Israel Corporation Ltd.

Condensed Consolidated Interim Financial Statements

As at March 31, 2024

(UNAUDITED)

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Israel Corporation Ltd.

Report of the Corporation's Board of Directors

For the Three Months Ended March 31, 2024

Israel Corporation Ltd. (hereinafter – "the Corporation") is an Israeli-resident company that was incorporated in Israel, the securities of which are listed for trading on the Tel-Aviv Stock Exchange.

The Corporation operates mainly through ICL Group Ltd. (hereinafter – "ICL") and is involved in its management through directors serving on the Board of Directors of ICL.

On November 18, 2019, the Corporation's Board of Directors approved the Corporation's strategic plan (for details – see Sections 1.5 and 1.6 to the Annual Periodic Report) – this being further to the decision of Board of Directors on March 13, 2019 regarding update of the Corporation's business strategy. For details regarding investments made as part of the new business strategy – see Note 9 to the consolidated financial statements.

This Directors' Report is submitted as part of the interim financial statements for the period ended March 31, 2024 (hereinafter – "the Date of the Report") (hereinafter – "the Interim Consolidated Financial Statements"). The report was prepared in accordance with the Securities Law (Periodic and Immediate Reports), 1970, and on the assumption that the reader is also in possession of the interim financial statements for the period ended March 31, 2023, and the Periodic Report for 2023 (hereinafter – "the Annual Periodic Report").

Various Events in the Year of the Report and Thereafter – the Corporation

1. Subsequent to the date of the report, on May 13, 2024, the Securities Authority decided to extend the period for the offer of securities pursuant to a shelf prospectus of the Corporation up to May 19, 2025.

2. On March 27, 2024, the Corporation's Board of Directors decided to distribute a cash dividend to the shareholders, in the amount of about $37 million – this being in accordance with the approved dividend policy. The effective date of the dividend is April 9, 2024. The dividend was paid subsequent to the date of the report on April 17, 2024. For additional details – see the Corporation's Immediate Report dated March 27, 2024 (Reference No.: 2024-01-033321).

3. On November 16, 2023, the Corporation's Board of Directors approved a plan (hereinafter – "the Plan") whereby the Corporation will acquire (reacquire) its own shares. Execution of the plan began one trading day after publication of the Corporation's financial statements for the third quarter of 2023 and will run up to the earlier of: (1) acquisition of shares of the Corporation in the amount of $33 million (where the cumulative cost will be determined based on the rate of exchange that is known on every acquisition date); or (2) March 31, 2024. In the period of the report, the Corporation completed the Plan and as at the date of the report the Corporation had acquired 132,243 ordinary shares of NIS 1 par value each, for a total amount of about $33 million.

4. Since October 2023, when the Israeli government declared a state of war in response to an attack on its civilians, the security situation in Israel has posed challenges, including disruptions in the supply chain, a shortage of personnel due to mobilization for military reserve duty and fluctuations in foreign currency exchange rates relative to the Israeli shekel. The regional tensions involving attacks by the Houthis from Yemen on commercial ships have intensified and have impacted the shipping operations in the Red Sea, which has led to delays in shipments as well as an increase in the shipping costs.

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Various Events in the Year of the Report and Thereafter – the Corporation (Cont.)

4. (Cont.)

   The current events and the security escalation in Israel have not had a material impact on the Corporation's business results. However, since the developments related to the war situation, as well as its duration, are unpredictable, the Corporation is unable to estimate the extent of the future potential impact of the war on the value of its assets, its operating results and its cash flows, or the other consequences that could relate to the financial report. The Corporation will track the developments relating to this matter and will examine, among other things, the possible impact on the value of its assets, its operating results and its cash flows, as well as on the investee companies. For details regarding the impacts of the war on ICL – see the ICL section below.

5. On January 25, 2024, the Corporation's Board of Directors approved a grant of 10,811 options (non-marketable) that may be converted into 10,811 ordinary shares of NIS 1 par value of the Corporation to 8 employees including officers of the Corporation. For additional details – see Note 19B(1) to the annual financial statements.

6. For data regarding a presentation of the Corporation's liabilities – see the Corporation's Immediate report regarding the position of its liabilities based on repayment dates that the Corporation published on May 30, 2024 (Reference No.: 2024-01-055147), the information included in which is included herein by means of reference.

For additional information regarding claims against the Corporation – see Note 5A to the consolidated interim financial statements and Note 18B(1) to the annual financial statements.

	Three months ended March 31	
	2024	2023
	$ Millions	
Total sales	**1,735**	2,116
Net income attributable to the Corporation	**62**	117
Composition of the Corporation's net income attributable to the owners:		
ICL (including amortization of excess cost)	**47**	122
Financing, administrative, general and other expenses of the Corporation's headquarters	**(1)**	(5)
Tax benefit of the Corporation's headquarters	**16**	–
Net income attributable to the owners of the Corporation	**62**	117
Net income of ICL (based on 100%)		
Net income attributable to the owners of ICL	**109**	280

	As at		
	March 31		December 31
	2024	2023	2023
	$ Millions		
The financial position			
Balance of assets	**12,768**	13,344	12,891
Balance of current assets less current liabilities	**2,218**	2,809	2,163
Balance of non-current assets	**7,862**	7,573	7,866
Balance of non-current liabilities	**3,710**	4,277	3,664
Balance of equity attributable to the owners	**2,770**	2,596	2,776

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SOURCES OF FINANCING AND LIQUIDITY OF THE CORPORATION AND THE HEADQUARTERS COMPANIES

As at the date of the report, the total financial liabilities of the Corporation and of the wholly owned and controlled headquarters companies (hereinafter – "the Headquarters Companies") amounted to about $869 million. The balance of the fair value of the currency and interest SWAP transactions economically increases the liabilities by about $31 million.

As at the date of the report, the balance of the liquid assets of the Corporation and of the Headquarters Companies amounted to about $978 million, of which about $10 million thereof serves as collaterals for credit and derivative transactions. Subsequent to the date of the report, additional cash was deposited, in the amount of about $5 million, as collateral for derivative transactions.

The net financial assets of the Corporation and of the Headquarters Companies as at the date of the report was about $78 million, compared with a net debt balance of about $47 million and a net balance of assets of about $70 million as at March 31, 2023 and as at December 31, 2023, respectively. As at the date of the report, the net financial assets of the Headquarters Companies less interest payable amounted to about $1 million.

On March 27, 2024, the Corporation declared distribution of a cash dividend, in the amount of about $37 million – this being in accordance with the Corporation's dividend policy. Subsequent to the date of the report, on April 17, 2024, the amount of the dividend was paid. For additional details – see Note 4A(2) to the interim consolidated financial statements.

During the period of the report, the Corporation extended existing credit frameworks, in the amount of about $110 million for a period of up to an additional one to three years from the signing date of the credit frameworks. For additional details – see Note 4A(4) to the interim consolidated financial statements.

In the period of the report, the Corporation made an acquisition of its own shares, in the amount of about $20 million and completed the acquisition plan, in the amount of about $33 million, which was approved by the Corporation's Board of Directors. For additional details – see Note 4A(1) to the interim consolidated financial statements.

As at the date of the report, the Corporation was in compliance with the financial covenants provided in its financing agreements. For additional details – see Note 4A(6) to the interim consolidated financial statements.

From time to time, the Corporation and the Headquarters Companies extend the repayment dates of long-term loans. As at the date of the report, the average duration of the balance of the loans and debentures of the Corporation and the Headquarters Companies is about 2.5 years.

During the period of the report, the Corporation and the Headquarters Companies received dividends from ICL, in the amount of about $27 million.

Corporation's credit ratings

On July 4, 2023, S&P Maalot gave notice of a rating increase to ilA+, due to an improvement of the financial ratios, with a stable rating outlook.

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Set forth below is a condensed explanation of the financial results of the investee companies:

ICL GROUP LTD. (hereinafter – "ICL")

Results of operations, forecasts and financial review of ICL

These operating results and financial review are based on the unaudited condensed consolidated interim financial statements of ICL for the three-month period ended March 31, 2024 (hereinafter – "the Condensed Interim Financial Statements) and were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", unless otherwise stated. The operating results and financial review contain certain non-IFRS financial measures and forward-looking statements, which are described in the "Financial Data and Non-GAAP Financial Measures" section and the "Forward-Looking Statements" section, respectively.

Financial and accounting data and additional indices not in accordance with generally accepted accounting principles

	1–3/2024		**1–3/2023**		**1–12/2023**	
	$ millions	**% of sales**	**$ millions**	**% of sales**	**$ millions**	**% of sales**
Sales	**1,735**	**–**	2,116	–	7,536	–
Gross profit	**557**	**32**	846	40	2,671	35
Operating income	**203**	**12**	465	22	1,141	15
Adjusted operating income (1)	**215**	**12**	480	23	1,218	16
Net income attributable to ICL's shareholders	**109**	**6**	280	13	647	9
Adjusted net income attributable to ICL's shareholders (1)	**118**	**7**	292	14	715	9
Diluted earnings per share (in dollars)	**0.08**	**–**	0.22	–	0.50	–
Adjusted diluted earnings per share (in dollars) (2)	**0.09**	**–**	0.23	–	0.55	–
Adjusted EBITDA (2) (3)	**362**	**21**	610	29	1,754	23
Cash flows from operating activities	**279**	**–**	382	–	1,595	–
Cash flows used for acquisition of property, plant and equipment and other assets	**145**	**–**	164	–	780	–

ICL reiterated its guidance for full year 2024, which calls for the specialties-driven segments adjusted EBITDA to be between $0.7 billion to $0.9 billion. For potash, the ICL continues to expect 2024 sales volumes to be between 4.6 million metric tons and 4.9 million metric tons. (1a)

(1) See table "adjustments to the operating income and the reported net income (Non-GAAP)" below.

(2) See "Adjusted EBITDA and Diluted Adjusted Earnings Per Share for the periods of activity" below.

(3) In the first quarter of 2024, the adjusted EBITDA of ICL was favorably impacted due to an immaterial accounting reclassification in the statement of financial position. For additional information – see the results of the Potash segment below.

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ICL GROUP LTD. (Cont.)

ICL discloses in this quarterly report non-IFRS financial measures titled adjusted operating income, adjusted net income attributable to ICL's shareholders, diluted adjusted earnings per share, and adjusted EBITDA. ICL's management uses adjusted operating income, adjusted net income attributable to ICL's shareholders, diluted adjusted earnings per share, and adjusted EBITDA to facilitate operating performance comparisons from period to period. ICL calculates its adjusted operating income by adjusting its operating income to add certain items, as set forth in the reconciliation table under "Adjustments to reported operating, and net income (non-GAAP)" below. Certain of these items may recur. ICL calculates its adjusted net income attributable to ICL's shareholders by adjusting its net income attributable to ICL's shareholders to add certain items, as set forth in the reconciliation table under "Adjustments to reported operating, and net income (non-GAAP)" below, excluding the total tax impact of such adjustments. ICL calculates its diluted adjusted earnings per share by dividing adjusted net income by the weighted-average number of diluted ordinary shares outstanding. ICL's adjusted EBITDA is calculated as net income before financing expenses, net, taxes on income, share in earnings of equity-accounted investees, depreciation and amortization, and certain adjustments presented in the reconciliation table under "Consolidated adjusted EBITDA, and diluted adjusted Earnings Per Share for the periods of activity" below, which were adjusted for in calculating the adjusted operating income.

One should not view adjusted operating income, adjusted net income attributable to ICL's shareholders, diluted adjusted earnings per share or adjusted EBITDA as a substitute for operating income or net income attributable to ICL's shareholders determined in accordance with IFRS, and one should note that ICL's definitions of adjusted operating income, adjusted net income attributable to ICL's shareholders, diluted adjusted earnings per share, and adjusted EBITDA may differ from those used by other companies. Additionally, other companies may use other measures to evaluate their performance, which may reduce the usefulness of ICL's non-IFRS financial measures as tools for comparison. However, ICL believe adjusted operating income, adjusted net income attributable to ICL's shareholders, diluted adjusted earnings per share, and adjusted EBITDA provide useful information to both management, and investors by excluding certain items that management believes are not indicative of ICL's ongoing operations. Our management uses these non-IFRS measures to evaluate ICL's business strategies, and management performance. ICL believe that these non IFRS measures provide useful information to investors because they improve the comparability of our financial results between periods and provide for greater transparency of key measures used to evaluate ICL's performance.

(1a) ICL only provides guidance on a non-GAAP basis. ICL does not provide a reconciliation of forward-looking adjusted EBITDA (non-GAAP) to GAAP net income (loss), due to the inherent difficulty in forecasting, and quantifying certain amounts that are necessary for such reconciliation, in particular, because special items such as restructuring, litigation, and other matters, used to calculate projected net income (loss) vary dramatically based on actual events, ICL is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income (loss) at this time. The amount of these deductions may be material, and therefore could result in projected GAAP net income (loss) being materially less than projected adjusted EBITDA (non-GAAP). The guidance speaks only as of the date hereof. ICL undertakes no obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this news release or to reflect actual outcomes, unless required by law. ICL provides guidance for Specialties-driven Adjusted EBITDA, which includes Industrial Products, Growing Solutions and Phosphate Solutions, as the Phosphate Solutions business is now predominantly specialties-focused. For ICL's Potash business it provides sales volumes guidance. ICL believes this information provides greater transparency, as these new metrics are less impacted by fertilizer commodity prices, given the extreme volatility in recent years.

ICL presents a discussion in the period-to-period comparisons of the primary drivers of changes in ICL's results of operations. This discussion is based in part on the best estimates of ICL's management of the impact of the main trends in its businesses. ICL has based the following discussion on its financial statements. One should read the following discussion together with ICL's financial statements.

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Adjustments to reported operating income and net income (Non-GAAP)

	1–3/2024	1–3/2023	2023
		$ millions	
Operating income	**203**	465	1,141
Costs related to the security situation in Israel (1)	**12**	–	14
Write-off of assets and provision for site closure (2)	**–**	15	49
Provision for early retirement (3)	**–**	–	16
Legal proceedings (4)	**–**	–	(2)
Total adjustments to operating income	**12**	15	77
Total adjusted operating income	**215**	480	1,218
Net income attributable to the shareholders of ICL	**109**	280	647
Total adjustments to operating income	**12**	15	77
Total tax adjustments (5)	**(3)**	(3)	(9)
Total adjusted net income attributable to the shareholders of ICL	**118**	292	715

(1) For 2024 and 2023, reflects charges relating to the security situation in Israel related to the war, which commenced on October 7, 2023.
(2) For 2023, reflects mainly a write-off of assets related to restructuring at certain sites, including site closures and facility modifications, as part of ICL's global efficiency plan.
(3) For 2023, reflects provisions for early retirement, due to restructuring at certain sites, as part of ICL's global efficiency plan.
(4) For 2023, reflects a reversal of a legal provision.
(5) For 2024 and 2023, reflects the tax impact of adjustments made to operating income.

Calculation of the adjusted EBITDA is made as follows:

	1–3/2024	1–3/2023	2023
		$ millions	
Net income for the period	**126**	294	687
Financing expenses, net	**35**	44	168
Taxes on income	**42**	127	287
Less – share in earnings of equity-accounted investees	**–**	–	(1)
Operating income	**203**	465	1,141
Depreciation and amortization	**147**	130	536
Adjustments (1)	**12**	15	77
Total adjusted EBITDA (2)	**362**	610	1,754

(1) See "Adjustments to reported operating and net income (Non-GAAP)" above.
(2) In the first quarter of 2024, ICL's adjusted EBITDA was positively impacted by an immaterial accounting reclassification. For further information – see the results of the Potash segment below.

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Events during the period of the report

The security situation in Israel since October 2023, when the Israeli government declared a state of war in response to attacks on civilians, has posed several challenges. These include some disruptions in supply chains, a shortage of personnel due to mobilization for reserve duty, and fluctuations in foreign currency exchange rates relative to the Israeli shekel.

Regional tensions involving Houthis attacks from Yemen on commercial ships have intensified, affecting shipping operations in the Red Sea, leading to some delays in shipments as well as increased shipping costs.

ICL has taken measures to ensure the safety of its employees and business partners, as well as the communities in which it operates, to minimize any potential impact on its business, including avoidance of disruption to production activities at its facilities in Israel.

The security situation in recent months has not had a material impact on ICL's business results. As at the approval date of ICL's financial statements, the majority of ICL's employees in Israel who were called up for reserve duty have returned to full-time work.

However, as the developments related to the war, as well as its duration, are unpredictable, ICL is unable to estimate the extent of the war's potential impact on its future business and results. ICL continuously monitors the developments and will take all necessary actions to minimize any negative consequences to its operations and assets.

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ICL GROUP LTD. (Cont.)

Results of operations for the period January – March 2024

	$ millions		
	Sales	**Expenses**	**Operating income**
January – March 2023	**2,116**	**(1,651)**	**465**
Total adjustments January – March 2023*	–	15	15
Adjusted January – March 2023 figures	**2,116**	**(1,636)**	**880**
Quantity	126	(58)	68
Price	(513)	–	(513)
Exchange rate	6	18	24
Raw materials	–	90	90
Energy	–	19	19
Transportation	–	1	1
Operating and other expenses	–	46	46
Adjusted January – March 2024 figures	**1,735**	**(1,520)**	**215**
Total adjustments January – March 2024*	–	(12)	(12)
January – March 2024	**1,735**	**(1,532)**	**203**

* See "Adjustments to reported operating and net income (Non-GAAP)" above.

Quantity – the positive impact on operating income was primarily related to an increase in sales volumes of potash, magnesium, bromine-based flame retardants, elemental bromine, FertilizerpluS products, turf & ornamental products, and MAP used as a raw material for energy storage solutions. This impact was partially offset by lower sales volumes of white phosphoric acid (WPA) and phosphate-based food additives.

Price – the negative impact on operating income was primarily related to a decrease of $217 in the price of potash (CIF) per ton year-over-year, as well as a decrease in selling prices of magnesium, specialty agriculture and FertilizerpluS products, bromine-based industrial solutions, bromine and phosphorous-based flame retardants, specialty minerals products, WPA, salts, phosphate-based food additives and MAP used as a raw material for energy storage solutions.

Exchange rate – the favorable impact on operating income was mainly due to the positive impact on the operational costs resulting from the depreciation of the average exchange rate of the Israeli shekel and the Chinese yuan against the US dollar, as well as a positive impact on sales, which resulted from the appreciation of the average exchange rate of the euro and the Brazilian real against the US dollar, partially offset by a negative impact resulting from the above-mentioned depreciation.

Raw materials – the positive impact on operating income was primarily due to lower costs of sulphur, commodity fertilizers, caustic soda and potassium hydroxide (KOH).

Energy – the positive impact on operating income was due to decreased electricity and gas prices.

Operating and other expenses – the positive impact on operating income was primarily due to lower maintenance and operational costs, as well as lower marketing costs.

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Results of operations for the period January – March 2024

The following table presents the sales in accordance with geographic areas based on the location of the customers:

	1–3/2024		1–3/2023	
	$ millions	**%**	**$ millions**	**%**
Europe	**639**	**37**	773	37
Asia	**412**	**24**	440	21
North America	**340**	**20**	369	17
South America	**232**	**13**	424	20
Rest of the world	**112**	**6**	110	5
Total	**1,735**	**100**	2,116	100

Europe – the decrease in sales was primarily due to lower selling prices and sales volumes of white phosphoric acid (WPA), bromine-based industrial solutions, bromine-based flame retardants and specialty minerals products, as well as lower sales prices of potash, magnesium, specialty agriculture and FertilizerpluS products, phosphate fertilizers, salts and phosphate-based food additives. The decrease was partially offset by higher sales volumes of the above-mentioned products, together with a positive impact on sales resulting from the appreciation of the average exchange rate of the euro against the US dollar.

Asia – the decrease in sales was primarily due to lower selling prices and sales volumes of specialty agriculture products, phosphate fertilizers and specialty minerals products, as well as lower selling prices of bromine-based flame retardants, bromine-based industrial solutions and potash. The decrease was partially offset by higher sales volumes of bromine-based flame retardants, bromine-based industrial solutions, MAP used as a raw material for energy storage solutions and potash.

North America – the decrease in sales was primarily due to lower sales volumes and selling prices of WPA, phosphate-based food additives, salts, magnesium, phosphorous-based industrial solutions and phosphorous-based flame retardants, as well as lower sales prices of phosphate fertilizers, potash, specialty agriculture and turf & ornamental products, and clear brine fluids. This was partially offset by higher sales volumes of potash, specialty agriculture and turf & ornamental products, clear brine fluids and phosphate fertilizer.

South America – the decrease in sales was primarily due to lower selling prices and sales volumes of potash, specialty agriculture products and WPA, as well as lower sales volumes of phosphate fertilizers and FertilizerpluS products. The decrease was partially offset by a positive impact on sales resulting from the appreciation of the average exchange rate of the Brazilian real against the US dollar.

Rest of the world – the increase in sales was primarily due to higher sales volumes of bromine-based industrial solutions, phosphate fertilizers and potash, partially offset by lower selling prices of the above-mentioned products, as well as lower sales volumes and selling prices of specialty agriculture products.

Financing expenses, net

Net financing expenses in the first quarter of 2024 amounted to $35 million compared to $44 million in the corresponding quarter last year, a decrease of $9 million. This decrease is mainly due to a reduction of $16 million in losses from hedging transactions, partially offset by a decrease of $6 million in income from long-term employee benefits provisions and lease revaluation, resulting from lower depreciation of the Israeli shekel against the US dollar compared to the corresponding period last year.

Tax expenses

In the first quarter of 2024, ICL's reported tax expenses amounted to $42 million, compared to 127 million in the corresponding quarter of last year, reflecting an effective tax rate of 25% and 30%, respectively. ICL's relatively low effective tax rate for this quarter was mainly due to a lower surplus profit levy and higher profit deriving from tax jurisdictions with lower effective tax rates.

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Industrial Products

The Industrial Products segment produces bromine from a highly concentrated solution in the Dead Sea and bromine-based compounds at its facilities in Israel, the Netherlands and China. In addition, the segment produces several grades of salts, magnesium chloride, magnesia-based products, phosphorus-based products and functional fluids.

Results of operations – Industrial Products

	1–3/2024	1–3/2023	2023
		$ millions	
Total sales	**335**	361	1,227
Sales to external customers	**331**	351	1,206
Sales to internal customers	**4**	10	21
Segment income	**59**	90	220
Depreciation and amortization	**13**	15	57
Segment EBITDA	**72**	105	277
Capital investments	**16**	26	91

Significant highlights and business environment

– Elemental bromine sales decreased year-over-year due to lower bromine prices, partially offset by higher volumes.

– Bromine-based flame retardants sales increased year-over-year, with higher volumes partially offset by lower prices, as demand in the electronics and construction end-markets remained weak.

– Phosphorus-based flame retardants sales decreased year-over-year due to soft demand and strong Chinese competition in the construction end-market.

– Clear brine fluids sales decreased year-over-year, due to lower volumes.

– Specialty minerals sales decreased year-over-year, driven by lower sales of KCl due to reduced prices and volumes, heightened competition, and lower volumes of Magnesium Chloride for deicing due to unfavorable weather conditions which was partially offset by higher prices.

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Industrial Products (Cont.)

Results of operations for the period January – March 2024

	$ millions		
	Sales	**Expenses**	**Operating income**
January – March 2023 figures	**361**	**(271)**	**90**
Quantity	55	(31)	24
Price	(81)	–	(81)
Exchange rate	–	6	6
Raw materials	–	7	7
Energy	–	2	2
Transportation	–	3	3
Operating and other expenses	–	8	8
January – March 2024 figures	**335**	**(276)**	**59**

Quantity – the positive impact on operating income was primarily related to an increase in sales volumes of elemental bromine and bromine-based flame retardants. This was partially offset by lower sales volumes of specialty minerals and phosphorus-based industrial solutions.

Price – the negative impact on operating income was primarily due to lower selling prices of bromine-based industrial solutions, bromine and phosphorus-based flame retardants, and specialty minerals.

Exchange rate – the favorable impact on operating income was mainly due to the positive impact on operational costs resulting from the depreciation of the average exchange rate of the Israeli shekel against the US dollar.

Raw materials – the positive impact on operating income was due to a decrease in costs of raw materials.

Operating and other expenses – the positive impact on operating income was primarily related to lower maintenance and operational costs.

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Potash

The Potash segment produces and sells mainly potash, salts, magnesium and electricity. Potash is produced in Israel using an evaporation process to extract potash from the Dead Sea at Sodom, and in Spain using conventional mining from an underground mine. The segment also produces and sells pure magnesium, magnesium alloys and chlorine. In addition, the segment sells salt products produced at its potash site in Spain. The segment operates a power plant in Sodom, which supplies electricity and steam to ICL's facilities in Israel (surplus electricity is sold to external customers).

Results of operations – Potash

	1–3/2024	1–3/2023	2023
		$ millions	
Total sales	**423**	600	2,182
Sales to external customers	**306**	472	1,693
Sales to internal customers	**31**	34	129
Other and eliminations (1)	**86**	94	360
Gross profit	**169**	372	1,171
Segment income	**62**	254	668
Depreciation and amortization (2)	**62**	44	175
Segment EBITDA (1)	**124**	298	843
Capital investments	**66**	84	384
Potash price – CIF ($ per ton)	**324**	541	393

(1) Primarily includes salt produced in Spain, metal magnesium-based products, chlorine, and sales of surplus electricity produced by ICL's power plant at the Dead Sea in Israel.
(2) In the first quarter of 2024, following an immaterial accounting reclassification of certain assets, the Potash segment's EBITDA increased by $16 million.

Significant highlights and business environment

– ICL's potash price (CIF) per ton of $324 in the quarter was 6% lower than the fourth quarter of 2023 and 40% lower year-over-year.

– The Grain Price Index decreased by 2.2% during the quarter. Corn, soy and wheat prices were 9.7%, 8.2% and 6.3% lower, respectfully, while rice prices continued to strengthen, rising by 6.8%.

– The WASDE (World Agricultural Supply and Demand Estimates) report, published by the USDA in April 2024, showed a continued decrease in the expected ratio of global inventories of grains to consumption to 27.5.% for the 2023/24 agriculture year, compared to 28.3% for the 2022/23 agriculture year and 28.4% for the 2021/22 agriculture year.

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Potash (Cont.)

Significant highlights and business environment (Cont.)

Global potash market - Average prices and imports:

Average price		Q1 2024	Q1 2023	Change versus Q1 2023	Q4 2023	Change versus Q4 2023
Granular potash – Brazil	CFR spot ($ per ton)	**298**	495	(39.80%)	336	(11.31%)
Granular potash – Northwest Europe	CIF spot/contract (€ per ton)	**370**	688	(46.22%)	388	(4.64%)
Standard potash – Southeast Asia	CFR spot ($ per ton)	**309**	573	(46.07%)	318	(2.83%)
Potash imports						
To Brazil	Millions of tons	**2.6**	2.4	8.33%	3.4	(23.53%)
To China	Millions of tons	**3.8**	2.6	46.15%	3.6	5.56%
To India	Millions of tons	**0.4**	0.2	100.00%	0.8	(50.00%)

Sources: CRU (Fertilizer Week April 2024), FAI, SIACESP (Brazil), & Chinese customs.

Potash – production and sales

	1–3/2024	1–3/2023	2023
	Tons, thousands		
Production	**1,131**	1,070	4,420
Total sales (including internal sales)	**1,084**	963	4,683
Closing inventory	**331**	654	284

Production – production was 61 thousand tons higher year-over-year, mainly due to operational improvements.

Sales – the quantity of potash sold was 121 thousand tons higher year-over-year mainly due to increased sales volumes to the US, Europe, and India, partially offset by lower sales volumes to Brazil and China.

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ICL GROUP LTD. (Cont.)

Potash (Cont.)

Analysis of the results for the period January – March 2024

	$ millions		
	Sales	**Expenses**	**Operating income**
January – March 2023 figures	**600**	**(346)**	**254**
Quantity	74	(42)	32
Price	(254)	–	(254)
Exchange rate	3	6	9
Raw materials	–	2	2
Energy	–	13	13
Transportation	–	(3)	(3)
Operating and other expenses	–	9	9
January – March 2024 figures	**423**	**(361)**	**62**

Quantity – the positive impact on operating income was primarily related to an increase in sales volumes of potash to the US, Europe, and India, as well as an increase in sales volumes of magnesium, partially offset by lower sales volumes of potash to Brazil and China.

Price – the negative impact on operating income resulted primarily from a decrease of $217 in the price per ton of potash (CIF), year over year.

Exchange rate – the favorable impact on operating income was due to a positive impact on operational costs resulting from the depreciation of the average exchange rate of the Israeli shekel against the US dollar, as well as a positive impact on sales resulting from the appreciation of the average exchange rate of the euro against the US dollar.

Energy – the positive impact on operating income was primarily due to a decrease in gas and electricity prices.

Operating and other expenses – the positive impact on operating income was primarily related to lower marketing and operational costs.

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ICL GROUP LTD. (Cont.)

Phosphate Solutions

The Phosphate Solutions segment operates ICL's phosphate value chain and uses phosphate rock and fertilizer-grade phosphoric acid to produce phosphate-based specialty products with higher added value, as well as to produce and sell phosphate-based fertilizers.

Results of operations and main indices – Phosphate Solutions (1)

	(2) 1–3/2024	1–3/2023	2023
		$ millions	
Total sales	**559**	675	2,350
Sales to external customers	**517**	620	2,141
Sales to internal customers	**42**	55	209
Segment income	**84**	119	350
Depreciation and amortization	**47**	52	207
Segment EBITDA	**131**	171	557
Capital investments	**52**	54	270

(1) In alignment with ICL's efficiency plan, which includes a change of reporting responsibilities as of January 2024, the results of a non-phosphate related business were allocated from the Phosphate Solutions segment to Other Activities. Comparative figures have been restated to reflect the organizational change in the reportable segments.

(2) For the first quarter of 2024, Phosphate Specialties comprised $320 million of segment sales, $44 million of operating income, $12 million of D&A and represented $56 million of EBITDA, while Phosphate Commodities comprised $239 million of segment sales, $40 million of operating income, $35 million of D&A and represented $75 million of EBITDA.

Significant highlights and business environment

– Phosphate pricing remained firm in the first quarter of 2024 with key benchmarks averaging 3% higher quarter-over-quarter. However, towards the end of the quarter, negative fundamentals and sentiment began to emerge. India's decision to decrease subsidies before the "kharif" crop, the closure of the fertilizers import window ahead of northern hemisphere planting, and China's re-entry into international markets, all led to lower prices in the second half of March.

– Developments in key markets are described in detail below:

  * Chinese DAP exports decreased sharply in January and February following the National Development and Reform Commission's (NDRC) decision to suspend export applications, aiming to ensure sufficient domestic fertilizer supplies for spring planting, and thus moderate local pricing pressure. As a result, export availability remained limited, keeping FOB prices firm. Towards the end of March, the suspension policy was revised, and exports became available, leading to a decrease in global prices.

  * The Indian government reduced subsidies for DAP. As a result, local distribution margins remained negative, weighing on first quarter imports, which subsequently decreased sharply. Although DAP prices averaged $593/ton for most of the quarter, they dropped by $20 in late March, following China's change in its export policy.

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ICL GROUP LTD. (Cont.)

Phosphate Solutions (Cont.)

Significant highlights and business environment (Cont.)

– Developments in key markets are described in detail below: (Cont.)

  * For most of the past year, US demand for processed phosphates exceeded expectations, resulting in decreased domestic stocks and increased first quarter imports and prices. According to provisional trade data, the US imported close to 1 million tons in the first quarter of 2024, compared to 0.7 million tons. DAP FOB Nola prices peaked at $717/ton early in March, before decreasing to $645/ton at the end of the quarter, as the import window for spring planting passed.

  * While soy prices in Mato Grosso decreased by a third, MAP CFR Brazil prices reached 570/ton at the end of the quarter, reflecting a $7/ton increase compared to the corresponding quarter. This trend is supply-driven, as limited arrivals from Morocco, the US and Saudi Arabia tightened local availability.

– Indian phosphoric acid prices are negotiated on a quarterly basis. The first quarter price was agreed at $968/ton P_2O_5, $17/ton lower than the fourth quarter of 2023.

– Sulphur FOB Middle East price reached $83/ton at the end of March, up from $77/ton at the beginning of the quarter, as higher freight costs eroded netbacks.

– While food specialties volumes in Europe increased year-over-year, global sales declined due to reduced volumes in the Americas and lower prices worldwide. Similarly, industrial salts sales decreased year-over-year, driven by lower prices in key markets and reduced volumes in North America, partially offset by higher volumes in Europe.

– Sales of white phosphoric acid (WPA) decreased year-over-year due to decreased selling prices in all regions.

– Sales of battery materials in Asia increased year-over-year, as ICL continues to execute on its long-term strategy to provide commercial solutions for the energy storage systems (ESS) market. The increase in sales was driven mainly by higher sales volumes.

Global phosphate commodities market – average prices:

Average price	$ per ton	Q1 2024	Q1 2023	Change versus Q1 2023	Q4 2023	Change versus Q4 2023
DAP	CFR India Bulk Spot	**591**	648	(9%)	594	(1%)
TSP	CFR Brazil Bulk Spot	**425**	515	(17%)	422	1%
SSP	CPT Brazil Inland 18%–20% P_2O_5 Bulk Spot	**276**	325	(15%)	278	(1%)
Sulphur	Bulk FOB Adnoc monthly bulk contract	**75**	139	(46%)	102	(26%)

Source: CRU (Fertilizer Week Historical Prices: April 2024).

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ICL GROUP LTD. (Cont.)

Phosphate Solutions (Cont.)

Analysis of results for the period January – March 2024

	$ millions			
	Sales	**Expenses**	**Operating income**	
January – March 2023 figures	**675**	**(556)**	**119**	
Quantity	(18)	15	(3)	
Price	(93)	–	(93)	
Exchange rate	(5)	12	7	
Raw materials	–	38	38	
Energy	–	3	3	
Transportation	–	1	1	
Operating and other expenses	–	12	12	
January – March 2024 figures	**559**	**(475)**	**84**	

Quantity – the negative impact on operating income was due to lower sales volumes of white phosphoric acid (WPA), phosphate-based food additives and salts. This was partially offset by higher sales volumes of specialty raw materials used for energy storage solutions.

Price – the negative impact on operating income was primarily related to lower selling prices of WPA, phosphate fertilizers, phosphate-based food additives, salts and specialty raw materials used for energy storage solutions.

Exchange rate – the favorable impact on operating income was mainly related to the positive impact on operational costs resulting from the depreciation of the average exchange rate of the Chinese yuan and the Israeli shekel against the US dollar, which was partially offset by the negative impact on sales resulting from the depreciation of the average exchange rate of the Chinese yuan against the US dollar.

Raw materials – the positive impact on operating income was due to lower costs of sulphur, caustic soda and potassium hydroxide (KOH).

Operating and other expenses – the positive impact on operating income was primarily related to lower maintenance and operational costs.

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ICL GROUP LTD. (Cont.)

Growing Solutions

The Growing Solutions segment aims to achieve global leadership in plant nutrition by enhancing its position in its core markets of specialty agriculture, ornamental horticulture, turf and landscaping, fertilizers and FertilizerpluS, and by targeting high-growth markets such as Brazil, India, and China. The segment also looks to leverage its unique R&D capabilities, substantial agronomic experience, global footprint, backward integration to potash, phosphate and polysulphate and its chemistry know-how, as well as its ability to integrate and generate synergies from acquired businesses. The segment continuously works to expand its broad portfolio of specialty plant nutrition, plant stimulation and plant health solutions, which consist of enhanced efficiency and controlled release fertilizers (CRF), water-soluble fertilizers (WSF), liquid fertilizers and straights (MKP/MAP/PeKacid), FertilizerpluS, soil and foliar micronutrients, secondary nutrients, biostimulants, soil conditioners, seed treatment products, and adjuvants.

Results of operations and main indicies – Growing Solutions

	1–3/2024	1–3/2023	2023
		$ millions	
Total sales	**479**	564	2,073
Sales to external customers	**474**	553	2,047
Sales to internal customers	**5**	11	26
Segment income	**23**	32	51
Depreciation and amortization	**19**	13	68
Segment EBITDA	**42**	45	119
Capital investments	**15**	24	92

Significant highlights and business environment

– FertilizerpluS: sales decreased year-over-year due to lower prices, partially offset by higher sales volumes, mainly in Europe. However, sales volumes in Brazil decreased due to lower demand.

– Specialty Agriculture (SA): sales decreased year-over-year, due to lower prices, partly offset by higher sales volumes, mainly in CRF and water soluble NPK, with increased demand in Europe and the US.

– Turf and Ornamental (T&O): sales increased year-over-year, mainly due to increased sales of ornamental horticulture, impacted by favorable weather conditions, especially in Northern Europe and the US, which led to increased demand, mainly for CRF and WSF. Conversely, turf and landscape sales slightly decreased due to cautious distributors behavior driven by wet European conditions, impacting the application rate, and leading to reduced sales to end-users.

ICL Boulby

– The production of polysulphate decreased by 17% year-over-year, with the production reaching 216 thousand tons.

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ICL GROUP LTD. (Cont.)

Growing Solutions (Cont.)

Analysis of results for the period January – March 2024

	$ millions			
	Sales	**Expenses**	**Operating income**	
January – March 2023 figures	**564**	**(532)**	**32**	
Quantity	33	(24)	9	
Price	(126)	–	(126)	
Exchange rate	8	(7)	1	
Raw materials	–	98	98	
Energy	–	2	2	
Operating and other expenses	–	7	7	
January – March 2024 figures	**479**	**(456)**	**23**	

Quantity – the positive impact on operating income was primarily due to higher sales volumes of turf and ornamental, FertilizerpluS and specialty agriculture products.

Price – the negative impact on operating income was primarily due to lower selling prices across most product lines, mainly specialty agriculture and FertilizerpluS products.

Exchange rate – the favorable impact on operating income was primarily due to the positive impact on sales resulting from the appreciation of the average exchange rate of the Brazilian real and the euro against the US dollar, which slightly exceeded their negative impact on the operational costs.

Raw materials – the positive impact on operating income was primarily related to lower costs of commodity fertilizers, potassium hydroxide (KOH), caustic soda and ammonia.

Operating and other expenses – the positive impact on operating income was primarily related to lower maintenance and operational costs.

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ICL GROUP LTD. (Cont.)

Sources and uses of capital

Net cash provided by operating activities:

In the first quarter of 2024, the net cash flows provided by operating activities amounted to $279 million, compared to $382 million in the corresponding quarter last year. This decrease was mainly due to lower operating profit, partially offset by reduced tax payments.

Net cash used in investing activities:

In the first quarter of 2024, the net cash used in investing activities amounted to $102 million compared to $204 million in the corresponding quarter last year. This decrease was mainly due to proceeds received from deposits and from the sale of an investee, which was partially offset by net cash paid for a business combination.

Net cash used in financing activities:

In the first quarter of 2024, the net cash flows used in financing activities amounted to $229 million, compared to $47 million in the corresponding quarter last year. This decrease was mainly due to the repayment of long-term debt, which was partially offset by lower dividend payments.

Financial liabilities, net

In March 2024, ICL repaid, as scheduled, its $145 million in a private placement bond.

In March 2024, ICL repaid, as scheduled, its NIS 392 million (approx. $108 million) of its Series E Bond.

As at March 31, 2024, ICL's net financial liabilities amounted to $2,022 million, a decrease of $73 million compared to December 31, 2023.

Credit facilities

Sustainability-linked Revolving Credit Facility (RCF)

In April 2023, ICL entered into a Sustainability-Linked Revolving Credit Facility Agreement made between ICL Finance B.V. and a consortium of twelve international banks for a $1,550 million credit facility. As of March 31, 2024, ICL had utilized $454 million out of the $1,550 million. Subsequent to the date of the report, in April 2024, all the lenders exercised the option to extend the agreement by one year, until April 2029.

Securitization

The total amount of ICL's committed securitization facility framework is $300 million, with an additional $100 million that is uncommitted. As of March 31, 2024, ICL had utilized approximately $175 million of the facility's framework.

Ratings and financial covenants

Fitch
In June 2023, Fitch Ratings reaffirmed ICL's long-term issuer default rating and senior unsecured rating at 'BBB-'. The outlook on the long-term issuer default rating is stable.

S&P
In July 2023, the S&P credit rating agency reaffirmed ICL's international credit rating and senior unsecured rating of 'BBB-'. In addition, the S&P Maalot credit rating agency reaffirmed ICL's credit rating of 'ilAA' with a stable rating outlook.

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ICL GROUP LTD. (Cont.)

Financial covenants

As of March 31, 2024, ICL was in compliance with all of its financial covenants stipulated in its financing agreements.

Critical accounting estimates

In the three-month period ended March 31, 2024 there were no material changes in the critical accounting estimates previously disclosed in ICL's Annual Report on Form 20-F for the year ended December 31, 2023.

Updates regarding directors and members of senior management

Mr. Shalom Shlomo was appointed to the Board of Directors, effective as of January 1, 2024, to serve until the next annual general meeting of the shareholders of ICL.

Commencing from May 8, 2024, Ms. Maya Grinfeld, ICL's VP, Marketing and Communication, is considered an office holder of ICL.

Risk factors

In the three-month period ended March 31, 2024, there were no material changes in the risk factors previously disclosed in ICL's Annual Report on Form 20-F for the year ended December 31, 2023.

Quantitative and qualitative exposures stemming from market risks

Reference is made to "Item 11 – Quantitative and Qualitative Disclosures about Market Risks" in ICL's Annual Report on Form 20-F for the year ended December 31, 2023.

Legal proceedings

For further information regarding legal proceedings and other contingencies – see Note 5B to the consolidated interim financial statements.

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ICL GROUP LTD. (Cont.)

Declaration regarding "forward-looking" statements

This ICL's section contains statements that constitute "forward-looking statements", many of which can be identified by the use of forward-looking words such as "anticipate", "believe", "could", "expect", "should", "plan", "intend", "estimate", "strive", "forecast", "targets" and "potential", among others. ICL is relying on the safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in making such forward-looking statements.

Forward-looking statements appear in a number of places in this ICL's section and include, but are not limited to, statements regarding ICL's intent, belief or current expectations. Forward-looking statements are based on ICL's management's beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and the actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to:

Loss or impairment of business licenses or mineral extractions permits or concessions; volatility of supply and demand and the impact of competition; the difference between actual reserves and ICL's reserve estimates; natural disasters and cost of compliance with environmental regulatory legislative and licensing restrictions including laws and regulation related to, and physical impacts of climate change and greenhouse gas emissions; failure to "harvest" salt which could lead to accumulation of salt at the bottom of the evaporation Pond 5 in the Dead Sea; litigation, arbitration and regulatory proceedings; disruptions at ICL's seaport shipping facilities or regulatory restrictions affecting ICL's ability to export its products overseas; changes in exchange rates or prices compared to those ICL is currently experiencing; general market, political or economic conditions in the countries in which ICL operates; price increases or shortages with respect to ICL's principal raw materials; pandemics may create disruptions, impacting ICL's sales, operations, supply chain and customers; delays in termination of engagements with contractors and/or governmental obligations; the inflow of significant amounts of water into the Dead Sea which could adversely affect production at ICL's plants; labor disputes, slowdowns and strikes involving ICL's employees; pension and health insurance liabilities; changes to governmental incentive programs or tax benefits, creation of new fiscal or tax related legislation; and/or higher tax liabilities; changes in ICL's evaluations and estimates, which serve as a basis for the recognition and manner of measurement of assets and liabilities; failure to integrate or realize expected benefits from mergers and acquisitions, organizational restructuring and joint ventures; currency rate fluctuations; rising interest rates; government examinations or investigations; information technology systems or breaches of ICL's, or ICL's service providers', data security; failure to retain and/or recruit key personnel; inability to realize expected benefits from ICL's cost reduction program according to the expected timetable; inability to access capital markets on favorable terms; cyclicality of our businesses; ICL is exposed to risks relating to its current and future activity in emerging markets; changes in demand for ICL's fertilizer products due to a decline in agricultural product prices, lack of available credit, weather conditions, government policies or other factors beyond ICL's control; disruption of ICL's, or ICL's service providers', sales of ICL's magnesium products being affected by various factors that are not within ICL's control; ICL's ability to secure approvals and permits from the authorities in Israel to continue ICL's phosphate mining operations in Rotem Amfert Israel; volatility or crises in the financial markets; hazards inherent to mining and chemical manufacturing; the failure to ensure the safety of ICL's workers and processes; exposure to third party and product liability claims; product recalls or other liability claims as a result of food safety and food-borne illness concerns; insufficiency of insurance coverage; war or acts of terror and/or political, economic and military instability in Israel and its region; filing of class actions and derivative actions against ICL, its executives and Board members; closing of transactions, mergers and acquisitions; and other risk factors discussed under "Item 3 – Key Information— D. Risk Factors" in ICL's Annual Report on Form 20-F for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (the "SEC") on February 28, 2024 (the "Annual Report").

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ICL GROUP LTD. (Cont.)

Declaration regarding "forward-looking" statements (Cont.)

Forward-looking statements speak only as of the date they are made, and, except as otherwise required by law, ICL does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements, targets or goals in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

Investors are cautioned to consider these risk and uncertainties and to not place undue reliance on such information. Forward-looking statements should not be read as a guarantee of future performance or results and are subject to risks and uncertainties, and the actual results may differ materially from those expressed or implied in the forward-looking statements.

This report for the first quarter of 2024 ("the Quarterly Report") should be read in conjunction with the Annual Report published by ICL on Form 20-F, as of and for the year ended December 31, 2023 (hereinafter – the "Annual Report), including the description of the events occurring subsequent to the date of the statement of financial position, as filed with the U.S. SEC.

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UPDATE REGARDING DESCRIPTION OF THE CORPORATION'S BUSINESS

Set forth below are significant updates and/or changes in the Corporation's business that occurred from the signing date of the of the Corporation's Periodic Report for 2023 on March 27, 2024 and up to the publication date of this report[1]:

To Section 1.11 of Paragraph A of the Periodic Report – Description of the Corporation's Business

On November 16, 2023, the Corporation's Board of Directors adopted a plan whereby the Corporation will acquire (reacquire) its own shares in an aggregate amount of up to $33 million ("the total acquisition cost"), in the format of a "safe harbor" protection[2]. The execution period of the plan is commencing from one trading day after publication of the Corporation's financial statements for the third quarter of 2023 and will run up to the earlier of: (1) acquisition of shares of the Corporation in the amount of the total acquisition cost; or (2) March 31, 2024. For details – see the Corporation's Immediate Report dated November 16, 2023 (Ref. No. 2023-01-104344). Further to that stated, on March 31, 2024, execution of the plan was completed in the full amount (100%) of the total acquisition cost. As at March 31, 2024, the Corporation in the framework of the plan a total of 132,243 ordinary shares of the Corporation, in the aggregate amount of above-mentioned $33 million. For details, including data with respect to holdings of the Corporation and a subsidiary (wholly-owned by the Corporation) in dormant shares of the Corporation – see the Corporation's Immediate Report dated April 1, 2024 (Ref. No. 2024-01-031021).

To Section 3 of Paragraph A of the Periodic Report – Description of the Corporation's Business – Investments in the Corporations' capital

For details regarding execution of plan for acquisition (reacquisition) by the Corporation of its own shares – see Update to Section 1.11 above.

To Section 4 of Paragraph A of the Periodic Report – Description of the Corporation's Business – Distribution of Dividends

A. For details regarding execution of plan for acquisition (reacquisition) by the Corporation of its own shares – see Update to Section 1.11 above.

B. On March 27, 2024, the Corporation's Board of Directors approved distribution of a cash dividend to its shareholders, in the amount of about $37 million as at the declaration date, in accordance with the Corporation's dividend policy. For details – see the Corporation's Immediate Report dated March 27, 2024 (Ref. No. 2024-01-033321). For details regarding supplemental reports in connection with distribution of the dividend – see the reports dated April 8, 2024 and April 10, 2024 (Ref. Nos. 2024-01-034957 and 2024-01-035848).

[1] Update of the Corporation's business is prepared in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970, and includes significant changes or new developments in the Corporation's business that occurred from the publication date of the Corporation's Annual Report for 2023 which was published on March 27, 2024 (Ref. No. 2024-01-033453) (hereinafter – "the periodic Report") and up to the publication date of this report, and on assumption that the readers is also in possession of the pereodic report for 2023. Unless it is expressly determined otherwise or where the context of the matters requires otherwise, all the terms and expressions used in this report shall have the meaning existing for them in the Corporation's Periodic Report. 202320242024Every reference to an Immediate Report includes as part of this document all the information included in the Immediate Report as stated.

[2] A "safe harbor" protection – in accordance with Position No. 199–8 of the Securities Authority.

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UPDATE REGARDING DESCRIPTION OF THE CORPORATION'S BUSINESS (Cont.)

To Section 7 of Paragraph A of the Periodic Report – Description of the Corporation's Business based on Activity Segments – ICL Group Ltd. ("ICL")

A. For the financial statements of ICL as at March 31, 2024 and an investors' slide presentation published by ICL further thereto – see the Corporation's Immediate Reports dated May 9, 2024 (Ref. Nos. 2024-01-045769 and 2024-01-045778, as applicable). In addition, on May 23, 2024, the Corporation published the financial statements of ICL as at March 31, 2024 in Hebrew – see the Corporation's Immediate Report dated May 23, 2024 (Ref. No. 2024-01-050914, respectively)[3].

For additional details regarding the business developments of ICL – see the Report of the Corporation's Board of Directors as at March 31, 2024.

To Section 11.3 of Paragraph A of the Periodic Report based on Activity Segments – Financing – Non-Bank Credit

Subsequent to the date of the report, on May 13, 2024, approval of the Securities Authority was received for extension of the validity of the Corporation's shelf prospectus dated May 20, 2022, up to May 19, 2025. For details – see the Corporation's Immediate Report dated May 13, 2024 (Ref. No. 2024-01-047044).

To Section 20 of Paragraph D of the Periodic Report – Additional details regarding the Corporation – Trading on the Stock Exchange – Securities Registered for Trading / Discontinuance of Trading in the Year of the Report – Dates and Reasons

For details regarding extension of the validity of the Corporation's shelf prospectus up to May 19, 2025 – see the update to Section 11.3 above.

To Section 24(a) of Paragraph D of the Periodic Report – Additional details regarding the Corporation – Holdings of Interested Parties and Senior Officers

A. For details regarding the holdings of interested parties and officers in the Corporation – see the Corporation's report dated April 7, 2024 (Ref. No. 2024-01-033724).

B. For details regarding changes in the holdings of interested parties in the Corporation – see the reports dated April 18, 2024 (Ref. Nos. 2024-01-039313 and 2024-01-039316).

To Regulation 24(A) of Paragraph D of the Periodic Report – Additional details regarding the Corporation – List of the Corporation's shareholders

For a report regarding an updated list of the holders of the Corporation's securities – see the Corporation's Immediate Report dated April 10, 2024, (Ref. No. 2024-01-036022).

For additional details regarding the Corporation's business developments – see the Report of the Board of Directors of the Corporation as at March 31, 2024.

[3] It is noted that the Corporation includes in its financial statements the statements of ICL that are prepared by ICL in accordance with the law applicable to it under the provisions of Part E3 of the Securities Law, 1968. For details – see the Corporation's Immediate Report dated March 2, 2021 (Reference No.: 2021-01-025026).

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Aviad Kaufman	**Yoav Doppelt**
Chairman of the Board of Directors	**CEO**

May 30, 2024

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Israel Corporation Ltd.

Condensed Consolidated Interim Financial Statements

As at March 31, 2024

(Unaudited)

In Millions of U.S. Dollars

Israel Corporation Ltd.
Condensed Consolidated Interim Financial Statements
At March 31, 2024
Unaudited

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Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 61006, Israel
+972 3 684 8000

Review Report of the Independent Auditors to the Shareholders of Israel Corporation Ltd.

Introduction

We have reviewed the accompanying financial information of Israel Corporation Ltd. and its subsidiaries comprising of the condensed consolidated interim statement of financial position as of March 31, 2024 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "*Interim Financial Reporting"*, and are also responsible for preparation of financial information for this interim period in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (Israel) 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 less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

In addition to that mentioned in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

May 30, 2024

Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Financial Position

	At March 31		At December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Current Assets			
Cash and cash equivalents	**550**	673	537
Short-term investments and deposits	**912**	1,021	1,030
Trade receivables	**1,492**	1,631	1,376
Inventories	**1,630**	2,116	1,703
Other receivables and debit balances, including derivative instruments	**322**	330	379
Total current assets	**4,906**	5,771	5,025
Non-Current Assets			
Investments measured at fair value through other comprehensive income	**60**	45	50
Derivative instruments	**–**	2	1
Deferred tax assets	**155**	155	152
Other non-current assets	**242**	212	238
Property, plant and equipment	**6,316**	6,099	6,360
Intangible assets	**1,089**	1,060	1,065
Total non-current assets	**7,862**	7,573	7,866
Total assets	**12,768**	13,344	12,891

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Financial Position

	At March 31		At December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Current Liabilities			
Credit from banks and others	**817**	902	1,053
Trade payables	**914**	967	912
Provisions	**54**	79	85
Dividend payable to the Corporation's shareholders	**37**	–	–
Other current liabilities, including derivative instruments	**866**	1,014	812
Total current liabilities	**2,688**	2,962	2,862
Non-Current Liabilities			
Debentures and long-term loans	**2,558**	3,107	2,512
Derivative instruments and other non-current liabilities	**80**	93	75
Provisions	**218**	239	224
Liabilities for deferred taxes	**500**	451	497
Long-term provisions for employee benefits	**354**	387	356
Total non-current liabilities	**3,710**	4,277	3,664
Total liabilities	**6,398**	7,239	6,526
Equity			
Share capital and premium	**326**	326	326
Capital reserves	**(178)**	(197)	(168)
Capital reserve in respect of transactions with controlling shareholder	**190**	190	190
Treasury shares	**(33)**	–	(13)
Retained earnings	**2,465**	2,277	2,441
Total equity attributable to the owners of the Corporation	**2,770**	2,596	2,776
Holders of non-controlling interests	**3,600**	3,509	3,589
Total equity	**6,370**	6,105	6,365
Total liabilities and equity	**12,768**	13,344	12,891

Aviad Kaufman	Yoav Doppelt	Sagi Kabla
Chairman of the Board of Directors	**CEO**	**CFO**

Approval date of the financial statements: May 30, 2024

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Income

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Sales	**1,735**	2,116	7,536
Cost of sales	**1,179**	1,271	4,869
Gross profit	**556**	845	2,667
Research and development expenses	**17**	18	71
Selling, transportation and marketing expenses	**273**	264	1,093
Administrative and general expenses	**66**	71	270
Other expenses	**3**	34	128
Other income	**(3)**	(3)	(22)
Operating income	**200**	461	1,127
Financing expenses	**78**	116	332
Financing income	**(44)**	(70)	(166)
Financing expenses, net	**34**	46	166
Share in income of associated companies accounted for using the equity method of accounting	**–**	–	1
Income before taxes on income	**166**	415	962
Taxes on income	**26**	127	287
Income for the period	**140**	288	675
Attributable to:			
Owners of the Corporation	**62**	117	273
Holders of non-controlling interests	**78**	171	402
Income for the period	**140**	288	675
Income per share attributable to the owners of the Corporation: (in dollars)			
Basic income per share	**8.22**	15.33	35.80
Diluted income per share	**8.22**	15.33	35.79

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Comprehensive Income

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Income for the period	**140**	288	675
Components of other comprehensive income (loss) that will be recognized in future periods in the statement of income			
Foreign currency translation differences in respect of foreign activities	**(58)**	59	80
Net change in fair value of cash flow hedges transferred to the statement of income	**13**	41	86
Effective portion of the change in fair value of cash flow hedges	**(11)**	(44)	(65)
Income tax in respect of components of other comprehensive income (loss)	**–**	–	(4)
Total	**(56)**	56	97
Components of other comprehensive income (loss) that will not be recognized in future periods in the statement of income			
Actuarial gains (losses) from defined benefit plans, net	**(2)**	10	33
Net change in investments measured at fair value through other comprehensive income	**11**	(1)	2
Net change in fair value of fair value hedge in respect of			
Income taxes in respect of components of other comprehensive income (loss)	**–**	(3)	(8)
Total	**9**	6	27
Other comprehensive income (loss) for the period, net of tax	**(47)**	62	124
Comprehensive income for the period	**93**	350	799
Attributable to:			
Owners of the Corporation	**51**	140	333
Holders of rights non-controlling interests	**42**	210	466
Comprehensive income for the period	**93**	350	799

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to the Corporation's shareholders							Non-controlling interests	Total capital
	Share capital and premium	Translation reserve for foreign activities	Capital reserves	Capital reserve for transactions with controlling shareholder	Treasury shares	Retained earnings	Total		
	(Unaudited)								
	$ millions								
Balance at January 1, 2023	**326**	**(225)**	**57**	**190**	**(13)**	**2,441**	**2,776**	**3,589**	**6,365**
Share-based payments in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Dividend to holders of non-controlling interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(33)**	**(33)**
Dividends to the equity holders	**–**	**–**	**–**	**–**	**–**	**(37)**	**(37)**	**–**	**(37)**
Treasury shares	**–**	**–**	**–**	**–**	**(20)**	**–**	**(20)**	**–**	**(20)**
Income for the period	**–**	**–**	**–**	**–**	**–**	**62**	**62**	**78**	**140**
Other comprehensive income (loss) for the period, net of tax	**–**	**(22)**	**12**	**–**	**–**	**(1)**	**(11)**	**(36)**	**(47)**
Balance at December 31, 2023	**326**	**(247)**	**69**	**190**	**(33)**	**2,465**	**2,770**	**3,600**	**6,370**
For the three months ended March 31, 2023									
Balance at January 1, 2023 (audited)	326	(264)	47	190	–	2,157	2,456	3,396	5,852
Share-based payments in a subsidiary	–	–	–	–	–	–	–	3	3
Dividend to holders of non-controlling interests in a subsidiary	–	–	–	–	–	–	–	(100)	(100)
Income for the period	–	–	–	–	–	117	117	171	288
Other comprehensive income (loss) for the period, net of tax	–	24	(4)	–	–	3	23	39	62
Balance at March 31, 2023	326	(240)	43	190	–	2,277	2,596	3,509	6,105

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to the Corporation's shareholders							Non-controlling interests	Total capital
	Share capital and premium	Translation reserve for foreign activities	Capital reserves	Capital reserve for transactions with controlling shareholder	Treasury shares	Retained earnings	Total		
	(Audited)								
	$ millions								
Balance at January 1, 2023	326	(264)	47	190	–	2,157	2,456	3,396	5,852
Share-based payments in a subsidiary	–	–	–	–	–	–	–	7	7
Dividend to holders of non-controlling interests in a subsidiary	–	–	–	–	–	–	–	(280)	(280)
Treasury shares	–	–	–	–	(13)	–	(13)	–	(13)
Income for the year	–	–	–	–	–	273	273	402	675
Other comprehensive income for the year, net of tax	–	39	10	–	–	11	60	64	124
Balance at December 31, 2023	326	(225)	57	190	(13)	2,441	2,776	3,589	6,365

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Cash Flows

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Cash flows from operating activities			
Income for the period	**140**	288	675
Adjustments:			
Depreciation and amortization	**148**	131	540
Financing expenses, net	**45**	55	144
Other	**2**	4	29
Change in provisions	**(42)**	(15)	(32)
Taxes on income	**26**	127	287
	319	590	1,643
Change in inventories	**51**	51	465
Change in trade receivables	**(141)**	(35)	252
Change in trade payables	**26**	(37)	(101)
Change in other receivables	**18**	(6)	26
Change in other payables	**8**	(23)	(210)
	281	540	2,075
Income taxes paid, net	**(6)**	(109)	(254)
Dividends received	**–**	1	1
Net cash provided by operating activities	**275**	432	1,822

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Israel Corporation Ltd.
Condensed Consolidated Interim Statements of Cash Flows

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Cash flows from investing activities			
Making of long-term deposits and investments, net	**–**	(6)	(7)
Short-term deposits and investments, net	**113**	(295)	(303)
Business combinations	**(22)**	–	–
Proceeds from sale of businesses and assets, net of transaction expenses	**15**	2	6
Acquisition of other investments	**–**	(9)	(10)
Proceeds from sale of investments	**–**	64	64
Acquisition of property, plant and equipment and intangible assets	**(145)**	(164)	(780)
Interest received	**22**	7	55
Other	**–**	1	–
Receipts (payments) in respect of derivative transactions not used for hedging, net	**14**	(35)	(121)
Net cash used in investing activities	**(3)**	(435)	(1,096)
Cash flows from financing activities			
Dividend paid to holders of non-controlling interests	**(33)**	(100)	(280)
Receipt of long-term loans and issuance of debentures	**198**	258	633
Repayment of long-term loans and debentures	**(386)**	(255)	(1,067)
Short-term credit from banks and others, net	**17**	37	(25)
Receipts from (payments for) derivative transactions used for an accounting hedge, net	**–**	7	(8)
Treasury shares	**(20)**	–	(13)
Interest paid	**(30)**	(34)	(171)
Net cash used in financing activities	**(254)**	(87)	(931)
Increase (decrease) in cash and cash equivalents	**18**	(90)	(205)
Cash and cash equivalents at beginning of the period	**537**	762	762
Effect of exchange rate fluctuations on balances of cash and cash equivalents	**(5)**	1	(20)
Cash and cash equivalents at the end of the period	**550**	673	537

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

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Note 1 – General

A. The Reporting Entity

Israel Corporation Ltd. (hereinafter – "the Corporation") is an Israeli-resident corporation incorporated in Israel whose securities are listed for trading on the Tel-Aviv Stock Exchange. The Corporation's registered office is located at 23 Aranha St., Tel-Aviv. The consolidated financial statements include those of the Corporation, its subsidiaries (hereinafter – "the Group") along with the Group's rights in associated companies.

The Corporation acts mainly through ICL Group Ltd. (hereinafter – "ICL) and is involved in its management by means of directors serving on ICL's Board of Directors.

For details regarding investments made as part of the Corporation's strategic plan that was approved on November 18, 2019 – see Note 9 to the annual financial statements.

B. The "Iron Swords" war

The Corporation

Since October 2023, when the Israeli government declared a state of war in response to attacks on its civilians, the security situation in Israel has posed challenges, including disruptions in the supply chain, a shortage of personnel due to mobilization for military reserve duty and fluctuations in foreign currency exchange rates relative to the Israeli shekel. The regional tensions involving attacks by the Houthis from Yemen on commercial ships have intensified and have impacted the shipping operations in the Red Sea, which has led to certain delays in shipments as well as an increase in the shipping costs.

The current events and the security escalation in Israel have not had a material impact on the Corporation's business results. However, since the developments related to the war situation, as well as its duration, are unpredictable, the Corporation is unable to estimate the extent of the future potential impact of the war on the value of its assets, its operating results and its cash flows, or the other consequences that could relate to the financial report. The Corporation will track the developments relating to this matter and will examine, among other things, the possible impact on the value of its assets, its operating results and its cash flows, as well as on the investee companies.

ICL

The security situation in Israel since October 2023, when the Israeli government declared a state of war in response to attacks on civilians, has posed several challenges. These include some disruptions in supply chains, a shortage of personnel due to mobilization for reserve duty, and fluctuations in foreign currency exchange rates relative to the Israeli shekel. Regional tensions involving Houthis attacks on commercial ships have intensified, affecting shipping operations in the Red Sea, leading to some delays in shipments as well as increased shipping costs.

ICL has taken measures to ensure the safety of its employees and business partners, as well as the communities in which it operates, to minimize any potential impact on its business, including avoidance of disruption to production activities at its facilities in Israel. The security situation in recent months has not had a material impact on ICL's business results. As at the approval date of ICL's financial statements, the majority of ICL's employees in Israel who were called up for reserve duty have returned to full-time work. However, as the developments related to the war, as well as its duration, are unpredictable, ICL is unable to estimate the extent of the war's potential impact on its future business and results. ICL continuously monitors developments and will take all necessary actions to minimize any negative consequences to its operations and assets.

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Note 2 – Basis of Preparation of the Financial Statements

A. Declaration of compliance with International Financial Reporting Standards (IFRS)

The condensed consolidated interim financial statements were prepared in accordance with IAS 34, "Financial Reporting for Interim Periods" and do not include all of the information required in complete, annual financial statements. These statements should be read together with the financial statements for the year ended December 31, 2023 (hereinafter – "the Annual Financial Statements"). In addition, these financial statements were prepared in accordance with the provisions of Section D of the Securities Regulations (Periodic and Immediate Reports) 1970.

The condensed, consolidated, interim financial statements were approved for publication by the Corporation's Board of Directors on May 30, 2024.

B. Use of estimates and judgment

In preparation of the condensed consolidated interim financial statements in accordance with IFRS, Corporation management is required to use judgment when making estimates, assessments and assumptions that affect implementation of the policies and the amounts of assets, liabilities, income and expenses. It is clarified that the actual results are likely to be different from these estimates.

Management's judgment at the time of implementing the Group's accounting policies and the main assumptions used in the estimates involving uncertainty are consistent with those used in preparation of the Annual Financial Statements.

C. Reclassifications

The Corporation made a number of immaterial reclassifications of comparative data in order to conform them to the manner of the classification in the present financial statements. The said reclassifications had no impact on the profit (loss).

D. New standards, amendments to standards and interpretations not yet adopted

International Financial Reporting Standard 18 (IFRS 18) "Presentation and Disclosure in the Financial Statements" – this Standard replaces International Accounting Standard 1 (IAS 1) "Presentation of Financial Statements". As part of the new disclosure requirements, companies will be required to present new defined subtotals in the statements of income: operating profit and profit before financing and tax. In addition, income statement items will be classified into three defined categories: operating, investment and financing. The Standard also includes a requirement to provide a separate disclosure in the financial statements regarding the use of management-defined performance measures ("non-GAAP" measures), and specific instructions were added for the grouping and splitting of items in the financial statements and in the notes to the financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with an option for early adoption.

Note 3 – Significant Accounting Policies

The Group's accounting policies in these condensed consolidated interim financial statements are the same accounting policies applied in the Annual Financial Statements.

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Note 4 – Additional Information

A. The Corporation and the headquarters companies

1. Further to that stated in Note 20A to the annual financial statements, in the period of the report the Corporation completed the plan for acquisition of its own shares, and as at the date of the report the Corporation acquired a cumulative 132,243 NIS 1 par value shares, in the aggregate amount of about $33 million.

2. On March 27, 2024, the Corporation's Board of Directors decided to distribute a cash dividend to the shareholders, in the amount of $37 million. The effective date of the dividend is April 9, 2024. The dividend was paid subsequent to the date of the report on April 17, 2024.

3. On January 25, 2024, the Corporation's Board of Directors approved a grant of 10,811 options (non-marketable) that may be converted into 10,811 ordinary shares of NIS 1 par value of the Corporation to 8 employees including officers of the Corporation. On the grant date, the fair value of the said options was about $831 thousand. For additional details – see Note 19B(1) to the annual financial statements.

4. Credit frameworks – further to that stated in Note 14E(1) to the annual financial statements, in the period of the report the Corporation extended existing credit frameworks, in the amount of about $110 million, for an additional one to three years from the signing date.

5. Further to that stated in Note 27G(1) to the annual financial statements, on March 28, 2024 the Corporation signed an assessments' agreement with the Income Tax Authority for the 2017 and 2018 tax years, as a result of which, in the period of the report, the Corporation updated the tax provision.

6. Further to that stated in Note 14 to the annual financial statements, with respect to the financial covenants applicable to the debentures (Series 11, 12, 13, 14 and 15), set forth below is actual data as at the date of the report:

    a. The Corporation's minimum shareholders' equity may not drop below $360 million, in respect of Series 14 and 15 it may not drop below $500 million. The actual amount as at the date of the report was $2,770 million.

    b. The ratio between the Corporation's shareholders' equity and the Corporation's total assets based on its separate-company (solo) financial statements net of the liquid solo assets (short-term assets and deposits) plus the net financial liabilities of the Corporation's wholly-owned investee companies may not drop below 20% in respect of Series 14 and 15 the ratio may not drop below 25%. The actual ratio as at the date of the report was 101%.

    As at the date of the report, the Corporation was in compliance with the existing financial covenants.

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Note 4 – Additional Information (Cont.)

B. I.C.L. Group Ltd. (hereinafter – "ICL")

Subsequent to the date of the report, on April 3, 2024 and April 4, 2024 ICL's HR & Compensation Committee and the Board of Directors, respectively, approved a new triennial equity grant for the years 2024-2026 in the form of about 12 million non-marketable and non-transferable options for no consideration, under the amended 2014 Equity Compensation Plan, to officers and senior managers. The vesting period of the options will be in three equal tranches, upon the lapse of 12 months, 24 months, and 36 months from the grant date. The fair value at the grant date is about $15 million.

Note 5 – Contingent Liabilities, Commitments, Concessions and Other

Further to that stated in Note 18 to the annual financial statements and except as stated below, there were no significant changes in the period of the report in the contingent liabilities, commitments and concessions.

A. The Corporation

Further to that stated in Note 18B(1)(e) to the annual financial statements, subsequent to the date of the report, on May 18, 2024, the court approved the compromise arrangement for rejection of the request for certification as a class action. Pursuant to the compromise arrangement, the Corporation is not required to pay a material amount.

B. ICL

1. Note 18B(2)(a) to the annual financial statements, provides disclosure regarding the approval of a class action concerning a limited class constituting visitors at the Bokek stream, following the application for certification of a class action filed against Rotem Israel Ltd. and Periclase, for environmental hazards which were allegedly the result of the leakage of wastewater to the groundwater aquifer in the vicinity of the Bokek stream which began in the 1970s, while ICL was government owned. Following the parties' intention to explore the possibility of mediation, as informed to the court on March 7, 2024, the plaintiffs submitted a notice subsequent to the date of the report, on April 21, 2024, informing the court of the mediation process termination. Additionally, they presented a request to the court that includes, among other things, summoning of the state to discuss the matter of temporary reliefs, the essence of which is to start rehabilitation efforts in the reserve. Since the judgement of the Supreme Court mainly addressed preliminary questions, without discussion of the respondent's responsibility and the amount of the damage, and even explicitly stated that certain questions remained open in the judgment of the district court, and were not decided on by the Supreme Court, it is difficult to estimate the proceeding's outcome. No provision has been recorded in ICL's financial statements.

2. Further to that stated in Note 18B(2)(f) to the annual financial statements, which provides disclosure regarding a request for certification of a claim as a class action against ICL, Israel Corporation Ltd. and officers, including directors, regarding an alleged improper reporting of negative developments with respect to the computer project (Harmonization), subsequent to the date of the report, on May 18, 2024, the Court rendered its judgment approving the compromise arrangement between the parties. The arrangement is in an immaterial amount that is fully covered by the insurance.

Note 6 – Financial Instruments

A. Fair value

(1) Fair value compared with book value

The carrying value in the books of certain financial assets and financial liabilities, including: cash and cash equivalents, investments, short-term deposits and loans, other receivables and debit balances, other non-current financial assets, short-term credit, other payables and credit balances, long-term loans bearing variable interest, other non-current liabilities and derivative financial instruments, correspond to or approximate their fair values.

The following table details the book value and fair value of groups of financial instruments presented in the financial statements not at their fair values:

	As at					
	March 31, 2024		March 31, 2023		December 31, 2023	
	Book value	Market value	Book value	Market value	Book value	Market value
	Unaudited		Unaudited		Audited	
	Millions of dollars					
Debentures	**1,883**	**1,746**	2,305	2,185	2,137	2,015
Long-term loans from financial institutions	**378**	**339**	393	345	387	356

(2) Hierarchy of fair value

The following table presents an analysis of the financial instruments measured at fair value, using an evaluation method. The various levels were defined as follows:

- Level 1: Quoted prices (not adjusted) in an active market for identical instruments.
- Level 2: Observed data, direct or indirect, not included in Level 1 above.

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Note 6 – Financial Instruments (Cont.)

A. Fair value (Cont.)

(2) Hierarchy of fair value (Cont.)

	March 31 2024	March 31 2023	December 31 2023
	(Unaudited)	(Unaudited)	(Audited)
		Book Value	
		$ millions	
Assets			
Investments measured at fair value through other comprehensive income (1)	**60**	45	50
Derivatives used for accounting hedge (2)	**4**	7	11
Derivatives used for economic hedge (2)	**17**	2	43
	81	54	104
Liabilities			
Derivatives used for accounting hedge (2)	**43**	58	37
Derivatives used for economic hedge (2)	**4**	27	4
	47	85	41

(1) Level 1.
(2) Level 2.

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Israel Corporation Ltd.

Condensed separate information provided in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

As at March 31, 2024

(Unaudited)

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Israel Corporation Ltd.
Condensed Separate Information provided in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970
As at March 31, 2024
Unaudited

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Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 61006, Israel
+972 3 684 8000

To the Shareholders of Israel Corporation Ltd.

Subject: Special auditors' report on separate interim financial information according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) – 1970

Introduction

We have reviewed the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, of Israel Corporation Ltd. (hereinafter – "the Corporation") as of March 31, 2024 and for the three-month period then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express a conclusion on the separate interim financial information for this interim period based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (Israel) 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 less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information was not prepared, in all material respects, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

May 30, 2024

Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Israel Corporation Ltd.
Condensed Interim Separate-Company Financial Information as at March 31, 2024
Condensed Interim Statements of Financial Position Information

	At March 31		At December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Current Assets			
Cash and cash equivalents	**187**	118	117
Short-term deposits	**741**	842	807
Receivables and debit balances	**21**	14	15
Total current assets	**949**	974	939
Non-Current Assets			
Investments in investee companies	**2,400**	2,332	2,399
Loans to wholly-owned subsidiaries	**258**	276	263
Investments measured at fair value through other comprehensive income	**60**	45	50
Property, plant and equipment	**1**	1	1
Other assets	**–**	1	–
Total non-current assets	**2,719**	2,655	2,713
Total assets	**3,668**	3,629	3,652

The additional information accompanying the condensed separate financial information is an integral part thereof.

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Israel Corporation Ltd.
Condensed Interim Separate-Company Financial Information as at March 31, 2024
Condensed Interim Statements of Financial Position Information

	At March 31		At December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Current Liabilities			
Current maturities in respect of non-current liabilities	**144**	148	145
Payables and credit balances	**9**	21	19
Dividend payable	**37**	–	–
Derivative instruments	**8**	8	8
Total current liabilities	**198**	177	172
Non-Current Liabilities			
Debentures and long-term loans	**675**	829	683
Derivative instruments	**23**	25	19
Long-term balances	**2**	2	2
Total non-current liabilities	**700**	856	704
Total liabilities	**898**	1,033	876
Equity			
Share capital and premium	**326**	326	326
Capital reserves	**(178)**	(197)	(168)
Capital reserve for transactions with controlling shareholder	**190**	190	190
Treasury shares	**(33)**	–	(13)
Retained earnings	**2,465**	2,277	2,441
Total equity attributable to the owners of the Corporation	**2,770**	2,596	2,776
Total liabilities and equity	**3,668**	3,629	3,652

Aviad Kaufman	**Yoav Doppelt**	**Sagi Kabla**
Chairman of the Board of Directors	**CEO**	**CFO**

Approval date of the financial statements: May 30, 2024

The additional information accompanying the condensed separate financial information is an integral part thereof.

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Israel Corporation Ltd.
Condensed Interim Separate-Company Financial Information as at March 31, 2024
Condensed Interim Statements of Income Information

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Administrative and general expenses	2	3	10
Operating loss	(2)	(3)	(10)
Financing expenses	18	29	70
Financing income	(19)	(27)	(72)
Financing expenses (income), net	(1)	2	(2)
Share in income of investee companies, net	47	122	282
Income before taxes on income	46	117	274
Taxes on income (tax benefit)	(16)	–	1
Income for the period attributable to the owners of the Corporation	62	117	273

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Israel Corporation Ltd.
Condensed Interim Separate-Company Financial Information as at March 31, 2024
Condensed Interim Statements of Comprehensive Income Information

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Income for the period attributable to the owners of the the Corporation	**62**	117	273
Components of other comprehensive income (loss) that were recognized or will be recognized in future periods in the statement of income			
Effective portion of the change in fair value of cash flow hedges	**(6)**	(20)	(24)
Net change in fair value of cash flow hedges transferred to the statement of income	**8**	17	27
Other comprehensive income (loss) in respect of investee companies, net	**(23)**	24	44
Total	**(21)**	21	47
Components of other comprehensive income (loss) that will not be recognized in future periods in the statement of income			
Net change in investment measured at fair value through other comprehensive income	**11**	(1)	2
Other comprehensive income (loss) in respect of investee companies, net	**(1)**	3	11
Total	**10**	2	13
Other comprehensive income (loss) for the period, net of tax	**(11)**	23	60
Total comprehensive income for the period attributable to the owners of the Corporation	**51**	140	333

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Israel Corporation Ltd.
Condensed Interim Separate-Company Financial Information as at March 31, 2024
Condensed Interim Statements of Cash Flows Information

	For the		
	Three Months Ended March 31		Year Ended December 31
	2024	2023	2023
	(Unaudited)		(Audited)
	In Millions of U.S. Dollars		
Cash flows from operating activities			
Income for the period attributable to the owners of the Corporation	**62**	117	273
Adjustments:			
Financing expenses (income), net	**(1)**	2	(2)
Share in income of investee companies, net	**(47)**	(122)	(282)
Taxes on income (tax benefit)	**(16)**	–	1
	(2)	(3)	(10)
Change in receivables and payables	**(1)**	–	1
	(3)	(3)	(9)
Income tax paid, net	**–**	–	(1)
Dividends received from investee companies	**25**	78	200
Net cash provided by operating activities	**22**	75	190
Cash flows from investing activities			
Other investments	**–**	(9)	(10)
Short-term deposits, net	**63**	(228)	(192)
Net proceeds from sale of shares of investee companies	**–**	–	2
Proceeds from sale of investments	**–**	64	64
Repayment of long-term loans from investee companies, net	**2**	–	11
Interest received	**14**	5	42
Payments in respect of settlement of derivatives used for an economic hedge, net	**–**	(1)	(3)
Net cash provided by (used in) investing activities	**79**	(169)	(86)
Cash flows from financing activities			
Repayment of long-term loans and debentures	**–**	(85)	(231)
Treasury shares	**(20)**	–	(13)
Interest paid	**(9)**	(14)	(44)
Receipts (payments) in respect of settlement of derivatives used for an accounting hedge, net	**(2)**	2	(9)
Net cash used in financing activities	**(31)**	(97)	(297)
Net increase (decrease) in cash and cash equivalents	**70**	(191)	(193)
Cash and cash equivalents at the beginning of the period	**117**	312	312
Effect of exchange rate fluctuations on balances of cash and cash equivalents	**–**	(3)	(2)
Cash and cash equivalents at the end of the period	**187**	118	117

The additional information accompanying the condensed separate financial information is an integral part thereof.

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Israel Corporation Ltd.
Condensed Interim Separate-Company Financial Information as at March 31, 2024
Additional Information

General

The interim separate-company financial information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970, regarding separate-company financial information of an entity. The interim separate-company financial information should be read together with the separate-company financial information and the annual consolidated financial statements as at December 31, 2023 and together with the condensed consolidated interim financial statements as at March 31, 2024.

In this separate-company interim financial information:

A.	The Corporation	–	Israel Corporation Ltd.
B.	ICL	–	ICL Group Ltd. and its subsidiaries.
C.	Subsidiaries	–	Companies the financial statements of which are fully consolidated, directly or indirectly, with those of the Corporation.
D.	Investee companies	–	Companies where the Corporation's investment therein is included, directly or indirectly, in the financial statements using the equity basis of accounting.

1. Additional Information

A. Subsequent to the date of the report, on May 8, 2024, the Board of Directors of ICL decided to distribute a dividend, in the amount of $59 million, about $0.05 per share. The dividend will be distributed on June 20, 2024. The Corporation's share in the dividend is about $26 million.

B. On February 26, 2024, the Board of Directors of ICL decided to distribute a dividend, in the amount of $61 million, about $0.05 per share. The dividend was distributed on March 26, 2024. The Corporation's share in the dividend is about $27 million.

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Israel Corporation Ltd.

Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure in accordance with Regulation 38C(a)

As at March 31, 2024

(Unaudited)

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Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure in accordance with Regulation 38C(a):

Management, under the supervision of the Board of Directors of Israel Corporation Ltd. (hereinafter – "the Corporation"), is responsible for determining and maintaining proper internal control over the Corporation's financial reporting and disclosure.

For this purpose, the members of management are:

Yoav Doppelt, CEO;

Sagi Kabla, CFO

Maya Alcheh-Kaplan, Deputy CEO, General Counsel and company secretary;

Internal control over the financial reporting and disclosure includes the Corporation's existing controls and procedures, which were planned by the CEO and the most senior officer in the finance area or under their supervision, or by a party actually executing the said functions, under the supervision of the Corporation's Board of Directors, which were intended to provide a reasonable level of confidence regarding the reliability of the financial reporting and preparation of the financial statements in accordance with law, and to ensure that information the Corporation is required to disclose in the statements it publishes under law was gathered, processed, summarized and reported on the date and in the format prescribed by law.

The internal control includes, among other things, controls and procedures that were planned to ensure that information the Corporation is required to disclose, as stated, was accumulated and transferred to Corporation management, including to the CEO and to the most senior officer in the finance area or to a party actually executing the said functions, in order to enable making decisions at the appropriate time, with respect to the disclosure requirement.

Due to its inherent limitations, the internal control over the financial reporting and disclosure is not intended to provide complete assurance that a material misrepresentation or omission of significant information in the statements will be avoided or discovered.

In the Annual Report regarding the effectiveness of the internal control over the financial reporting and the disclosure, which was attached to the Periodic Report for the period ended December 31, 2023 (hereinafter – "the Latest Annual Report regarding the Internal Control"), the Board of Directors and Management evaluated the Corporation's internal control; based on this evaluation, the Corporation's Board of Directors and Management reached the conclusion that the internal control as stated, as at December 31, 2023, is effective.

Up to the date of the report, no event or matter was brought to the attention of the Board of Directors or Management that is capable of changing the evaluation of the effectiveness of the Internal Control, as presented in the framework of the Latest Annual Report regarding the Internal Control.

As at the date of the report, based on the Latest Annual Report regarding the Internal Control, and based on information brought to the attention of Management and the Board of Directors as stated above, the internal control is effective.

Management representation: attached hereto (respectively) are: (a) a signed declaration of the CEO; and (b) a signed declaration of the most senior officer in the finance area.

Management Representation
Declaration of the CEO

In accordance with Regulation 38C(d)(1) of the
Securities Regulations (Periodic and Immediate Reports), 1970

I, Yoav Doppelt, declare that:

(1) I have examined the interim financial statements of Israel Corporation Ltd. (hereinafter – "the Corporation") as at March 31, 2024 (hereinafter – "the Statements").

(2) As far as I am aware, the Statements do not include a misrepresentation of a material fact and they do not lack a material fact that is required so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements.

(3) As far as I am aware, the financial statements and other financial information included in the Statements properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as at the dates and for the periods to which the Statements relate.

(4) I have disclosed to the Corporation's auditing CPAs, Board of Directors and Audit and Financial Statements Committees, based on my most up-to-date estimation with respect to the internal control over the Corporation's financial reporting and disclosure:

   (a) All the significant deficiencies and weaknesses in determination or operation of the internal control over the financial reporting and disclosure that might reasonably have an unfavorable impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law; and –

   (b) Every fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in the internal control over the financial reporting and disclosure;

(5) I, alone or together with others in the Corporation:

   (a) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to ensure that significant information relating to the Corporation, including its subsidiaries as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, to the extent it is relevant to the financial statements and the other information presented in the Statements is brought to my attention by others in the Corporation and the subsidiaries, particularly during the period of preparation of the Statements; and –

   (b) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to reasonably ensure the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles (GAAP);

   (c) No event or matter that occurred during the period between the date of the latest Periodic Report and the date of this report was brought to my attention that is sufficient to change the conclusions of the Board of Directors and Management regarding the effectiveness of the internal control over the Corporation's financial reporting and disclosure.

Nothing in that stated above detracts from my responsibility or the responsibility of any other person under any law.

May 30, 2024

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Yoav Doppelt, CEO

Management Representation
Declaration of the most Senior Officer in the Finance Area

In accordance with Regulation 38C(d)(2) of the
Securities Regulations (Periodic and Immediate Reports), 1970

I, Sagi Kabla, declare that:

(1) I have examined the interim financial statements and the other financial information included in in the statements for interim periods of Israel Corporation Ltd. (hereinafter – "the Corporation") as at March 31, 2024 (hereinafter – "the Statements").

(2) As far as I am aware, the financial statements and the other financial information included in the Statements do not include a misrepresentation of a material fact and they do not lack a material fact that is required so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements.

(3) As far as I am aware, the financial statements and other financial information included in the Statements properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as at the dates and for the periods to which the Statements relate.

(4) I have disclosed to the Corporation's auditing CPAs, Board of Directors and Audit and Financial Statements Committees, based on my most up-to-date estimation with respect to the internal control over the Corporation's financial reporting and disclosure:

   (a) All the significant deficiencies and weaknesses in determination or operation of the internal control over the financial reporting and disclosure to the extent it relates to the financial statements and the other financial information included in the Statements, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law; and –

   (b) Every fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in the internal control over the financial reporting and disclosure;

(5) I, alone or together with others in the Corporation:

   (a) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to ensure that significant information relating to the Corporation, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, to the extent it is relevant to the financial statements and the other information presented in the Statements is brought to my attention by others in the Corporation and the subsidiaries, particularly during the period of preparation of the Statements; and –

   (b) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to reasonably ensure the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles (GAAP);

   (c) No event or matter that occurred during the period between the date of the latest Periodic Report and the date of this report was brought to my attention that is sufficient to change the conclusions of the Board of Directors and Management regarding the effectiveness of the internal control over the Corporation's financial reporting and disclosure.

Nothing in that stated above detracts from my responsibility or the responsibility of any other person under any law.

May 30, 2024

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Sagi Kabla, CFO