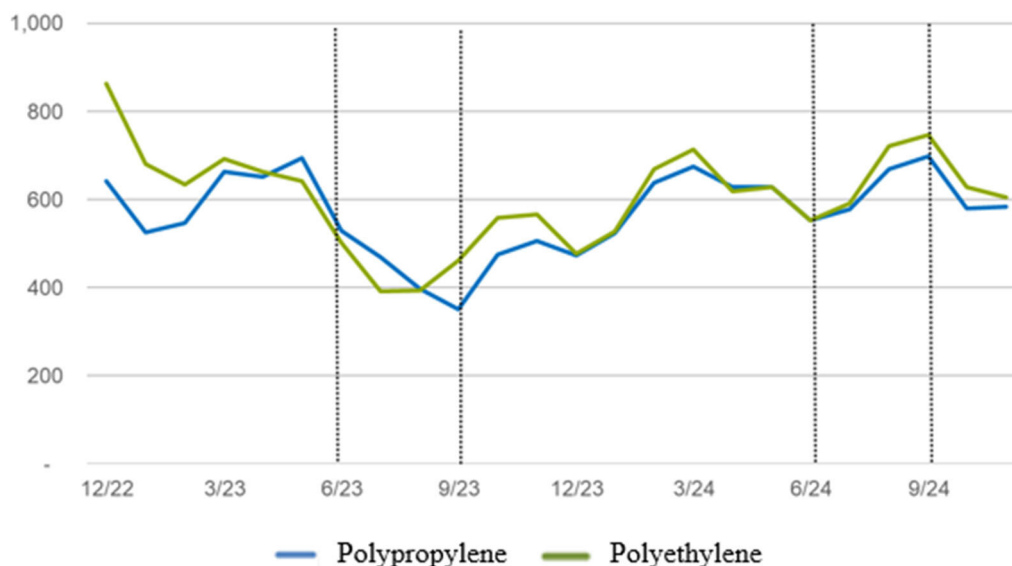
**Chapter 1 - Description of the Group and its Business Environment - cont.**

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

**Polymers Segment (Carmel Olefins and Ducor) - cont.**

**Margins\***

**Average monthly<sup>(1)</sup> difference between the polymer and naphtha margins in 2023-2024 (USD/ton)**



Source: ICIS

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

**Average monthly<sup>(1)</sup> difference between the polymer and naphtha margins (USD/ton)**

	1-9.2024	1-9.2023	Difference	7-9.2024	7-9.2023	Difference
Polypropylene	624	534	90	651	402	249
Polyethylene	645	561	84	690	419	271

- In the Reporting Period and in the third quarter of 2024, there was an increase in the difference between the average price of polymers (polypropylene and polyethylene) and the average price of naphtha compared with the corresponding periods last year, which is due to an increase in polymer prices, as detailed above.
- Immediately prior to the report approval date, the polypropylene and polyethylene margins was approx. USD 571 and approx. USD 603 per ton, respectively.

**Polymer output volume (thousand tons)**

	1-9.2024	1-9.2023	Difference	7-9.2024	7-9.2023	Difference
Polymers	482	466	16	154	156	-2

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**Chapter 2 - Bazan Group Operating Results for the Nine and Three Months ended September 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 nine-month and three-month periods ended September 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.

	1-9.2024	1-9.2023	Change	7-9.2024	7-9.2023	Change
Revenue	5,749	6,259	(8)%	1,811	2,218	(18)%
<b>Reported EBITDA</b>	<b>302</b>	<b>639</b>	<b>(53)%</b>	<b>53</b>	<b>205</b>	<b>(74)%</b>
Depreciation	(124)	(120)	3%	(44)	(41)	7%
Other expenses, net <sup>(1)</sup>	(3)	(14)	(79)%	(4)	(6)	(33)%
<b>Operating profit</b>	<b>175</b>	<b>505</b>	<b>(65)%</b>	<b>5</b>	<b>158</b>	<b>(97)%</b>
Finance expenses, net <sup>(2)</sup>	(61)	(52)	17%	(23)	(18)	28%
Income tax <sup>(3)</sup>	(19)	(75)	(75)%	3	(25)	(112)%
<b>Net income (loss)</b>	<b>95</b>	<b>378</b>	<b>(75)%</b>	<b>(15)</b>	<b>115</b>	<b>(113)%</b>
Refining Segment adjustments <sup>(*)</sup>	(12)	(9)		17	28	
<b>Adjusted EBITDA</b>	<b>290</b>	<b>630</b>	<b>(54)%</b>	<b>70</b>	<b>233</b>	<b>(70)%</b>
<b>Adjusted operating income</b>	<b>163</b>	<b>497</b>	<b>(67)%</b>	<b>22</b>	<b>187</b>	<b>(88)%</b>
<b>Adjusted net income</b>	<b>83</b>	<b>369</b>	<b>(78)%</b>	<b>2</b>	<b>143</b>	<b>(99)%</b>

(\*) 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 revenue 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):

	1-9.2024 compared to 1-9.2023	7-9.2024 compared to 7-9.2023
<b>Net finance expenses during the corresponding period last year</b>	<b>52</b>	<b>18</b>
Interest on borrowings, net <sup>(*)</sup>	1	1
Financing for working capital items, net <sup>(*)</sup>	3	1
Exchange rate differences	5	3
<b>Net finance expenses in the Reporting Period</b>	<b>61</b>	<b>23</b>

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

(3) The decrease in the Reporting Period and third quarter of 2024 stems mainly from a decrease in profit before tax compared with corresponding periods last year.

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## Bazan Ltd.

### Chapter 2 - Bazan Group Operating Results for the Nine and Three Months ended September 30, 2024 - cont.

#### A. Operating Results of Bazan Group - cont.

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

	1-9.2024	1-9.2023	Change	7-9.2024	7-9.2023	Change
Refining Segment	262	619	(357)	63	235	(172)
Polymers Segment	11	(3)	14	1	(3)	4
Other and adjustments	17	14	3	6	1	5
<b>Total</b>	<b>290</b>	<b>630</b>	<b>(340)</b>	<b>70</b>	<b>233</b>	<b>(163)</b>

	7-9.2024	4-6.2024	1-3.2024	10-12.2023	7-9.2023	4-6.2023	1-3.2023
Refining Segment	63	78	121	100	235	105	279
Polymers Segment	1	10	–	(14)	(3)	(4)	4
Other (other segments and adjustments)	6	8	3	11	1	9	4
<b>Total</b>	<b>70<sup>(1)</sup></b>	<b>96</b>	<b>124</b>	<b>97</b>	<b>233</b>	<b>110</b>	<b>287</b>

- (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 86 million (of which approx. USD 77 million in the Refining Segment and approx. USD 3 million in the Polymers Segment). For details, see Section B2 below.

##### Refining margin (USD per barrel)

	7-9.2024	4-6.2024	1-3.2024	10-12.2023	7-9.2023	7-9.2023	1-3.2023
Adjusted refining margin <sup>(1)</sup>	8.9	10.3	11.0	10.6	17.9	10.7	19.9
Adjusted pro forma refining margin				1.1			
Realized hedges of refining margins <sup>(2)</sup>	(0.5)	0.6	1.3	0.7	1.5	(0.2)	1.6
	<b>8.4</b>	<b>10.9</b>	<b>12.3</b>	<b>12.4</b>	<b>19.4</b>	<b>10.5</b>	<b>21.5</b>
Benchmark margin <sup>(3)</sup>	5.4	7.5	12.5	10.4	15.3	8.1	17.3

- (1) For details about the adjustment components, see Section C3 below.
- (2) For details regarding a gain on the realization of transactions entered into in order to hedge the refining margin, see Section C3 below.
- (3) \* 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.

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**Chapter 2 - Bazan Group Operating Results for the Nine and Three Months ended September 30, 2024 - cont.**

**B. Analysis of results for the nine-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	
	1-9.2024	1-9.2023	1-9.2024	1-9.2023	1-9.2024	1-9.2023
Refining <sup>(1)</sup>	5,137	5,625	89%	90%	786	798
Polymers <sup>(2)</sup>	605	609	11%	10%	1,282	1,261
Other	7	25	0%	0%		
<b>Total</b>	<b>5,749</b>	<b>6,259</b>	<b>100%</b>	<b>100%</b>		

(1) The decrease in the turnover of sales of the Refining Segment during the Reporting Period compared with the corresponding period last year resulted mainly from a decline in the sold quantity and a decline in distillates 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 quantities sold offset by an increase in polymers 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 revenue 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
<b>Adjusted EBITDA - January- September 2023</b>	<b>619</b>	<b>(3)</b>	<b>14</b>	<b>630</b>
Margin/contribution <sup>(1)</sup>	(321)	25	3	(293)
Sales volume	1	(2)	–	(1)
Operating expenses <sup>(2)</sup>	12	(3)	–	9
Estimated loss of income due to periodic maintenance work <sup>(3)</sup>	(49)	(6)	–	(55)
<b>Total change</b>	<b>(357)</b>	<b>14</b>	<b>3</b>	<b>(340)</b>
<b>Adjusted EBITDA - January- September 2024</b>	<b>262</b>	<b>11</b>	<b>17</b>	<b>290</b>

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

(2) 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 below.

(3) In the second quarter of 2024, periodic maintenance work was carried out in the main crude refining facility (CDU 4) and in ancillary facilities, which were fully reactivated towards late July 2024. For details, see Chapter 10C below.

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## Bazan Ltd.

### **Chapter 2 - Bazan Group Operating Results for the Nine and Three Months ended September 30, 2024 - cont.**

#### **B. Analysis of results for the nine-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):

	<b>1-9.2024</b>	<b>1-9.2023</b>
<b>Refining Segment reported EBITDA</b>	<b>274</b>	<b>628</b>
Effects of timing differences <sup>(1)</sup>	18	(34)
Effect of adjusting value of inventory to market value, net	(13)	13
Effects of changes in fair value of derivatives	(17) <sup>(2)</sup>	12
<b>Total adjustments <sup>(3)</sup></b>	<b>(12)</b>	<b>(9)</b>
<b>Refining Segment adjusted EBITDA</b>	<b>262</b>	<b>619</b>
<b>Adjusted refining margin - USD per barrel</b>	<b>10.1</b>	<b>16.3</b>
<b>Benchmark margin - USD per barrel</b>	<b>8.4</b>	<b>13.7</b>

(1) Expenses (revenue) arising from changes in the value of unhedged inventory, including changes in accounting provision for impairment thereof, at the end of the Reporting Period, if any. In accordance with the Company's policy, the Company does not engage in hedging contracts for inventory of up to 730 thousand tons, other than the inventories under the inventory capacity agreement as set out in Note 20B4 to the Annual Financial Statements. As of the report date, the volume of the Company's inventory that is not hedged by contracts is approx. 480 thousand tons.

Subsequent to the Reporting Period, the inventory capacity agreement terminated. For details, see Note 5C7 to the Financial Statements.

(2) During the Reporting Period, the Company recognized an adjusted EBITDA for a loss in realizing refining margin hedges totaling approx. USD 25 million (approx. USD 0.6 per barrel). On the other hand, an approx. USD 8 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 53 million (approx. USD 1.0 per barrel).

#### **4. Net income**

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

<b>Net income - 1-9.2023</b>	<b>378</b>
Change in reported EBITDA	(337)
Change in depreciation expenses	(4)
Change in finance expenses, net	(9)
Change in tax expenses	56
Other	11
<b>Net income - 1-9.2023</b>	<b>95</b>

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**Chapter 2 - Bazan Group Operating Results for the Nine and Three Months ended September 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	
	7-9.2024	7-9.2023	7-9.2024	7-9.2023	7-9.2024	7-9.2023
Refining <sup>(1)</sup>	1,608	2,026	89%	92%	747	832
Polymers <sup>(2)</sup>	201	184	11%	8%	1,327	1,140
Other	2	8	0%	0%		
<b>Total</b>	<b>1,811</b>	<b>2,218</b>	<b>100%</b>	<b>100%</b>		

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

(\*) 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 revenue 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 causes for the decrease in the adjusted consolidated EBITDA for the operating segments in the second quarter compared to the corresponding quarter last year.

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

Increase (decrease)	Refining	Polymers	Other and adjustments	Consolidated
<b>Adjusted EBITDA - July-September 2023</b>	<b>235</b>	<b>(3)</b>	<b>1</b>	<b>233</b>
Margin/contribution <sup>(1)</sup>	(148)	10	5	<b>(133)</b>
Sales volume	(16)	(2)	–	<b>(18)</b>
Operating expenses <sup>(2)</sup>	6	(2)	–	<b>4</b>
Estimated loss of income due to periodic maintenance work <sup>(3)</sup>	(14)	(2)	–	<b>(16)</b>
<b>Total change</b>	<b>(172)</b>	<b>4</b>	<b>5</b>	<b>(163)</b>
<b>Adjusted EBITDA - July-September 2024</b>	<b>63</b>	<b>1</b>	<b>6</b>	<b>70</b>

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

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## Bazan Ltd.

### **Chapter 2 - Bazan Group Operating Results for the Nine and Three Months ended September 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):

	<b>7-9.2024</b>	<b>7-9.2023</b>
<b>Refining Segment reported EBITDA</b>	<b>46</b>	<b>207</b>
Effects of timing differences <sup>(1)</sup>	31	(64)
Effect of adjusting value of inventory to market value, net	(13)	36
Effects of changes in fair value of derivatives	(1) <sup>(2)</sup>	56
<b>Total adjustments <sup>(3)</sup></b>	<b>17</b>	<b>28</b>
<b>Refining Segment adjusted EBITDA</b>	<b>63</b>	<b>235</b>
<b>Adjusted refining margin - USD per barrel</b>	<b>8.9</b>	<b>17.9<sup>(4)</sup></b>
<b>Benchmark margin - USD per barrel</b>	<b>5.4</b>	<b>15.3</b>

(1) For details, see Section B3 below.

(2) During the third quarter of 2024, the Company recognized an adjusted EBITDA for a gain in realizing refining margin hedges totaling USD 7 million (approx. USD 0.5 per barrel). On the other hand, an approx. USD 8 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 loss in realizing refining margin hedges totaling approx. USD 27 million (approx. USD 1.5 per barrel).

##### **2. Net income (loss)**

#### **Main reasons for the change in the consolidated net income (loss) (in USD millions)**

<b>Net income - 7-9.2023</b>	<b>115</b>
Change in reported EBITDA	(152)
Change in depreciation expenses	(3)
Change in finance expenses, net	(5)
Change in tax expenses	28
Other	2
<b>Net loss - 7-9.2024</b>	<b>(15)</b>

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**Bazan Ltd.**

**Chapter 3 - Analysis of Financial Position (Balance Sheet)**

USD million

	September 30, 2024	December 31, 2023	Change	Explanation
Trade and other receivables	720	740	(3)%	In respect of an approx. USD 59 million decrease in receivables, 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), offset by an increase of approx. USD 39 million in the trade receivables balance, which stems mainly from an increase in volume as well as a decrease in product prices.
Inventories	795	769	3%	Mainly in respect of a rise in quantity offset by a decrease in price in the Refining Segment.
Property, plant & equipment, net	2,301	2,262	2%	An increase mainly due to the periodic maintenance work in Bazan's facilities in the Reporting Period.
Trade, other payables and provisions	983	1,092	(10)%	Mainly due to a decrease in payables in an amount of approx. USD 83 million, which stems mainly from a decrease in taxes payable, and an approx. USD 21 million decrease in trade payables, which stems mainly from a price decrease offset by an increase in quantity.
Financial derivatives, net	(61)	(64)	(5)%	Mainly due to a decrease in liabilities in respect of margin calls at the total amount of approx. USD 17 million (for details, see Note 7B to the Financial Statements) offset by an increase in liabilities net in respect of cross-currency interest rate and principal swaps at the total amount of approx. USD 16 million (of which approx. USD 14 million are in respect of exchange rate differences (*)).
Long-term bank loans and debentures (including current maturities)	1,086	1,188	(9)%	Mainly due to repayments of principal offset by raising of debentures and loans totaling approx. USD 91 million as well as exchange rate differences (*) totaling approx. USD 14 million.
Equity	1,759	1,857	(5)%	Mainly due to net income for the period in the amount of approx. USD 95 million, offset against dividend distribution at the total amount of USD 174 million.
Equity to asset ratio	40%	40%		

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

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**Bazan Ltd.**

**Chapter 4 - Analysis of the Group's Liquidity**

**Working capital (current assets fewer current liabilities) (USD millions)**

September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
746	905	899	927	920	926	869

**Current ratio**

The current ratio as of September 30, 2024 is 1.6 and as of December 31, 2023 - approx. 1.7.

**Accounting Cash Flows\* for January-September 2024 (in USD millions)**

	<b>1-9.2024</b>
	<b>In USD millions</b>
<b>Cash as of December 31, 2023</b>	<b>763</b>
Operating cash flows <sup>(1)(2)</sup>	148
Interest paid, net	(67)
Purchase of property, plant & equipment <sup>(3)</sup>	(135)
Repayment of long-term bank loans and debentures, including early repayment <sup>(4)</sup>	(324)
Receipt of long-term loans and issuance of debentures, net of debt raising costs <sup>(4)</sup>	233
Payment of lease liabilities	(13)
Change in deposits and short-term borrowing, net	41
Other	3
Dividend paid <sup>(5)</sup>	(174)
Share buyback <sup>(5)</sup>	(10)
<b>Cash as of September 30, 2024</b>	<b>465</b>

**Accounting Cash Flows\* for July-September 2024 (in USD millions)**

	<b>7-9.2024</b>
	<b>In USD millions</b>
<b>Cash as of June 30, 2024</b>	<b>592</b>
Cash flow provided by operating activities <sup>(2)</sup>	82
Interest paid, net	(29)
Purchase of property, plant & equipment <sup>(3)</sup>	(66)
Repayment of long-term bank loans and debentures	(63)
Payment of lease liabilities	(5)
Change in deposits and short-term borrowing, net	(11)
Dividend paid <sup>(5)</sup>	(30)
Share buyback <sup>(5)</sup>	(5)
<b>Cash as of September 30, 2024</b>	<b>465</b>

(\*) Based on presentation in the Financial Statements.

- (1) For the January to September 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 September period amounted to approx. USD 81 million and in the July to September period - approx. USD 53 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 8F to the Financial Statements.

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## Bazan Ltd.

### 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

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Short-term borrowings <sup>(1)</sup>	16	17	15	13	10	12	1
Loans from banks <sup>(2)</sup>	439	463	488	462	478	449	426
Debentures <sup>(2)</sup>	671	703	787	754	728	754	887
Hedging transactions on debentures <sup>(3)</sup>	20	35	40	31	34	33	12
<b>Gross financial debt*</b>	<b>1,146</b>	<b>1,218</b>	<b>1,330</b>	<b>1,260</b>	<b>1,250</b>	<b>1,248</b>	<b>1,326</b>
Liquid financial assets <sup>(4)</sup>	(465)	(592)	(773)	(799)	(690)	(507)	(591)
<b>Net financial debt**</b>	<b>681</b>	<b>626</b>	<b>557</b>	<b>461</b>	<b>560</b>	<b>741</b>	<b>735</b>

(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 of September 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).

For details regarding the renewal of credit facilities in the third quarter of 2024, see Note 6C to the Financial Statements.

#### Movement in Financial Debt, net

	1-9.2024
	In USD millions
<b>Net debt as of December 31, 2023</b>	<b>(461)</b>
Operating cash flows (net of change in operating working capital and income tax paid, net)	308
Change in working capital <sup>(1)</sup> (net of change in discounting and interest-bearing trade payables)	(114)
Changes in discounting and interest-bearing trade payables <sup>(2)</sup>	23
Income tax paid, net <sup>(3)</sup>	(69)
Interest paid, net	(67)
Purchase of property, plant & equipment <sup>(4)</sup>	(135)
Payment of lease liabilities	(13)
Change in deposits, net <sup>(5)</sup>	26
Other	5
Dividend paid <sup>(6)</sup>	(174)
Share buyback <sup>(6)</sup>	(10)
<b>Net debt as of September 30, 2024</b>	<b>(681)</b>

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## Bazan Ltd.

### **Chapter 5 - Total Borrowings from Financial Institutions - cont.**

#### **Movement in Financial Debt, net - cont.**

	<b>7-9.2024</b>
	<b>In USD millions</b>
<b>Net debt as of June 30, 2024</b>	<b>(626)</b>
Operating cash flows (net of change in operating working capital and income tax paid, net)	24
Change in working capital <sup>(1)</sup> (net of change in discounting and interest-bearing trade payables)	(4)
Changes in discounting and interest-bearing trade payables <sup>(2)</sup>	65
Income tax paid, net	(4)
Interest paid, net	(29)
Purchase of property, plant & equipment <sup>(4)</sup>	(66)
Payment of lease liabilities	(5)
Change in deposits, net	(1)
Other	(1)
Dividend paid <sup>(6)</sup>	(30)
Share buyback <sup>(6)</sup>	(5)
<b>Net debt as of September 30, 2024</b>	<b>(681)</b>

- (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 September 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 8F to the Financial Statements.

#### **Financial leverage**

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Financial leverage (*)	1.8	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 1,207 million. Average trade receivables of approx. USD 660 million and average trade payables of approx. USD 807 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.

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## **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.

On August 27, 2024, the Company's general meeting approved the changing of the Company's independent auditor and appointing Kost Forer Gabbay & Kasierer, CPAs as the Company's independent auditor, as from subsequent to the publication of the Company's financial statements as of the second quarter of 2024.

## **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 (Series I, J, L and M) 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 excess costs. Along with the improvement on the demand side and method of use of infrastructures, the escalating war against the Hezbollah terror group in the Northern Front, the ongoing fighting in Gaza and the West Bank, and the escalation in the conflict with Iran and its proxies continue to increase the cost of shipping to and from Israel, including increased cost of freight insurance and other insurance policies of the Group and difficulties in achieving full coverages. 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.

Excess costs may be affected by the uncertainty 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 market's growth forecast and the expected increase in government deficit and the debt ratio. During the third quarter and through the report publication date, three rating agencies downgraded the State of Israel's credit rating: (1) Fitch from A+ to A with a negative outlook; (2) Moody's - for the second time in 2024 - from A2 to Baa1 with a negative outlook; (3) S&P - for the second time in 2024 - from A+ to A with a negative outlook. A deterioration in the Israeli economy may affect the Company's ability to raise credit and funding sources.

In view of the Bazan's essential role in its capacity as a significant strategic asset in the Israeli energy sector, the Group's various facilities are required to operate continuously, which resulted in the deferral of periodic maintenance work in the refining facilities (as detailed in Section c below). 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 discontinuation of trade with Israel, see the revised Description of the Corporation's Business chapter below.

At this stage, there is still substantial uncertainty as to the development of the War on the various fronts and its scope and duration, and 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.

In addition, the loss of profits in the Group in respect of the periodic maintenance work in the Reporting Period amounted to approx. USD 55 million.

See also the Consolidated Statements of Cash Flows in the Financial Statements.

### **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.

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## Bazan Ltd.

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

#### **E. Debt raising**

For details regarding loans taken and the expansion of Debentures (Series M) in the Reporting Period and the issuance of Debentures (Series O) in the amount of approx. USD 54 million, net of issuance costs subsequent to the report date, see Note 6A of the Financial Statements.

#### **F. Refining margin hedging**

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

#### **G. Inventory availability agreement**

For details regarding the revision of the inventory availability agreement, see Note 5C7 to the Financial Statements and Section 7 to the revised Description of the Corporation's Business below.

#### **H. Share buyback plan**

For details regarding the Company's share buyback plan, see Note 8F to the Financial Statements.

#### **I. 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.

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Moshe Kaplinsky

Chairman of the Board  
of Directors

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Asaf Almagor

CEO

November 20, 2024

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**Revision of the Description of the Corporation's Business**  
**in the Periodic Report as of 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 has had trade activity involving various parties in Turkey, both as part of exports activities and as part of import activities. For further details, see the immediate report dated May 4, 2024 (Ref. No. 2024-01-046884), which is included herein by way of reference. As part of the Company's preparations for the operational consequences of the above Announcement and in order to minimize any damages which may arise, the Company began to export and market its products in other markets, as well as to identify export solutions; in the Company's opinion, the Announcement is not expected to have a material adverse effect on its financial results in 2024.

**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 (hereinafter - the "Securities Law"), 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 and past experience regarding the trade activity, which may be adversely affected, assumptions regarding the duration and scope of the trade restrictions, and the alternatives for the relevant trade activity, the duration of the restrictions, and the revenue expected from export to markets other than the Turkish market. 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 beyond the Company's control, including geopolitical issues not associated with the Company's activity, the duration of trade restrictions, the availability of alternatives for this trade activity, 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 annual report for 2023.**

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. Most of the Company's arguments in the hearing were dismissed by the Price Committee.

On September 12, 2024, the Draft Ordinance was published for public comment. The Company is expected to submit its response to the draft Ordinance. If the Company's arguments will also be rejected by the ministers, and the Ordinance will come into effect, the Company shall consider further legal measures regarding this matter.

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## Bazan Ltd.

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, 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 beyond the Company's control, including difficulties in analyzing and estimating the effects of the Announcement within a short time.

- Further to Section 1.17.3.1.5(b) to the Description of the Corporation's Business chapter regarding the pricing the emissions of local pollutants and GHG by amending the Excise Tax on Fuel Ordinance (hereinafter - the "**Carbon Tax**"), in the Reporting Period the Knesset approved the Carbon Tax after its approval by the Finance Committee. The Carbon Tax will come into effect on January 1, 2025, provided that the Ministry of Finance will publish - by the end of 2024 - the details of the mechanism designed to support the industry in its adaptation to the Carbon Tax. It is noted that on November 7, 2024 the Ministry of Economy and Industry published a call for public comments - in preparation for the publication of Track 4.79 - Supporting the Industry in its Adaptation to the Increase in Excise Tax - the "Carbon Tax".<sup>1</sup>
- 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.**

- 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.

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<sup>1</sup> <https://www.gov.il/he/pages/news-4-79-071124>

## **Bazan Ltd.**

6. 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.
7. Further to Note 20B4 to the Company's annual financial statements regarding an inventory availability agreement, on October 22, 2024, the Company and Party B agreed to revise the Agreement, such that its termination date will be brought forward to the end of October 2024 (instead of the end of February 2025) (hereinafter - the "**Revision of the Agreement**").

Upon the Revision of the Agreement, Party B announced that it will exercise the put option, whereunder it may sell to the Company the Crude Oil inventory, which is the subject matter of the Agreement (at the end of October 2024) and on that date the Company became the owner of the inventory. As stated in the Agreement, the consideration of the exercise of the put option was based on the Crude Oil's market price prevailing immediately prior to the termination date of the revised Agreement totaling approx. USD 128 million. The consideration payment date was set for the end of the first quarter of 2025 plus a total of approx. USD 1 million in respect of the deferral of the payment. Upon the end of the said agreement and once the price had been set, the Company terminated the hedge transactions attributed to the transaction as stated in Note 29D3b to the Annual Financial Statements and recognized in inventories the hedge principal attributed to the transaction, totaling approx. USD 35 million (credit). In the Company's opinion, the said inventory is expected to be utilized during the fourth quarter of 2024.

**The above information regarding the Company's assessment as to the utilization of the inventory in the fourth quarter constitutes forward-looking information, as defined by the Securities Law, and is based on the Company's estimates, including with respect to the volume of crude oil to be consumed by the Company. These assessments may not materialize, or may materialize only in part, due to factors that are beyond the Company's control, such as changes in demand for the Company's products and/or restrictions on their exportation, or changes in the Company's work plans, which may change the quantities of raw materials it consumes or their consumption rate.**

## 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 September 30, 2024 and the condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the nine- and three-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 a conclusion regarding the financial information for this interim period based on our review.

The Group's Consolidated Annual Financial Statements as of December 31, 2023, and for the year then ended, along with the consolidated condensed interim financial information as of September 30, 2023, and for the nine- and three-month periods then ended, were audited and reviewed, respectively, by other independent auditors, whose reports thereon dated March 13, 2024, and November 26, 2023, respectively, also included an unqualified opinion and an unqualified conclusion, respectively.

We did not review the condensed financial information for the interim period of consolidated companies whose assets included in the consolidation constitute approx. 2.39% of the total consolidated assets as of September 30, 2024 and whose revenues included in the consolidation constitute approx. 2.84% and approx. 2.98% respectively, of the total consolidated revenues for the nine- and three-month periods then ended. The condensed interim financial information of the above companies was audited by other independent auditors, whose review reports have been furnished to us, and our conclusion - insofar as it relates to financial information in respect of these companies - is based on the review reports of the other independent auditors.

### **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 and on the review reports of other independent auditors, 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 that which 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 protection 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.

Tel Aviv,  
November 20, 2024

Kost Forer Gabbay & Kasierer  
Certified Public Accountants

**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.  
As from November 2024**

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 November 2024.

- (1) Review report of the independent auditor of November 20, 2024 on the Company's condensed consolidated financial information as of September 30, 2024 and for the nine- and three-month periods then ended.
- (2) Report of the independent auditor as of November 20, 2024, on the Company's condensed separate financial information as of September 30, 2024 and for the nine- and three-month periods then ended in accordance with Regulation 38D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,  
November 20, 2024

Kost Forer Gabbay & Kasierer  
Certified Public Accountants

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

	September 30, 2024 (Unaudited)	As of September 30, 2023	December 31, 2023 (Audited)
<b>Current assets</b>			
Cash and cash equivalents	464,837	618,522	763,036
Deposits	6,628	77,553	37,673
Trade receivables (see Note 8D)	659,052	683,183	620,119
Other receivables and debit balances	60,977	85,505	120,046
Financial derivatives (see Note 7B)	5,570	9,697	11,026
Inventories	794,560	745,639	768,722
<b>Total current assets</b>	<b>1,991,624</b>	<b>2,220,099</b>	<b>2,320,622</b>
<b>Non-current assets</b>			
Loan to Company for Early Pension Haifa Ltd.	18,119	20,425	21,677
Long-term receivables and debit balances	62,093	72,917	53,065
Financial derivatives (see Note 7B)	511	830	118
Property, plant and equipment, net	2,091,848	2,070,577	2,070,898
Right-of-use assets, net	178,528	146,366	161,796
Intangible assets and deferred expenses, net	30,449	26,698	29,117
<b>Total non-current assets</b>	<b>2,381,548</b>	<b>2,337,813</b>	<b>2,336,671</b>
<b>Total assets</b>	<b>4,373,172</b>	<b>4,557,912</b>	<b>4,657,293</b>

Moshe Kaplinsky

Chairman of the Board  
of Directors

Asaf Almagor

CEO

Guy Liberman

CFO

Approval date of Condensed Consolidated Interim Financial Statements: November 20, 2024.

**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 Financial Position, in USD thousand (cont.)**

	September 30, 2024 (Unaudited)	As of September 30, 2023	December 31, 2023 (Audited)
<b>Current liabilities</b>			
Loans and borrowings (including current maturities)	245,750	258,688	272,531
Trade payables (see Note 8E)	818,151	699,149	839,167
Other payables and credit balances	160,254	268,825	244,020
Financial derivatives (see Note 7B)	17,190	65,205	29,326
Provisions	4,193	8,306	8,768
<b>Total current liabilities</b>	<b>1,245,538</b>	<b>1,300,173</b>	<b>1,393,812</b>
<b>Non-current liabilities</b>			
Liabilities to banks, net	338,972	364,942	339,284
Debentures, net	517,630	560,120	588,490
Other long-term liabilities	131,250	101,763	117,999
Financial derivatives (see Note 7B)	49,684	62,616	45,472
Employee benefits, net	52,382	52,023	53,440
Deferred tax liabilities, net	278,584	269,614	261,580
<b>Total non-current liabilities</b>	<b>1,368,502</b>	<b>1,411,078</b>	<b>1,406,265</b>
<b>Total liabilities</b>	<b>2,614,040</b>	<b>2,711,251</b>	<b>2,800,077</b>
<b>Equity</b>			
Share capital	810,515	809,354	810,515
Share premium	31,087	31,852	31,087
Capital reserves	24,376	66,649	44,983
Retained earnings	893,154	938,806	970,631
<b>Total equity</b>	<b>1,759,132</b>	<b>1,846,661</b>	<b>1,857,216</b>
<b>Total liabilities and equity</b>	<b>4,373,172</b>	<b>4,557,912</b>	<b>4,657,293</b>

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

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

	For the 9-month period ended		For the 3-month period ended		For the year ended
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
Revenues	5,748,787	6,258,775	1,810,298	2,218,224	8,324,323
Cost of sales	(5,424,451)	(5,619,872)	(1,761,081)	(2,016,618)	(7,560,246)
<b>Gross income</b>	<b>324,336</b>	<b>638,903</b>	<b>49,217</b>	<b>201,606</b>	<b>764,077</b>
Selling and marketing expenses	(109,956)	(86,918)	(29,142)	(27,292)	(122,565)
General and administrative expenses	(45,207)	(41,984)	(14,199)	(13,627)	(61,088)
Other income (expenses), net	6,179	(4,578)	(169)	(2,329)	(7,145)
<b>Operating profit</b>	<b>175,352</b>	<b>505,423</b>	<b>5,707</b>	<b>158,358</b>	<b>573,279</b>
Finance income	28,403	33,704	4,304	9,524	33,426
Finance expenses	(89,594)	(85,915)	(27,999)	(28,034)	(116,243)
<b>Finance expenses, net</b>	<b>(61,191)</b>	<b>(52,211)</b>	<b>(23,695)</b>	<b>(18,510)</b>	<b>(82,817)</b>
<b>Earnings (loss) before income tax</b>	<b>114,161</b>	<b>453,212</b>	<b>(17,988)</b>	<b>139,848</b>	<b>490,462</b>
Income (expenses) for income tax	(18,679)	(74,920)	3,539	(25,052)	(82,195)
<b>Net income (loss) for the period</b>	<b>95,482</b>	<b>378,292</b>	<b>(14,449)</b>	<b>114,796</b>	<b>408,267</b>
<b>Earnings (loss) per share (USD)</b>					
Basic and diluted earnings (loss) per 1 ordinary share	<b>0.030</b>	<b>0.118</b>	<b>(0.005)</b>	<b>0.036</b>	<b>0.128</b>
<b>Items of other comprehensive income (loss) transferred to profit and loss:</b>					
Effective share of the change in fair value of cash flow hedges, net of tax	(11,799)	(7,951)	(24,260)	3,539	(25,420)
Other, net	200	(521)	(319)	(34)	(1,094)
<b>Other comprehensive income (loss) for the period, transferred to profit and loss, net of tax</b>	<b>(11,599)</b>	<b>(8,472)</b>	<b>(24,579)</b>	<b>3,505</b>	<b>(26,514)</b>
<b>Items of other comprehensive income not transferred to profit and loss:</b>					
Remeasurement of defined benefit plan, net of tax	1,041	–	–	–	1,850
Other, net	–	–	–	–	661
<b>Other comprehensive income for the period, not transferred to profit and loss, net of tax</b>	<b>1,041</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,511</b>
<b>Total other comprehensive income (loss) for the period, net of tax</b>	<b>(10,558)</b>	<b>(8,472)</b>	<b>(24,579)</b>	<b>3,505</b>	<b>(24,003)</b>
<b>Comprehensive income (loss) for the period</b>	<b>84,924</b>	<b>369,820</b>	<b>(39,028)</b>	<b>118,301</b>	<b>384,264</b>

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

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

	Share capital	Share premium	Capital reserves	Hedge fund reserve	Other capital reserves	Retained earnings	Total equity
	For the 9-month period ended September 30, 2024 (unaudited)						
<b>Balance as of January 1, 2024 (audited)</b>	<b>810,515</b>	<b>31,087</b>	<b>7,655</b>	<b>33,424</b>	<b>3,904</b>	<b>970,631</b>	<b>1,857,216</b>
Net income for the period	–	–	–	–	–	95,482	95,482
Other comprehensive income (loss) for the period, net of tax	–	–	–	(11,187)	(412)	1,041	(10,558)
<b>Total comprehensive income (loss) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(11,187)</b>	<b>(412)</b>	<b>96,523</b>	<b>84,924</b>
Share-based payment	–	–	850	–	–	–	850
Share buyback (see Note 8F)	–	–	(9,858)	–	–	–	(9,858)
Dividend declared and paid (see Note 8F)	–	–	–	–	–	(174,000)	(174,000)
<b>Balance as of September 30, 2024</b>	<b>810,515</b>	<b>31,087</b>	<b>(1,353)</b>	<b>22,237</b>	<b>3,492</b>	<b>893,154</b>	<b>1,759,132</b>

	Share capital	Share premium	Capital reserves	Hedge fund reserve	Other capital reserves	Retained earnings	Total equity
	For the 9-month period ended September 30, 2023 (unaudited)						
<b>Balance as of January 1, 2023 (audited)</b>	<b>807,850</b>	<b>32,623</b>	<b>29,902</b>	<b>59,564</b>	<b>3,617</b>	<b>810,391</b>	<b>1,743,947</b>
Net income for the period	–	–	–	–	–	378,292	378,292
Other comprehensive loss for the period, net of tax	–	–	–	(8,244)	(228)	–	(8,472)
<b>Total comprehensive income (loss) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(8,244)</b>	<b>(228)</b>	<b>378,292</b>	<b>369,820</b>
Share-based payment	–	–	989	–	–	–	989
Share buyback	–	–	(18,095)	–	–	–	(18,095)
Exercised share options	1,504	(771)	(733)	–	–	–	–
Expired share options	–	–	(123)	–	–	123	–
Dividend declared and paid	–	–	–	–	–	(250,000)	(250,000)
<b>Balance as of September 30, 2023</b>	<b>809,354</b>	<b>31,852</b>	<b>11,940</b>	<b>51,320</b>	<b>3,389</b>	<b>938,806</b>	<b>1,846,661</b>

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

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

	Share capital	Share premium	Capital reserves	Hedge fund reserve	Capital reserves for items of other comprehensive income (loss)	Retained earnings	Total equity
	For the 3-month period ended September 30, 2024 (unaudited)						
<b>Balance as of July 1, 2024</b>	<b>810,515</b>	<b>31,087</b>	<b>2,430</b>	<b>46,162</b>	<b>4,146</b>	<b>937,603</b>	<b>1,831,943</b>
Loss for the period	–	–	–	–	–	(14,449)	(14,449)
Other comprehensive loss for the period, net of tax	–	–	–	(23,925)	(654)	–	(24,579)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(23,925)</b>	<b>(654)</b>	<b>(14,449)</b>	<b>(39,028)</b>
Share-based payment	–	–	549	–	–	–	549
Share buyback (see Note 8F)	–	–	(4,332)	–	–	–	(4,332)
Dividend declared and paid (see Note 8F)	–	–	–	–	–	(30,000)	(30,000)
<b>Balance as of September 30, 2024</b>	<b>810,515</b>	<b>31,087</b>	<b>(1,353)</b>	<b>22,237</b>	<b>3,492</b>	<b>893,154</b>	<b>1,759,132</b>

	Share capital	Share premium	Capital reserves	Hedge fund reserve	Capital reserves for items of other comprehensive income (loss)	Retained earnings	Total equity
	For the 3-month period ended September 30, 2023 (unaudited)						
<b>Balance as of July 1, 2023</b>	<b>807,850</b>	<b>32,623</b>	<b>23,913</b>	<b>47,830</b>	<b>3,374</b>	<b>874,010</b>	<b>1,789,600</b>
Net income for the period	–	–	–	–	–	114,796	114,796
Other comprehensive income for the period, net of tax	–	–	–	3,490	15	–	3,505
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,490</b>	<b>15</b>	<b>114,796</b>	<b>118,301</b>
Share-based payment	–	–	112	–	–	–	112
Share buyback	–	–	(11,352)	–	–	–	(11,352)
Exercised share options	1,504	(771)	(733)	–	–	–	–
Dividend declared and paid	–	–	–	–	–	(50,000)	(50,000)
<b>Balance as of September 30, 2023</b>	<b>809,354</b>	<b>31,852</b>	<b>11,940</b>	<b>51,320</b>	<b>3,389</b>	<b>938,806</b>	<b>1,846,661</b>

	Share capital	Share premium	Capital reserves	Hedge fund reserve	Capital reserves for items of other comprehensive income (loss)	Retained earnings	Total equity
	Year ended December 31, 2023 (audited)						
<b>Balance as of January 1, 2023</b>	<b>807,850</b>	<b>32,623</b>	<b>29,902</b>	<b>59,564</b>	<b>3,617</b>	<b>810,391</b>	<b>1,743,947</b>
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)
<b>Total comprehensive income (loss) for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(26,140)</b>	<b>287</b>	<b>410,117</b>	<b>384,264</b>
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)
<b>Balance as of December 31, 2023</b>	<b>810,515</b>	<b>31,087</b>	<b>7,655</b>	<b>33,424</b>	<b>3,904</b>	<b>970,631</b>	<b>1,857,216</b>

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

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

	For the 9-month period ended		For the 3-month period ended		For the year ended
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
<b>Cash flows from operating activities</b>					
<b>Net income (loss) for the period</b>	<b>95,482</b>	<b>378,292</b>	<b>(14,449)</b>	<b>114,796</b>	<b>408,267</b>
<b>Adjustments required to present cash flows from operating activities:</b>					
Revenue and expenses not involving cash flows (Appendix A – Section A)	186,847	280,332	44,831	159,469	314,045
	<b>282,329</b>	<b>658,624</b>	<b>30,382</b>	<b>274,265</b>	<b>722,312</b>
Changes in assets and liabilities items (Appendix A - Section B)	(66,005)	(148,607)	55,613	62,179	(20,060)
Received (paid) income tax, net <sup>(1)</sup>	(68,799)	2,532	(4,092)	2,344	2,337
<b>Net cash provided by operating activities</b>	<b>147,525</b>	<b>512,549</b>	<b>81,903</b>	<b>338,788</b>	<b>704,589</b>
<b>Cash flows used in investing activities</b>					
Interest received	19,101	19,873	3,078	6,411	26,721
Change in deposits, net	58,149	(60,002)	1,069	(78,475)	(13,475)
Repayment of a loan from Early Pension Haifa	11,145	–	4,664	–	–
Purchase of property, plant & equipment (including periodic maintenance) <sup>(2)</sup>	(135,363)	(109,942)	(66,294)	(48,686)	(163,356)
Other	(1,446)	(1,885)	(1,393)	(530)	(3,032)
<b>Net cash used in investing activities</b>	<b>(48,414)</b>	<b>(151,956)</b>	<b>(58,876)</b>	<b>(121,280)</b>	<b>(153,142)</b>
<b>Cash flows used in financing activities</b>					
Change in deposits and short-term borrowing, net	(16,924)	(19,725)	(11,454)	(12,409)	(12,687)
Interest paid	(86,545)	(88,919)	(32,657)	(29,223)	(110,729)
Derivative transactions, net	(2,125)	(944)	(574)	(693)	(1,020)
Receipt of long-term loans from banks <sup>(3)</sup>	152,000	120,000	–	80,000	120,000
Repayment of long-term bank loans, including early repayment <sup>(3)</sup>	(175,028)	(81,184)	(24,206)	(51,113)	(97,190)
Repayment of debentures	(149,435)	(197,390)	(39,435)	(5,790)	(202,991)
Issue of debentures, net of raising costs (see Note 6A)	81,263	56,553	–	–	56,553
Payment of lease liabilities	(13,435)	(13,885)	(4,996)	(5,203)	(19,005)
Share buyback (see Note 8F)	(9,770)	(20,000)	(4,957)	(12,389)	(22,890)
Paid dividend (see Note 8F)	(174,000)	(250,000)	(30,000)	(50,000)	(250,000)
<b>Net cash used in financing activities</b>	<b>(393,999)</b>	<b>(495,494)</b>	<b>(148,279)</b>	<b>(86,820)</b>	<b>(539,959)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(294,888)</b>	<b>(134,901)</b>	<b>(125,252)</b>	<b>130,688</b>	<b>11,488</b>
Effect of exchange rate fluctuations on balance of cash and cash equivalents	(3,311)	2,363	(1,947)	938	488
Cash and cash equivalents at the beginning of the period	763,036	751,060	592,036	486,896	751,060
<b>Cash and cash equivalents at the end of the period</b>	<b>464,837</b>	<b>618,522</b>	<b>464,837</b>	<b>618,522</b>	<b>763,036</b>

(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 55 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).

(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 13A to the Annual Financial Statements.

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

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**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 9-month period ended		For the 3-month period ended		For the year ended
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
<b>A. Revenue and expense items not involving cash flows</b>					
Depreciation and amortization	132,706	128,845	46,435	44,067	172,970
Other expenses (income), net	(6,179)	4,578	169	2,329	7,145
Finance expenses, net	64,186	57,457	24,522	17,431	83,247
Change in the balance of inventory and margins derivatives (see Note 7B)	(23,187)	13,673	(22,795)	70,250	(31,882)
Expenses (income) for income tax	18,679	74,920	(3,539)	25,052	82,195
Other	642	859	39	340	370
	<b>186,847</b>	<b>280,332</b>	<b>44,831</b>	<b>159,469</b>	<b>314,045</b>
<b>B. Changes in assets and liabilities items</b>					
Change in trade receivables (see Note 8D)	(38,625)	(95,105)	36,065	(58,595)	(30,313)
Change in other receivables and debit balances	42,605	14,245	(8,212)	(998)	(35,119)
Change in inventories	(25,655)	4,018	(613)	(197,691)	(18,940)
Change in trade payables (see Note 8E)	(26,447)	(52,694)	26,136	292,878	95,794
Change in other payables, credit balances and provisions	(18,599)	(15,883)	1,772	28,759	(31,264)
Change in employee benefits, net	716	(3,188)	465	(2,174)	(218)
	<b>(66,005)</b>	<b>(148,607)</b>	<b>55,613</b>	<b>62,179</b>	<b>(20,060)</b>

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

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## **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 September 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 November 20, 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	Adjustments to consolidated	Consolidated
	For the 9-month period ended September 30, 2024 (unaudited)					
Revenue from external sources - Israel	3,578,454	236,115	3,814,569	–	–	3,814,569
Revenue from external sources - other countries	1,558,637	368,835	1,927,472	6,746	–	1,934,218
<b>Total revenue from external sources</b>	<b>5,137,091</b>	<b>604,950</b>	<b>5,742,041</b>	<b>6,746</b>	<b>–</b>	<b>5,748,787</b>
Revenue from inter-segment sales - Israel	228,791	896	229,687	20,658	(250,345)	–
<b>Segment revenue</b>	<b>5,365,882</b>	<b>605,846</b>	<b>5,971,728</b>	<b>27,404</b>	<b>(250,345)</b>	<b>5,748,787</b>
<b>Reported EBITDA</b>	<b>273,670</b> <sup>(1)</sup>	<b>11,180</b>	<b>284,850</b>	<b>17,029</b>	<b>–</b>	<b>301,879</b>
<b>Depreciation and amortization</b>	<b>(75,939)</b>	<b>(35,482)</b>	<b>(111,421)</b>	<b>(12,884)</b>	<b>–</b>	<b>(124,305)</b>
<b>Reported EBITDA less depreciation and amortization</b>						<b>177,574</b>
Amortization of excess cost arising on acquisition of consolidated companies						(8,401)
Other revenue, net						6,179
<b>Operating profit</b>						<b>175,352</b>
Finance expenses, net						(61,191)
<b>Net income before income tax</b>						<b>114,161</b>

(1) Adjusted EBITDA in the Refining Segment for the nine-month period ended September 30, 2024 - USD 261,409 thousand.

	Refining	Polymers	Total reportable segments	Other	Adjustments to consolidated	Consolidated
	For the 9-month period ended September 30, 2023 (unaudited)					
Revenue from external sources - Israel	3,745,919	170,385	3,916,304	–	–	3,916,304
Revenue from external sources - other countries	1,878,525	438,693	2,317,218	25,253	–	2,342,471
<b>Total revenue from external sources</b>	<b>5,624,444</b>	<b>609,078</b>	<b>6,233,522</b>	<b>25,253</b>	<b>–</b>	<b>6,258,775</b>
Revenue from inter-segment sales - Israel	206,501	792	207,293	5,837	(213,130)	–
<b>Segment revenue</b>	<b>5,830,945</b>	<b>609,870</b>	<b>6,440,815</b>	<b>31,090</b>	<b>(213,130)</b>	<b>6,258,775</b>
<b>Reported EBITDA</b>	<b>627,610</b> <sup>(1)</sup>	<b>(3,174)</b>	<b>624,436</b>	<b>17,382</b>	<b>(2,972)</b>	<b>638,846</b>
<b>Depreciation and amortization</b>	<b>(71,883)</b>	<b>(34,989)</b>	<b>(106,872)</b>	<b>(13,391)</b>	<b>–</b>	<b>(120,263)</b>
<b>Reported EBITDA less depreciation and amortization</b>						<b>518,583</b>
Amortization of excess cost arising on acquisition of consolidated companies						(8,582)
Other expenses, net						(4,578)
<b>Operating profit</b>						<b>505,423</b>
Finance expenses, net						(52,211)
<b>Net income before income tax</b>						<b>453,212</b>

(1) Adjusted EBITDA in the Refining Segment for the nine-month period ended September 30, 2023 - approx. USD 619,124 thousand.

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

### NOTE 4 – SEGMENT REPORTING (cont.)

	Refining	Polymers	Total reportable segments	Other	Adjustments to consolidated	Consolidated
	For the 3-month period ended September 30, 2024 (unaudited)					
Revenue from external sources - Israel	1,216,983	82,029	1,299,012	–	–	1,299,012
Revenue from external sources - other countries	390,889	118,547	509,436	1,850	–	511,286
<b>Total revenue from external sources</b>	<b>1,607,872</b>	<b>200,576</b>	<b>1,808,448</b>	<b>1,850</b>	<b>–</b>	<b>1,810,298</b>
Revenue from inter-segment sales - Israel	71,104	297	71,401	6,532	(77,933)	–
<b>Segment revenue</b>	<b>1,678,976</b>	<b>200,873</b>	<b>1,879,849</b>	<b>8,382</b>	<b>(77,933)</b>	<b>1,810,298</b>
<b>Reported EBITDA</b>	<b>45,191 <sup>(1)</sup></b>	<b>1,040</b>	<b>46,231</b>	<b>5,709</b>	<b>371</b>	<b>52,311</b>
<b>Depreciation and amortization</b>	<b>(26,937)</b>	<b>(11,878)</b>	<b>(38,815)</b>	<b>(4,814)</b>	<b>–</b>	<b>(43,629)</b>
<b>Reported EBITDA less depreciation and amortization</b>						<b>8,682</b>
Amortization of excess cost arising on acquisition of consolidated companies						(2,806)
Other expenses, net						(169)
<b>Operating profit</b>						<b>5,707</b>
Finance expenses, net						(23,695)
<b>Loss before income tax</b>						<b>(17,988)</b>

(1) Adjusted EBITDA in the Refining Segment for the three-month period ended September 30, 2024 - USD 62,218 thousand.

	Refining	Polymers	Total reportable segments	Other	Adjustments to consolidated	Consolidated
	For the 3-month period ended September 30, 2023 (unaudited)					
Revenue from external sources - Israel	1,375,283	57,998	1,433,281	–	–	1,433,281
Revenue from external sources - other countries	650,310	126,367	776,677	8,266	–	784,943
<b>Total revenue from external sources</b>	<b>2,025,593</b>	<b>184,365</b>	<b>2,209,958</b>	<b>8,266</b>	<b>–</b>	<b>2,218,224</b>
Revenue from inter-segment sales - Israel	61,718	149	61,867	948	(62,815)	–
<b>Segment revenue</b>	<b>2,087,311</b>	<b>184,514</b>	<b>2,271,825</b>	<b>9,214</b>	<b>(62,815)</b>	<b>2,218,224</b>
<b>Reported EBITDA</b>	<b>206,414 <sup>(1)</sup></b>	<b>(2,891)</b>	<b>203,523</b>	<b>5,233</b>	<b>(4,002)</b>	<b>204,754</b>
<b>Depreciation and amortization</b>	<b>(24,481)</b>	<b>(11,690)</b>	<b>(36,171)</b>	<b>(5,037)</b>	<b>–</b>	<b>(41,208)</b>
<b>Reported EBITDA less depreciation and amortization</b>						<b>163,546</b>
Amortization of excess cost arising on acquisition of consolidated companies						(2,859)
Other expenses, net						(2,329)
<b>Operating profit</b>						<b>158,358</b>
Finance expenses, net						(18,510)
<b>Net income before income tax</b>						<b>139,848</b>

(1) Adjusted EBITDA in the refining segment for the three-month period ended September 30, 2023 - approx. USD 235,499 thousands.

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

**NOTE 4 – SEGMENT REPORTING (cont.)**

	Refining	Polymers	Total reportable segments	Other	Adjustments to consolidated	Consolidated
	Year ended December 31, 2023 (audited)					
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
<b>Total revenue from external sources</b>	<b>7,515,032</b>	<b>780,898</b>	<b>8,295,930</b>	<b>28,393</b>	–	<b>8,324,323</b>
Revenue from inter-segment sales - Israel	263,911	1,117	265,028	13,278	(278,306)	–
<b>Segment revenue</b>	<b>7,778,943</b>	<b>782,015</b>	<b>8,560,958</b>	<b>41,671</b>	<b>(278,306)</b>	<b>8,324,323</b>
<b>Reported EBITDA</b>	<b>744,812</b> <sup>(1)</sup>	<b>(16,772)</b>	<b>728,040</b>	<b>24,324</b>	<b>1,030</b>	<b>753,394</b>
<b>Depreciation and amortization</b>	<b>(96,508)</b>	<b>(46,743)</b>	<b>(143,251)</b>	<b>(18,345)</b>	–	<b>(161,596)</b>
<b>Reported EBITDA less depreciation and amortization</b>						<b>591,798</b>
Amortization of excess cost arising on acquisition of consolidated companies						(11,374)
Other expenses, net						(7,145)
<b>Operating profit</b>						<b>573,279</b>
Finance expenses, net						(82,817)
<b>Net income before income tax</b>						<b>490,462</b>

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

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**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 protection 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 protection 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 protection laws and regulations. As of 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 September 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 received, during the Reporting Period, 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 item.
- B. On July 30, 2024, 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 protection 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 counsel, 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.

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

**C. Agreements, including with related parties (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 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. On August 27, 2024, the Company's General Meeting approved the new compensation policy for Company officers that will take effect for a period of three years from the date of its approval.

**6. Securities allotment plan**

**A. Description of the plan**

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 the date of 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.

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

**C. Agreements, including with related parties (cont.)**

**6. 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, which was received on August 27, 2024, 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 Compensation Policy by the Company's General Meeting, provided on August 27, 2024, as stated above - the allotment of 33.5 million options to officers and employees reporting to the CEO as part of the abovementioned outline.

C. Subsequent to the Reporting Period, the Company Board of Directors (subsequent to approval of the Compensation Committee) approved an allocation of 3 million options as part of the aforementioned outline that were granted to an officer on commencement of his employment at the Company.

7. Further to Note 20B4 to the Company's annual financial statements regarding an inventory availability agreement, on October 22, 2024, the Company and Party B agreed to revise the Agreement, such that its termination date will be brought forward to the end of October 2024 (instead of the end of February 2025) (hereinafter - the "**Revision of the Agreement**").

Upon the Revision of the Agreement, Party B announced that it will exercise the put option, whereunder it may sell to the Company the Crude Oil inventory, which is the subject matter of the Agreement (at the end of October 2024) and on that date the Company became the owner of the inventory. As stated in the Agreement, the consideration of the exercise of the put option was based on the Crude Oil's market price prevailing immediately prior to the termination date of the revised Agreement totaling approx. USD 128 million. The consideration payment date was set for the end of the first quarter of 2025 plus a total of approx. USD 1 million in respect of the deferral of the payment.

Upon the termination of the availability agreement and once the price had been set, the Company terminated the hedge transactions attributed to the transaction as stated in Note 29D3b to the Annual Financial Statements and recognized in inventories the hedge principal attributed to the transaction, totaling approx. USD 35 million (credit). Furthermore, further to Note 29D3a to the Annual Financial Statements, on termination of the availability transaction, the volume of (basic) inventory that the Company does not hedge via futures is expected to amount to up to approx. 730 thousand tons.

In addition, on completion of the availability agreement the bank guarantee that was extended by the Company to Party B in order to secure its obligations under the Agreement, was released.

**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 and other that which is stated in Note 5C7 above.

**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 swap (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).
5. Subsequent to the Reporting Period, the Company issued unlinked Series O debentures (hereinafter - the “**Debentures**”) with an average term of approx. 6.4 years totaling approx. USD 54 million, net of issuance costs.

The debentures are repayable in 12 unequal semi-annual payments on June 25 and December 25 of each of the years 2029 through 2034; for each of the first and the second payments - 4% of the principal will be repaid; for each of the third and fourth payments - 7% of the principal will be repaid; for each of the fifth and sixth payments - 9% of the principal will be repaid, for each of the seventh to twelfth and last payments - 10% of the principal will be repaid.

The Debentures bear fixed annual interest at the rate of 5.25%. The interest payable in respect of the outstanding balance of the principal of the Debentures shall be paid twice a year, on December 25 of each of the years 2024 through 2034, and on June 25, of each of the years 2025 through 2034.

To reduce currency and interest exposure, concurrently with the issue of the debentures, the Company entered into principal and interest swap transaction (including fixing the USD interest), and elected to apply cash flow hedge accounting principles.

The definitions of the financial covenants, negative lien undertaking and grounds for immediate repayment in the deed of trust of the Debentures (Series O) are substantially similar to those of the Series M Debentures, which are described in Notes 14C and 14D to the annual financial statements.

The deed of trust includes interest rate adjustment mechanisms arising from non-compliance with financial covenants and arising from a change in the debenture rating.

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

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

#### B. Financial covenants - the Company

Further to Note 13B2 to the Annual Financial Statements, following 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 September 30, 2024:

	Required	Required ratio / amount	Actual ratio / amount
Consolidated adjusted equity (in USD millions)	≥	750	1,802.9
Consolidated adjusted equity to total consolidated statement of financial position, net	≥	20.0%	44.8%
Net consolidated financial debt to consolidated adjusted EBITDA ratio	≤	5.0	1.8
Consolidated principal and interest coverage ratio	≥	1.1	2.2
Cash flows plus the unused balance of binding credit facilities in the separate statement (in USD millions)	≥	75	712.0

As of September 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 September 30, 2024:

	Required	Required ratio / amount	Actual ratio / amount
Adjusted equity (in USD millions) <sup>(1)</sup>	≥	720	1,928.9
Adjusted equity plus shareholder loans to total consolidated statement of financial position <sup>(2)</sup>	≥	17.5%	48.4% <sup>(3)</sup>
Net debt divided by the average consolidated annual adjusted EBITDA	≤	8	1.8
Consolidated cash and cash equivalents (in USD millions)	≥	50	464.9

(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 49.4%.

As of September 30, 2024, the Company is in compliance with the financial covenants.

#### C. Short-term credit facilities

In the third quarter of 2024, the Company renewed its secured short-term credit facilities to approx. USD 500 million, and extended them until September 30, 2025.

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 of September 30, 2024 (unaudited)			
	Balance of adjusted p.v.	Carrying amount	Fair value Level 1	Fair value - Level 2
<b>Financial liabilities:</b>				
Marketable Debentures (Series I) <sup>(1)(2)</sup>	67,212	67,212	66,206	–
Marketable Debentures (Series J, L and M) <sup>(1)(2)</sup>	604,220	591,588	578,840	–
Bank loans <sup>(3)</sup>	438,976	427,176	–	435,770
	<b>1,110,408</b>	<b>1,085,976</b>	<b>645,046</b>	<b>435,770</b>

	As of September 30, 2023 (unaudited)			
	Balance of adjusted p.v.	Carrying amount	Fair value Level 1	Fair value - Level 2
<b>Financial liabilities:</b>				
Marketable Debentures (Series I) <sup>(1)(2)(4)</sup>	140,024	139,988	139,983	–
Marketable Debentures (Series E, J, L and M) <sup>(1)(2)</sup>	588,066	572,465	560,141	–
Bank loans <sup>(3)</sup>	477,596	461,297	–	486,659
	<b>1,205,686</b>	<b>1,173,750</b>	<b>700,124</b>	<b>486,659</b>

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

(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.

(4) As of September 30, 2023, principal and interest payments for debentures totaling approx. USD 6 million and approx. approx. USD 3 million, respectively, were deferred pursuant to the provisions of the deeds of trust to October 1, 2023, as their contractual maturity date was not a business day. Accordingly, the closing price, which is quoted on the TASE as of the report date, was approx. USD 131 million.

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.

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.

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
<b>Financial assets</b>			
<b>Non-derivative</b>			
Investments in stocks at fair value through other comprehensive income (Level 3)	21,383	21,582	21,383
<b>Derivatives used in accounting hedges <sup>(1) (2)</sup></b>			
Cross-currency interest rate swaps and interest rate swaps (Level 2)	370	2,056	7,421
Derivatives for polymers margin (Level 3)	2,067	5,963	3,666
<b>Derivatives not used in accounting hedges</b>			
Derivatives for refining margins (Level 2) <sup>(3)</sup>	1,817	–	–
Currency hedging contracts (Level 2)	1,827	2,508	57
	<b>27,464</b>	<b>32,109</b>	<b>32,527</b>
<b>Financial liabilities</b>			
<b>Derivatives used in accounting hedges <sup>(1) (2)</sup></b>			
Cross-currency interest rate swaps and interest rate swaps (Level 2)	64,402	75,490	55,104
Derivatives for inventory (Level 2)	1,044	2,790	1,962
<b>Derivatives not used in accounting hedges</b>			
Derivatives for refining margins (Level 2) <sup>(3)</sup>	–	47,808	15,592
Currency hedging contracts (Level 2)	1,428	1,733	2,140
	<b>66,874</b>	<b>127,821</b>	<b>74,798</b>

- (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) During the nine- and three-month periods ended September 30, 2024, pre-tax other comprehensive loss totaling approx. USD 6 million and approx. USD 21 million, respectively, was carried to hedge reserve in respect of the effective portion of the change in the fair value of Brent futures. As of September 30, 2024, the balance of the hedge fund with respect to the availability transaction (before tax) amounts to approx. USD 29 million (credit). For details on the revision of the inventory availability agreement subsequent to the Reporting Period, see Note 5C7 above.
- (3) For further details, see Note 8H.

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

	September 30, 2024 (Unaudited)	September 30, 2023 <sup>(1)</sup> (Unaudited)	December 31, 2023 <sup>(1)</sup> (Audited)
NIS interest (used for discounting the NIS component)	2.54% - 3.12%	3.1% - 3.65%	2.45% - 3.86%
USD interest (used for discounting the USD component)	3.25% - 4.63%	4.27% - 5.47%	3.47% - 5.33%
Exchange rate (NIS/USD)	3.710	3.824	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.

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**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 that which is stated in Note 6B to the Annual Financial Statements regarding the Company and the subsidiaries Carmel Olefins and Gadiv's entering into receivables factoring agreements, during the third quarter of 2024 the said agreements were extended through September 30, 2025.

As of September 30, 2024, no trade receivables of the Group companies were derecognized (as of December 31, 2023, no trade receivables of the Group companies were derecognized, and as of September 30, 2023, an amount of approx. USD 27 million was derecognized pursuant to the provisions of IFRS 9).

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 320 million.

- E. Further to Note 15A to the Annual Financial Statements, as of September 30, 2024, trade payables with extended credit days amounted to approx. USD 235 million (as of December 31, 2023 - approx. USD 212 million; as of September 30, 2023 - approx. USD 180 million).

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 73 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 480 million.

**F. Dividends and share buyback**

1. 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.
2. Further to Note 21C6 to the Annual Financial Statements, the share buyback plan was completed during the Reporting Period, as part of which 25,149,160 ordinary shares of the Company were acquired for a total consideration of approx. USD 8 million.
3. 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, which was paid on September 19, 2024. Furthermore, the Company's Board of Directors approved a share buyback plan of the Company's shares at a total amount of up to USD 5 million. As of September 30, 2024, 17,651,603 ordinary shares of the Company were acquired for a total consideration of approx. USD 4 million. Subsequent to the Reporting Period, the share buyback plan was completed in full.

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

**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 terms and conditions of the options are in accordance with the Company's compensation policy and option plan, as these were in effect on the grant date. For information concerning the new compensation policy and the securities allocation plan that were approved in the Reporting Period, see Note 5C above.

**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. As of the report date, there is no balance with respect to these transactions.

During and subsequent to the Reporting Period, the Company entered into swap transactions aimed at hedging the refining margin for 2025 at a volume of approx. 3.5 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 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 and as of September 30, 2023 - approx. USD 32 million).

Immediately prior to the report approval date, the balance of derivatives for futures hedging the refining margin in 2025 constitutes an asset of approx. USD 1 per million. The balance of margin calls in respect of which was immaterial.

**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.

**K.** On November 11, 2024, the Company published a shelf prospectus valid until November 11, 2026.

Attn.  
The Shareholders of Bazan Ltd.

Dear Madam/Sir,

Re: Special report by the independent auditor 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 September 30, 2024 and for the nine- and three-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.

The separate financial information of the Company as of December 31, 2023, and for the year then ended, was audited by another independent auditor, whose report thereon dated March 13, 2024, also included an unqualified opinion. In addition, the Separate Interim Financial Information of the Company for September 30, 2023, and for the nine- and three-months then ended, was reviewed by another auditor, whose report thereon dated November 26, 2023, included an unqualified conclusion.

We did not review the interim separate financial information from the interim financial information of investees, whose assets less liabilities attributable to them, net amounted to approx. USD 33,498 thousand as of September 30, 2024, and the Company's share in the losses of the abovementioned companies amounted to approx. USD 5,268 thousand and approx. USD 1,859 thousand for the nine- and three-month periods then ended, respectively. The interim separate financial information of the above companies was audited by other independent auditors, whose reports have been furnished to us, and our conclusion - insofar as it relates to financial information in respect of these companies - is based on the review reports of the other independent auditors.

## **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 and the review reports of other independent auditors, nothing has come to our attention that causes us to believe that the abovementioned Separate Interim Financial Information does not comply, in all material respects, with the disclosure provisions of Chapter 38D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

## **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 consolidated interim financial statements as of September 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 consolidated interim financial statements as of September 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 counsel, 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.

Tel Aviv,  
November 20, 2024

Kost Forer Gabbay & Kasierer  
Certified Public Accountants

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

	September 30, 2024 (Unaudited)	As of September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
<b>Current assets</b>			
Cash and cash equivalents	225,042	463,610	528,695
Deposits	6,563	77,481	37,598
Trade receivables	507,647	598,496	485,676
Other receivables and debit balances	149,608	134,235	186,367
Financial derivatives	5,570	7,227	11,026
Inventories	660,599	602,162	627,098
<b>Total current assets</b>	<b>1,555,029</b>	<b>1,883,211</b>	<b>1,876,460</b>
<b>Non-current assets</b>			
Investments with respect to investees, net	1,047,381	1,103,715	1,092,691
Loan to Company for Early Pension Haifa Ltd.	18,119	20,425	21,677
Long-term receivables and debit balances	26,322	46,156	21,809
Long-term loans to an investee	10,000	10,000	10,000
Financial derivatives	511	830	118
Property, plant and equipment, net	1,313,807	1,248,705	1,256,285
Right-of-use assets, net	115,636	114,431	113,995
Intangible assets and deferred expenses, net	22,530	18,272	20,696
<b>Total non-current assets</b>	<b>2,554,306</b>	<b>2,562,534</b>	<b>2,537,271</b>
<b>Total assets</b>	<b>4,109,335</b>	<b>4,445,745</b>	<b>4,413,731</b>

\_\_\_\_\_  
Moshe Kaplinsky

Chairman of the Board  
of Directors

\_\_\_\_\_  
Asaf Almagor

CEO

\_\_\_\_\_  
Guy Liberman

CFO

Approval date of Condensed Separate Interim Financial Information: November 20, 2024.

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

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 Data on the Separate Interim Financial Position, in USD thousand (cont.)**

	September 30, 2024	As of September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
<b>Current liabilities</b>			
Loans and borrowings (including current maturities)	229,094	248,359	259,500
Current maturities of long-term loans from an investee	–	100,000	–
Trade payables	777,358	660,820	801,249
Other payables and credit balances	128,469	263,013	221,833
Financial derivatives	15,762	65,205	28,158
Provisions	3,492	3,377	3,630
<b>Total current liabilities</b>	<b>1,154,175</b>	<b>1,340,774</b>	<b>1,314,370</b>
<b>Non-current liabilities</b>			
Liabilities to banks, net	338,786	364,466	338,855
Debentures, net	517,630	560,120	588,490
Other long-term liabilities	80,093	75,592	79,408
Financial derivatives	49,684	62,616	45,472
Employee benefits, net	31,114	31,518	31,987
Deferred tax liabilities, net	178,721	163,998	157,933
<b>Total non-current liabilities</b>	<b>1,196,028</b>	<b>1,258,310</b>	<b>1,242,145</b>
<b>Total liabilities</b>	<b>2,350,203</b>	<b>2,599,084</b>	<b>2,556,515</b>
<b>Equity</b>			
Share capital	810,515	809,354	810,515
Share premium	31,087	31,852	31,087
Capital reserves	24,376	66,649	44,983
Retained earnings	893,154	938,806	970,631
<b>Total equity</b>	<b>1,759,132</b>	<b>1,846,661</b>	<b>1,857,216</b>
<b>Total liabilities and equity</b>	<b>4,109,335</b>	<b>4,445,745</b>	<b>4,413,731</b>

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

This translation of the financial statement is for convenience purposes only.  
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**Bazan Ltd. - Condensed Data on Separate Interim Income and Other Comprehensive Income, in USD  
Thousand**

	For the 9-month period ended		For the 3-month period ended		For the year ended
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
Revenues	5,305,193	5,799,988	1,664,871	2,091,416	7,730,546
Cost of sales	(5,018,428)	(5,176,158)	(1,622,740)	(1,881,211)	(6,989,906)
<b>Gross income</b>	<b>286,765</b>	<b>623,830</b>	<b>42,131</b>	<b>210,205</b>	<b>740,640</b>
Selling and marketing expenses	(46,852)	(25,954)	(11,063)	(7,519)	(42,417)
General and administrative expenses	(23,090)	(22,844)	(6,979)	(7,316)	(33,290)
Other revenue (expenses), net	9,139	(954)	(94)	(825)	(2,595)
<b>Operating profit</b>	<b>225,962</b>	<b>574,078</b>	<b>23,995</b>	<b>194,545</b>	<b>662,338</b>
Finance income	26,512	28,773	2,608	8,521	27,443
Finance expenses	(91,237)	(88,090)	(28,322)	(27,874)	(118,053)
<b>Finance expenses, net</b>	<b>(64,725)</b>	<b>(59,317)</b>	<b>(25,714)</b>	<b>(19,353)</b>	<b>(90,610)</b>
Company's share in losses of investees, net of tax	(41,829)	(58,306)	(12,370)	(32,481)	(70,339)
<b>Earnings (loss) before income tax</b>	<b>119,408</b>	<b>456,455</b>	<b>(14,089)</b>	<b>142,711</b>	<b>501,389</b>
Expenses for income tax	(23,926)	(78,163)	(360)	(27,915)	(93,122)
<b>Net income (loss) for the period</b>	<b>95,482</b>	<b>378,292</b>	<b>(14,449)</b>	<b>114,796</b>	<b>408,267</b>
<b>Items of other comprehensive income (loss) transferred to profit and loss:</b>					
Effective share of the change in fair value of cash flow hedges, net of tax	(10,593)	(1,039)	(22,307)	6,958	(9,217)
Other comprehensive loss for investees, net of tax	(1,618)	(7,141)	(2,607)	(3,405)	(16,578)
Other, net	612	(292)	335	(48)	(719)
<b>Other comprehensive income (loss) for the period, transferred to profit and loss, net of tax</b>	<b>(11,599)</b>	<b>(8,472)</b>	<b>(24,579)</b>	<b>3,505</b>	<b>(26,514)</b>
<b>Items of other comprehensive income not transferred to profit and loss:</b>					
Remeasurement of defined benefit plan, net of tax	714	–	–	–	1,272
Other comprehensive income in respect of investees, net of tax	327	–	–	–	1,239
<b>Other comprehensive income for the period, not transferred to profit and loss, net of tax</b>	<b>1,041</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,511</b>
<b>Total other comprehensive income (loss) for the period, net of tax</b>	<b>(10,558)</b>	<b>(8,472)</b>	<b>(24,579)</b>	<b>3,505</b>	<b>(24,003)</b>
<b>Comprehensive income (loss) for the period</b>	<b>84,924</b>	<b>369,820</b>	<b>(39,028)</b>	<b>118,301</b>	<b>384,264</b>

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

This translation of the financial statement is for convenience purposes only.  
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## Bazan Ltd. - Condensed Data on the Separate Interim Cash Flows, in USD thousand

	For the 9-month period ended		For the 3-month period ended		For the year ended
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	December 31, 2023
	(Unaudited)		(Unaudited)		(Audited)
<b>Cash flows from operating activities</b>					
<b>Net income (loss) for the period</b>	<b>95,482</b>	<b>378,292</b>	<b>(14,449)</b>	<b>114,796</b>	<b>408,267</b>
<b>Adjustments required to present cash flows from operating activities:</b>					
Revenue and expenses not involving cash flows (Appendix A - Section A)	167,181	287,851	40,017	180,663	312,089
	<b>262,663</b>	<b>666,143</b>	<b>25,568</b>	<b>295,459</b>	<b>720,356</b>
Changes in assets and liabilities items (Appendix A - Section B)	(52,077)	(185,203)	28,020	23,314	(17,326)
Income tax paid <sup>(1)</sup>	(66,808)	(473)	(3,958)	(146)	(579)
<b>Net cash provided by operating activities</b>	<b>143,778</b>	<b>480,467</b>	<b>49,630</b>	<b>318,627</b>	<b>702,451</b>
<b>Cash flows used in investing activities</b>					
Interest received	17,862	19,622	2,631	6,305	25,956
Interest received from investees	4,326	2,246	1,295	–	4,288
Change in deposits, net	58,141	(59,992)	1,071	(78,472)	(13,466)
Change in cash provided by investing activities with investees, net	(18,547)	(3,158)	13,201	14,252	(20,500)
Repayment of a loan from Early Pension Haifa	11,145	–	4,664	–	–
Purchase of property, plant & equipment (including periodic maintenance work) <sup>(2)</sup>	(120,374)	(92,423)	(60,384)	(41,558)	(134,686)
<b>Net cash used in investing activities</b>	<b>(47,447)</b>	<b>(133,705)</b>	<b>(37,522)</b>	<b>(99,473)</b>	<b>(138,408)</b>
<b>Cash flows used in financing activities</b>					
Change in deposits, net	(19,579)	(30,748)	(10,412)	(11,675)	(25,879)
Interest paid	(86,159)	(88,544)	(32,524)	(29,065)	(110,163)
Interest paid to investees	(6,478)	(6,117)	(2,708)	(1,711)	(9,386)
Derivative transactions, net	(2,125)	(944)	(574)	(693)	(1,020)
Change in cash provided by financing activities with investees, net	(7,885)	17,153	(2,492)	18,900	11,341
Repayment of long-term loans from an investee	–	–	–	–	(100,000)
Receipt of long-term loans from banks <sup>(3)</sup>	152,000	120,000	–	80,000	120,000
Repayment of long-term bank loans, including early repayment <sup>(3)</sup>	(174,730)	(80,982)	(24,112)	(51,048)	(96,924)
Repayment of debentures	(149,435)	(197,390)	(39,435)	(5,790)	(202,991)
Issue of debentures, less issuance expenses	81,263	56,553	–	–	56,553
Share buyback	(9,770)	(20,000)	(4,957)	(12,389)	(22,890)
Dividend paid	(174,000)	(250,000)	(30,000)	(50,000)	(250,000)
Other	(137)	(135)	(37)	(43)	(184)
<b>Net cash used in financing activities</b>	<b>(397,035)</b>	<b>(481,154)</b>	<b>(147,251)</b>	<b>(63,514)</b>	<b>(631,543)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(300,704)</b>	<b>(134,392)</b>	<b>(135,143)</b>	<b>155,640</b>	<b>(67,500)</b>
Effect of exchange rate fluctuations on balances of cash and cash equivalents	(2,949)	2,166	(1,942)	1,129	359
Cash and cash equivalents as of the beginning of the period	528,695	595,836	362,127	306,841	595,836
<b>Cash and cash equivalents at the end of the period</b>	<b>225,042</b>	<b>463,610</b>	<b>225,042</b>	<b>463,610</b>	<b>528,695</b>

(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 55 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).

(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

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**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 9-month period ended		For the 3-month period ended		For the year ended
	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2023 (Audited)
<b>A. Revenue and expense items not involving cash flows</b>					
Depreciation and amortization	66,591	63,358	23,780	21,536	84,512
Other expenses (income), net	(9,139)	954	94	825	2,595
Finance expenses, net	66,980	64,847	26,428	20,677	89,511
Change in the balance of inventory and margins derivatives	(23,248)	21,830	(22,795)	76,943	(27,803)
Share in losses of investees, net of tax	41,829	58,306	12,370	32,481	70,339
Expenses for income tax	23,926	78,163	360	27,915	93,122
Other	242	393	(220)	286	(187)
	<b>167,181</b>	<b>287,851</b>	<b>40,017</b>	<b>180,663</b>	<b>312,089</b>
<b>B. Changes in assets and liabilities items</b>					
Change in trade receivables	(21,971)	(138,742)	7,310	(109,156)	(25,922)
Change in other receivables and debit balances	42,280	15,673	(2,663)	(2,812)	(31,968)
Change in inventories	(33,501)	(9,517)	(472)	(187,328)	(34,453)
Change in trade payables	(28,918)	(49,355)	24,008	289,849	100,467
Change in other payables, credit balances and provisions	(9,943)	(860)	(524)	34,067	(25,031)
Change in employee benefits	(24)	(2,402)	361	(1,306)	(419)
	<b>(52,077)</b>	<b>(185,203)</b>	<b>28,020</b>	<b>23,314</b>	<b>(17,326)</b>

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

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## 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 statements as of September 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 accounted for in the financial statements according to 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, developments and other 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.