

Israel Corporation Ltd.

2023 Annual Report

**This English Version of the Report is for the Convenience of the Reader.
The Hebrew Version of the Report is the Binding Version.**

**This Report does not constitute a Periodic Report
in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970**

Israel Corporation Ltd.

Report of the Board of Directors

For 2023

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

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 through ICL Group Ltd. (hereinafter – “ICL”) and is involved in its management through directors serving on the Boards of Directors of ICL. On September 15, 2022, sale of 16.687% of Bazan's shares was completed, and commencing from this date it is no longer an activity segment. In addition, subsequent to the date of the report, on February 13, 2023, sale of the balance of Bazan's shares, constituting 7.3% of Bazan's shares was completed, and from this date the Corporation does not hold any Bazan shares. For additional details – see Section G. below and Note 7 to the consolidated financial statements.

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 periodic report for 2023 and on the assumption that the reader is also in possession of the other parts of the said periodic report.

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

- A. Subsequent to the date of the report, 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 pursuant to the approved dividend policy, as stated in Section I, below. The effective date is April 9, 2024 and the payment date is April 17, 2024. For additional details – see the Immediate Report, dated March 27, 2024 (Reference No.: 2024-01-033321).
- B. On November 16, 2023, the Corporation's Board of Directors approved a 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. As at the date of the report, the Corporation had acquired 50,676 ordinary shares of NIS 1 par value each, for a total amount of about \$13 million. (As at March 26, 2024, the Corporation had acquired a total of 128,160 shares of NIS 1 par value each, for a total amount of about \$32 million).
- C. In October 2023, the Israeli government declared a state of war following an attack on civilians at its southern border, which expanded to a certain extent to Israel's northern border. The new security situation has led to several challenges, including some disruptions in the supply chains, a shortage of personnel due to mobilization for reserve duty, and fluctuations in foreign currency exchange rates relative to the Israeli shekel. The regional tension involved with the attacks of the Houthis on the commercial marine vessels has recently escalated, and has impacted on the shipping activities in the Red Sea. This matter could lead to delays in shipments and 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, operating results and 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, operating results and cash flows, as well as the said impact on the assets, operating results and cash flows of the investee companies. For details regarding the impacts of the war on ICL – see the ICL Section below.

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

- D. Subsequent to the date of the report, 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 shares of the Corporation to 8 employees including officers of the Corporation. For additional details – see Note 19B(1) to the consolidated financial statements.
- E. Regarding a request for approval of a derivative claim against Oil Refineries Ltd. ("Bazan"), the Corporation and others, on November 14, 2023, a decision was rendered by the Economic Court in Tel-Aviv rejecting the request for a derivative claim. For additional details – see Note 18B(1)(b) to the consolidated financial statements.
- F. On July 4, 2023, S&P Maalot announced an increase in the rating of the Corporation and of its outstanding series of debentures from ilA/stable with a stable rating outlook to ilA+/stable with a stable rating outlook. As a result of the said increase, the interest rate on the Corporation's outstanding debentures (Series 11) was updated in accordance with the terms of the trust indenture such that an increase in the rating will trigger a decrease in the annual interest rate of the debentures (Series 11) of 0.25% on the principal balance of the debentures (Series 11) commencing from the beginning of the next interest period, on December 1, 2023. The updated annual interest rate (after reduction of the interest rate as stated above) borne by the principal of the debentures (Series 11) will be 5.45%.

The updated interest rate of the debentures (Series 11) will remain in effect up to the full repayment of the balance of the unpaid principal of the debentures (Series 11) or up to the first interest period after the change of the rating of the debentures (Series 11) based on the terms of the trust indenture of the debentures (Series 11).

- G. Regarding "call" options for acquisition of shares of Bazan, which were granted in November 2021 to classified investors, on February 9, 2023 it was agreed with the classified investors (hereinafter – "the Purchasers") regarding exercise of all the Options prior to the end of the exercise period. The adjusted exercise price of the options on the exercise date was NIS 1.02 per share, and taking into account the early exercise and the discount granted to the Purchasers, the exercise price of the options was NIS 0.97 per share, and in total in exchange for exercise of all of the options and acquisition of the exercise shares, the Purchasers paid the Corporation an aggregate amount of NIS 227 million (equal to about \$65 million on February 8, 2023). On February 13, 2023, the sale was completed and the consideration was received by the Corporation, and commencing from this date the Corporation no longer holds any shares of Bazan.

On February 9, 2023, the Corporation's Board of Directors gave notice that it intends to consider adopting a plan for self-acquisition (repurchase) of shares of the Corporation in 2023, in the scope of about half of the amount of the proceeds the Corporation received in respect of sale of the exercise shares, as stated – this being on date and terms and in the scope and for the period as will be determined by the Corporation's Board of Directors on the adoption date of the said plan, and taking into account the Corporation's plans and needs, its business environment, its financial position and its liabilities as they will be at that time. On November 16, 2023, the plan was approved, as stated in Section B., above.

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

- H. On February 2, 2023, the Corporation's Board of Directors approved full early redemption, at the Corporation's initiative, of the Corporation's debentures (Series 10). On February 19, 2023, the Corporation made full and final early repayment of the debentures (Series 10), – this being in accordance with the terms stipulated in the trust indenture. On the early repayment date, the Corporation paid the amount of about \$86 million (based on the rate of exchange on February 9, 2023), which constitutes the liability value of the series on the redemption date.
- I. In January 2023, the Corporation's Board of Directors decided to adopt a dividend distribution policy to the shareholders – this being with reference to every calendar year commencing from 2023, at the rate of 45% of the net free cash flows actually received by the Corporation from its investee companies in respect of that year, less the annual amount of \$75 million (out of the said cash flows). Distribution of the dividend will be pursuant to the decision of the Board of Directors, based on its discretion and subject to the provisions of all law. The dividend distribution policy is not binding vis-à-vis the Corporation's shareholders. For additional details – see the Immediate Report dated January 9, 2023 (Reference No.: 2023-01-005202).
- J. Data regarding the position of the Corporation's liabilities – see the Immediate Report regarding the position of the liabilities based on repayment dates published by the Corporation on March 27, 2024 (Reference No.: 2024-01-033330). The information presented therein is included in this report by means of reference.

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

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Report of the Corporation's Board of Directors
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Financial Position and Results of Operations

	For the three-month period ended December 31		For the year ended December 31	
	2023	2022	2023	2022
	\$ millions			
Total sales	<u>1,690</u>	<u>2,091</u>	<u>7,536</u>	<u>10,015</u>
Net income attributable to the owners of the Corporation	<u>28</u>	<u>132</u>	<u>273</u>	<u>953</u>
Net income attributable to the owners of the Corporation				
ICL	29	146	285	958
Amortization of excess cost	(1)	(1)	(3)	(4)
Financing, administrative and general expenses and other expenses of the Corporation's headquarters	1	(3)	(8)	(67)
Tax income (expenses) of the Corporation's headquarters (1)	<u>(1)</u>	<u>(10)</u>	<u>(1)</u>	<u>16</u>
Net income from continuing operations	<u>28</u>	<u>132</u>	<u>273</u>	<u>903</u>
Net income from discontinued operations (2)	<u>—</u>	<u>—</u>	<u>—</u>	<u>50</u>
Net income attributable to the owners of the Corporation	<u>28</u>	<u>132</u>	<u>273</u>	<u>953</u>

- (1) For details regarding a transaction for sale of 1.567% of the shares of ICL during the period of the report and the impacts on the results of the headquarters – see Note 8C to the consolidated financial statements.
- (2) For details regarding sale of 16.687% of the shares of Bazan in September 2022 and classification of the results of Bazan attributable to discontinued operations pursuant to the accounting standard IFRS 5 – see Note 7 to the consolidated financial statements.

Net income of main investee companies (based on 100%)

Net income of ICL	<u>67</u>	<u>331</u>	<u>647</u>	<u>2,159</u>
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	As at December 31	
	2023	2022
	\$ millions	
Total assets	12,891	13,092
Total current assets less total current liabilities	2,163	2,724
Total non-current assets	7,866	7,473
Total non-current liabilities	3,664	4,345
Balance of equity attributable to the owners of the Corporation	2,776	2,456

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Financial Position and Results of Operations (Cont.)

Set forth below is the Condensed Consolidated Quarterly Statements of Income

	<u>1st Qtr. 2023</u>	<u>2nd Qtr. 2023</u>	<u>3rd Qtr. 2023</u>	<u>4th Qtr. 2023</u>	<u>Total for 2023</u>
	<u>\$ millions</u>	<u>\$ millions</u>	<u>\$ millions</u>	<u>\$ millions</u>	<u>\$ millions</u>
Sales	2,116	1,868	1,862	1,690	7,536
Cost of sales	1,271	1,190	1,277	1,131	4,869
Gross profit	845	678	585	559	2,667
Selling, administrative, R&D and other expenses / (income)	384	381	361	414	1,540
Operating income	461	297	224	145	1,127
Financing expenses, net	(46)	(49)	(41)	(30)	(166)
Group's share in income of associated companies	—	—	—	1	1
Income before taxes on income	415	248	183	116	962
Taxes on income	127	84	43	33	287
Net income for the year	288	164	140	83	675
Attributable to:					
The Corporation's owners	117	70	58	28	273
Non-controlling interests	171	94	82	55	402
Net income for the year	288	164	140	83	675

Israel Corporation Ltd.
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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 \$878 million. The balance of the fair value of the currency and interest SWAP transactions economically increases the liabilities by about \$27 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 \$975 million, of which about \$8 million thereof serves as collaterals. Subsequent to the date of the report, additional cash was deposited, in the amount of about \$1 million, as security for the hedging transactions.

The net financial assets of the Corporation and of the Headquarters Companies as at the date of the report was about \$70 million, compared with a net debt balance of about \$179 million as at as at December 31, 2022. As at the date of the report, the Headquarters Companies had net financial assets less accrued interest, in the amount of less than \$1 million.

In February, 2023, the Corporation completed sale of Bazan shares to institutional investors, constituting about 7.3% of Bazan's issued and paid-up share capital, as part of exercise of options granted to those entities as part of sale of shares of Bazan in November 2021. As a result of exercise of the options, an aggregate amount of about NIS 227 million (about \$65 million on February 8, 2023) was received. Exercise of the options was made prior to the end of the exercise period. For additional details – see Note 7 to the consolidated financial statements.

On March 3, 2023, the Corporation participated in a fundraising round of Nordic Aqua Partners A/S (hereinafter – “NOAP”), where the share of the Corporation is in the aggregate amount of about NOK 89 million, about \$9 million net of hedging transaction. On November 23, 2023, the Corporation participated in its share of an additional fundraising round, in the amount of NOK 9 million (about \$1 million). For additional details – see Note 9 to the consolidated financial statements.

In the period of the report, the Corporation and of the Headquarters Companies repaid liabilities in the aggregate amount of about \$231 million, of which about \$82 million representing full and final early repayment of the debentures (Series 10) (net of hedging transactions), and the amount of about \$149 million in connection with payment of current maturities of the debentures (Series 11, 12, 13 and 14) (net of hedging transactions). For details – see Note 14D to the consolidated financial statements.

In the period of the report, the Corporation increased the amount of the credit facilities, in the aggregate amount of \$75 million, for a period of between one year and three years. During the period of the report and up to the approval date of the report, the Corporation extended existing credit facilities, in the amount of \$125 million, for a period of three additional years from the signing date. For additional details – see Note 14E to the interim consolidated financial statements.

In the period of the report the Corporation made a repurchase of its own shares, in the amount of about \$13 million, out of the amount of about \$33 million in accordance with a plan approved by the Corporation's Board of Directors. For details – see Note 20A to the consolidated financial statements.

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SOURCES OF FINANCING AND LIQUIDITY OF THE CORPORATION AND THE HEADQUARTERS COMPANIES (Cont.)

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 14B(1) to the 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 2.7 years.

In the period of the report, the Corporation and the Headquarters Companies received dividends, net of tax, from ICL, in the amount of about \$207 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. For additional details – see Note 14B(1) to the interim consolidated financial statements.

On July 18, 2022, S&P Maalot gave notice of reconfirmation of a rating of ilA with a stable rating outlook.

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BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:

ICL Group Ltd. (hereinafter – “ICL”)

Overview

ICL Group Ltd. (hereinafter – “ICL”) is a leading global specialty minerals company, which creates impactful solutions for humanity's sustainability challenges in the food, agriculture, and industrial markets. ICL leverages its unique bromine, potash, and phosphate resources, its global professional workforce, and its sustainability focused R&D and technological innovation capabilities, to drive the Company's growth across its end markets. The Company's operations are organized under four segments: Industrial Products (Bromine), Potash, Phosphate Solutions and Growing Solutions.

ICL's principal assets include:

- Access to one of the world's richest, longest-life and lowest-cost sources of potash and bromine (the Dead Sea).
- A potash mine and processing facilities in Spain¹
- Bromine compounds processing facilities in Israel, the Netherlands and China.
- A unique integrated phosphate value chain that extends from phosphate rock mines in Israel and in China to value-added downstream products produced in facilities located in Israel, Europe, the US, Brazil and China. ICL's specialty phosphates serve the food industry by providing texture and stability solutions to the meat, meat alternatives, poultry, sea food, dairy and bakery markets, as well as numerous other industrial markets, such as metal treatment, water treatment, oral care, carbonated drinks, asphalt modification, paints and coatings and more.
- Polysulphate® resources in the United Kingdom.
- Customized, highly effective specialty fertilizers that provide improved value to the grower, as well as essential nutrition for plant development, optimization of crop yields and reduced environmental impact.
- A focused and highly experienced team of technical experts that develop production processes, new applications, formulations and products for its agricultural and industrial markets.
- A strong crop nutrition sales and marketing infrastructure that optimizes distribution channels of commodity, specialty and semi-specialty fertilizers by leveraging its commercial excellence, global operational efficiency, region-specific knowledge, agronomic and R&D capabilities, logistical assets and customer relationships.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (hereinafter – “ICL”) (Cont.)

Overview (Cont.)

ICL's principal assets include: (Cont.)

- Research & Development and Innovation: ICL benefit from its proximity to Israel's global-leading high-tech and agri-tech eco-system, as well as its vast agronomy and chemistry knowledge that it has accumulated over decades. ICL's extensive global R&D infrastructure includes 23 R&D and Innovation centers around the world that employ 300 highly experienced personnel who have obtained 770 patents in 220 patent families. ICL's R&D unit supports the development of new, innovative products, applications and formulations for each of its operating segments through internal research, employee ideation and collaborative research with third parties.
- An extensive global logistics and distribution network with operations in over 30 countries.

In the year ended December 31, 2023, ICL generated total sales of \$7,536 million, operating income of \$1,141 million, adjusted operating income of \$1,218 million, net income attributable to ICL's shareholders of \$647 million and adjusted net income attributable to ICL's shareholders of \$715 million.

Sales of the Industrial Products segment amounted to \$1,227 million and operating profit attributable to the segment amounted to \$220 million, sales of the Potash segment amounted to \$2,182 million and operating profit attributable to the segment amounted to \$668 million, sales of the Phosphate Solutions segment amounted to \$2,483 million and operating profit attributable to the segment amounted to \$629 million, and sales of the Innovative Ag Solutions segment amounted to \$2,073 million and operating profit attributable to the segment amounted to \$51 million.

Industrial Products – the Industrial Products segment produces bromine out of a solution as part of the potash production process in Sodom, Israel, as well as bromine-based compounds. Industrial Products uses most of the bromine it produces for self-production of bromine compounds at its production sites in Israel, the Netherlands and China. In addition, the Industrial Products segment produces several magnesia, calcium carbonate and salt products. Industrial Products is also engaged in the production and marketing of phosphorous-based products.

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

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (hereinafter – “ICL”) (Cont.)

Overview (Cont.)

Phosphate Solutions – the Phosphate Solutions Segment is based on a phosphate value chain which uses phosphate commodity products, such as phosphate rock and fertilizer-grade phosphoric acid (“green phosphoric acid”), to produce specialty products with higher added value. The Segment also produces and markets phosphate-based fertilizers. Phosphate rock is mined and processed from open pit mines, which are located in the Negev Desert in Israel and in Yunnan province in China. The Phosphate Solutions Segment produces sulphuric acid, green phosphoric acid and phosphate fertilizers at its facilities in Israel and China.

The Segment manufactures purified phosphoric acid by purifying green phosphoric acid. Purified phosphoric acid and green phosphoric acid are used to manufacture downstream products with high added value, such as, phosphate salts and acids for a wide range of food and industrial applications. Phosphate salts and acids are used in various industrial end markets, such as oral care, cleaning products, paints and coatings, LFP batteries water treatment, asphalt modification, construction, metal treatment and more. The Segment's products for the food industry include functional food ingredients and phosphate additives, which provide texture and stability solutions for processed meat, meat alternatives, poultry, seafood, dairy, beverage and baked goods. In addition, the Segment supplies purified phosphoric acid to ICL's Growing Solutions Segment and also produces milk proteins and whey proteins for the food ingredients industry.

Growing Solutions – the Growing Solutions segment aims to achieve global leadership in specialty fertilization markets by enhancing its global positions in its core markets of specialty agriculture, ornamental horticulture, turf and landscaping, targeting high-growth markets such as Brazil, India and China, by leveraging its unique R&D capabilities, vast agronomic experience, global footprint, backward integration to potash and phosphate and chemistry know-how, as well as integrating and generating synergies from acquired businesses.

ICL is continuously working to expand its broad portfolio of specialty plant nutrition, plant stimulation and plant health solutions, which consists of enhanced efficiency and controlled release fertilizers (CRF), water soluble fertilizers (WSF), liquid fertilizers and straights (MKP/MAP/PeKacid), soil and foliar micronutrients, secondary nutrients, bio-stimulants, soil conditioners, seed treatment products, and adjuvants.

The Growing Solutions segment develops, manufactures, markets and sells fertilizers that are based primarily on nitrogen, potash (potassium chloride) and phosphate. It produces water soluble specialty fertilizers in Belgium, liquid fertilizers and soluble fertilizers in Israel and Spain, and controlled-release fertilizers in the Netherlands and the United States; and secondary nutrients, bio-stimulants (growth stimulants), products for restoration and treatment of land, seed treatment products, and strengthening of plant resistance (adjuvants) in Brazil.

Additional activities – the business activities include, among other things, ICL's innovation arm which promotes innovation, development of new products and services, as well as digital platforms and technological solutions for farmers and agronomists. This category includes Growers and Agmatix, innovative start-ups that are developing agricultural data processing and analysis capabilities for the future of agriculture. These activities are included as part of “additional activities” since they do not meet the quantitative threshold required in order to present them as reportable segments.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (hereinafter – “ICL”) (Cont.)

Main financial results of ICL

	10–12/2023		10–12/2022		1–12/2023		1–12/2022	
	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales	\$ millions	% of sales
Sales	1,690	–	2,091	–	7,536	–	10,015	–
Gross profit	560	33	933	45	2,671	35	5,032	50
Operating income	149	9	540	26	1,141	15	3,516	35
Adjusted operating income (1)	211	12	562	27	1,218	16	3,509	35
Net income attributable to ICL's shareholders	67	4	331	16	647	9	2,159	22
Adjusted net income to ICL's shareholders (1)	123	7	358	17	715	9	2,350	23
Diluted earnings per share (in dollars)	0.05	–	0.25	–	0.50	–	1.67	–
Adjusted diluted earnings per share (in dollars)	0.10	–	0.28	–	0.55	–	1.82	–
Adjusted EBITDA (2)	357	21	698	33	1,754	23	4,007	40
Cash flows from operating activities	415	–	467	–	1,595	–	2,025	–
Cash used for acquisition of property, plant and equipment and other assets	255	–	212	–	780	–	747	–

ICL also announced it is making a change to guidance practices, in order to provide greater transparency for its shareholders. Going forward, ICL will be providing guidance for expected potash sales volumes and EBITDA guidance for all of its business segments other than potash, which will be referred to as specialties-driven business segments.

For 2024, ICL expects the specialties-driven segments adjusted EBITDA to be between \$0.7 billion to \$0.9 billion. For potash, ICL expects 2024 sales volumes to be between 4.6 million metric tons and 4.9 million metric tons. ICL's fourth quarter 2023 Potash segment EBITDA should give a good indication of EBITDA at current prices, and ICL expects every \$20 change in the average potash CIF price from current levels to result in a \$100 million annual impact to EBITDA (1a).

(1) See table below of “adjustments to the operating income and the reported net income (non-GAAP)”.

(2) See table below of consolidated adjusted EBITDA and diluted adjusted earnings per share below.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

Financial data and measurements that are not in accordance with generally accepted accounting principles

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 ICL 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 adjust items 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. Commencing with 2022, ICL's "adjusted EBITDA" calculation is no longer adding back "minority and equity income, net". While "minority and equity income, net" reflects the share of an equity investor in one of ICL's owned operations, since adjusted EBITDA measures ICL's overall performance, its operations and its ability to satisfy cash needs, before profit is allocated to the equity investor, management believes that adjusted EBITDA before deduction of such item is more reflective.

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 ICL's management, and investors by excluding certain items that management believes are not indicative of ICL's ongoing operations. ICL's 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 ICL's 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.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

Financial data and measurements that are not in accordance with generally accepted accounting principles (Cont.)

Specialties focused businesses are represented by the Industrial Products and Innovative Ag Solutions segments and the specialties part of the Phosphate Solutions segment. ICL presents EBITDA from the phosphate specialties part of the Phosphate Solutions segment as ICL believes this information is useful to investors in reflecting the specialty portion of ICL's business.

Beginning with 2024, ICL is providing specialties-driven Adjusted EBITDA which will include Industrial Products, Growing Solutions and Phosphate Solutions, as the Phosphate Solutions business is now predominantly specialties-focused and for ICL's Potash business it will be providing sales volumes guidance. ICL believes this change 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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BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES: (Cont.)

ICL Group Ltd. (Cont.)

Financial data and measurements that are not in accordance with generally accepted accounting principles (Cont.)

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

	<u>10-12/2023</u>	<u>10-12/2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$ millions</u>			
Operating income	149	540	1,141	3,516
Provision for early retirement (1)	16	—	16	—
Write off of assets and provision for site closure (2)	34	—	49	—
Legal proceedings and dispute and other settlement expenses (3)	(2)	22	(2)	22
Charges related to the security situation in Israel (4)	14	—	14	—
Divestment related items and transaction costs (5)	—	—	—	(29)
Total adjustments to operating income	62	22	77	(7)
Total adjusted operating income	211	562	1,218	3,509
Net income attributable to ICL's shareholders	67	331	647	2,159
Total adjustments to operating income	62	22	77	(7)
Total tax adjustments (6)	(6)	5	(9)	198
Total adjusted net income attributable to ICL's shareholders	123	358	715	2,350

- (1) For 2023, reflects provisions for early retirement, due to restructuring at certain sites, as part of ICL's global efficiency plan.
- (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 a reversal of a provision in connection with legal proceedings. For 2022, reflects mainly the costs of a mediation settlement regarding the claims related to the Ashalim Stream incident.
- (4) For 2023, reflects charges relating to the security situation in Israel deriving from the war which broke out on October 7, 2023.
- (5) For 2022, reflects a capital gain related to the sale of an asset in Israel and ICL's divestment of a 50%-owned joint venture, Novetide.
- (6) For 2023, reflects the tax impact of adjustments made to operating income. For 2022, reflects tax expenses in respect of prior years following a settlement with Israel's Tax Authority regarding surplus profit levy, which outlines understandings for the calculation of the levy, including the measurement of fixed assets, as well as the tax impact of adjustments made to operating income.

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BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES: (Cont.)

ICL Group Ltd. (Cont.)

Financial data and measurements that are not in accordance with generally accepted accounting principles (Cont.)

Calculation of the adjusted EBITDA was made as follows:

	<u>10-12/2023</u>	<u>10-12/2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$ millions</u>			
Net income attributable to ICL's shareholders	<u>84</u>	<u>342</u>	<u>687</u>	<u>2,219</u>
Financing expenses, net	<u>33</u>	<u>41</u>	<u>168</u>	<u>113</u>
Taxes on income	<u>33</u>	<u>158</u>	<u>287</u>	<u>1,185</u>
Less: share in earnings of equity-accounted investees	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Operating income	<u>149</u>	<u>540</u>	<u>1,141</u>	<u>3,516</u>
Depreciation and amortization	<u>146</u>	<u>136</u>	<u>536</u>	<u>498</u>
Adjustments (1)	<u>62</u>	<u>22</u>	<u>77</u>	<u>(7)</u>
Total adjusted EBITDA (2)	<u>357</u>	<u>698</u>	<u>1,754</u>	<u>4,007</u>

(1) See "Adjustments to Reported Operating and Net income (non-GAAP)" above.

(2) Commencing 2022, ICL's adjusted EBITDA definition was updated, see the disclaimer above.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Results of operations for October – December (Q4) of 2023:

	\$ millions			
	Sales	Expenses	Operating income	
Q4 2022 figures	2,091	(1,551)	540	
Total adjustments Q4 2022 *	<u>–</u>	<u>22</u>	<u>22</u>	
Adjusted Q4 2022 figures	2,091	(1,529)	562	
Quantity	170	(84)	86	↑
Price	(601)	–	(601)	↓
Exchange rates	30	(2)	28	↑
Raw materials	–	105	105	↑
Energy	–	10	10	↑
Transportation	–	5	5	↑
Operating and other expenses	<u>–</u>	<u>16</u>	<u>16</u>	↑
Adjusted Q4 2023 figures	1,690	(1,479)	211	
Total adjustments Q4 2023 *	<u>–</u>	<u>(62)</u>	<u>(62)</u>	
Q4 2023 figures	<u>1,690</u>	<u>(1,541)</u>	<u>149</u>	

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

Quantity – the positive impact on operating income was primarily due to higher sales volumes of potash, bromine-based flame retardant, elemental bromine, specialty agriculture and FertilizerpluS products, as well as phosphate fertilizers and white phosphoric acid (WPA). These were partially offset by lower sales volumes of phosphate-based food additives and magnesium.

Price – the negative impact on operating income was primarily related to a decrease of \$249 in the potash price (CIF) per ton year-over-year, as well as lower selling prices of specialty agriculture and FertilizerpluS products, bromine-based flame retardants, bromine-based industrial solutions, white phosphoric acid (WPA) and phosphate fertilizers.

Exchange rates – the favorable impact on operating income was mainly due to a positive impact on sales resulting from the appreciation of the average exchange rate of the euro and the Brazilian Real against the US dollar, which was partially offset by a negative impact on operational costs resulting from the above-mentioned appreciation, together with a positive impact due to 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 lower costs of sulphur, commodity fertilizers, potassium hydroxide (KOH), raw materials used in the production of industrial solutions products, and caustic soda.

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

Transportation – the positive impact on operating income resulted from decreased marine transportation costs.

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

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Results of operations for the fourth quarter (Q4) of 2023: (Cont.)

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

	<u>10-12/2023</u>		<u>10-12/2022</u>	
	<u>\$ millions</u>	<u>%</u>	<u>\$ millions</u>	<u>%</u>
Europe	464	27	608	29
Asia	440	26	592	28
South America	364	22	396	19
North America	318	19	358	17
Rest of the world	104	6	137	7
Total	<u>1,690</u>	<u>100</u>	<u>2,091</u>	<u>100</u>

Europe – the decrease in sales was primarily due to lower selling prices of potash, phosphate fertilizers, FertilizerpluS and specialty agriculture products and WPA, as well as lower sales volumes and selling prices of bromine-based flame retardants and salts, together with lower volumes of bromine-based industrial solutions. The decrease was partially offset by higher sales volumes of potash, phosphate fertilizers, FertilizerpluS products and specialty agriculture products and WPA, 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 potash and MAP used as raw material for energy storage solutions, as well as lower selling prices of bromine-based flame retardants, bromine-based industrial solutions, specialty agriculture products, together with lower volumes of clear brine fluids and phosphate fertilizers. The decrease was partially offset by higher sales volumes of bromine-based flame retardants, bromine-based industrial solutions, specialty agriculture products and WPA.

South America – the decrease in sales was primarily due to lower selling prices of potash and specialty agriculture products, partially offset by higher sales volumes of the above-mentioned products.

North America – the decrease in sales was primarily due to lower selling prices and sales volumes of potash, magnesium and phosphate-based flame retardants, as well as lower sales volumes of phosphate-based food additives. This was partially offset by higher sales volumes of phosphate fertilizers and specialty agriculture products, together with higher prices of phosphate-based food additives.

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

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Results of operations for January – December 2023:

	\$ millions			
	Sales	Expenses	Operating income	
YTD 2022 figures	10,015	(6,499)	3,516	
Total adjustments YTD 2022 *	—	(7)	(7)	
Adjusted YTD 2022 figures	10,015	(6,506)	3,509	
Quantity	(277)	87	(190)	↓
Price	(2,202)	—	(2,202)	↓
Exchange rates	—	59	59	↑
Raw materials	—	136	136	↑
Energy	—	(3)	(3)	↓
Transportation	—	63	63	↑
Operating and other expenses	—	(154)	(154)	↓
Adjusted YTD 2023 figures	7,536	(6,318)	1,218	
Total adjustments YTD 2023 *	—	(77)	(77)	
2023 YTD figures	<u>7,536</u>	<u>(6,395)</u>	<u>1,141</u>	

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

Sales – ICL's sales decreased by \$2,479 million compared to 2022. The decrease was due to a \$289 decrease in the potash price (CIF) per ton year-over-year, as well as a decrease in the selling prices of specialty agriculture and FertilizerpluS products, phosphate fertilizers, bromine and phosphorous-based flame retardants, elemental bromine, white phosphoric acid (WPA) and MAP used as raw material for energy storage solutions. In addition, a decrease was recorded in sales volumes of bromine and phosphorous-based flame retardants, specialty minerals, elemental bromine, magnesium, salts, phosphate-based food additives, WPA, MAP used as raw material for energy storage solutions, as well as turf and ornamental products. This decrease was partially offset by higher sales volumes of specialty agriculture products, potash, phosphate fertilizers and clear brine fluids, together with higher selling prices of phosphate-based food additives, specialty minerals and turf and ornamental products.

Cost of sales – the cost of sales decreased by \$118 million compared to 2022. The decrease was due to lower prices of sulphur and commodity fertilizers, as well as a depreciation of the average exchange rate of the Israeli shekel and the Chinese yuan against the US dollar, together with lower sales volumes of bromine and phosphorous-based flame retardants, magnesium, salts, phosphate-based food additives and WPA. The decrease was partially offset by higher costs of raw materials used in the production of industrial solutions, higher sales volumes of Specialty Agriculture products, potash and clear brine fluids, as well as maintenance and operation expenses, and the appreciation of the average exchange rate of the euro and the Brazilian real against the US dollar.

Selling and marketing – expenses decreased by \$88 million compared to 2022, mainly due to lower transportation costs and lower sales commissions, as well as the depreciation of the average exchange rate of the Israeli shekel against the US dollar, partially offset by the appreciation of the average exchange rate of euro and the Brazilian real against the US dollar.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Results of operations for January – December 2023: (Cont.)

General and administrative – expenses decreased by \$31 million compared to 2022, mainly due to lower labor costs and the depreciation of the average exchange rate of the Israeli shekel against the US dollar.

Research and development – expenses increased by \$3 million compared to 2022, mainly due to higher labor costs expenses, partially offset by the depreciation of the average exchange rate of the Israeli shekel against the US dollar.

Other expenses, net – other expenses, net, increased by \$130 million compared to 2022. The increase was primarily due to write-off of assets and provisions for early retirement related to restructuring at certain sites, as well as charges relating to the security situation in Israel.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Results of operations for January – December 2023: (Cont.)

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

Set forth below is a breakdown of the sales based on location of the customers:

	<u>1-12/2023</u>	<u>1-12/2022</u>
	<u>\$ millions</u>	
Europe	2,332	2,809
Asia	1,744	2,743
North America	1,665	2,315
South America	1,351	1,577
Rest of the world	444	<u>571</u>
Total	<u>7,536</u>	<u>10,015</u>

Europe – the decrease in sales was primarily due to lower selling prices of potash, specialty agriculture and FertilizerpluS products and phosphate fertilizers, as well as lower selling prices and sales volumes of bromine and phosphorous-based flame retardants, phosphate-based industrial solutions, white phosphoric acid (WPA) and salts, together with lower sales volumes of turf and ornamental products, bromine-based industrial solutions, specialty minerals, magnesium and phosphate-based food additives. This was partially offset by higher sales volumes of potash, specialty agriculture and FertilizerpluS products and phosphate fertilizers, as well as higher selling prices of bromine-based industrial solutions, specialty minerals, turf and ornamental products and phosphate-based food additives.

Asia – the decrease in sales was primarily due to lower selling prices and sales volumes of potash, bromine-based flame retardant, bromine-based industrial solutions, phosphate fertilizers, MAP used as raw materials for energy storage solutions, salts and WPA, as well as a decrease in sales volumes of FertilizerpluS products and phosphate-based food additives, together with a negative impact resulting from the depreciation of the average exchange rate of the Chinese yuan against the US dollar. The decrease was partially offset by higher sales volumes of specialty agriculture products, as well as higher selling prices and sales volumes of phosphorous-based industrial solutions.

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

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

Rest of the world – the decrease in sales was primarily due to lower sales volumes and selling prices of potash, FertilizerpluS products, phosphate fertilizers, bromine-based flame retardants and WPA, as well as lower selling prices of specialty agriculture products and lower sales volumes of magnesium, together with a negative impact resulting from the depreciation of the average exchange rate of the Israeli shekel against the US dollar. This was partially offset by higher sales volumes and selling prices of clear brine fluids, as well as higher sales volumes of specialty agriculture products.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Results of operations for January – December 2023: (Cont.)

Financing expenses, net

Net financing expenses for the year ended December 31, 2023, amounted to \$168 million compared to \$113 million in 2022, an increase of \$55 million. This increase is mainly due to long-term employee benefits provisions and lease revaluation income which decreased by \$46 million resulting from lower depreciation of the Israeli shekel against the dollar compared to 2022, and an increase in net interest expenses of \$14 million due to higher interest rates. This change was partially offset by a decrease of \$11 million in losses from hedging transactions.

Tax expenses

In 2023, ICL's reported tax expenses amounted to \$287 million, compared to \$1,185 million in 2022, reflecting an effective tax rate of 29% and 35%, respectively. ICL's relatively high effective tax rate for 2022 was mainly due to the settlement agreement with the Israeli Tax Authority regarding the surplus profit levy.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

ICL activity segments

Trends impacting ICL's activity segments

2023 was characterized by uncertainty and complex challenges, with commodity and fertilizer markets highlighting the interconnectedness of geopolitical, economic, and climate risks.

High inflation dominated the global economic landscape in 2023, while initially high, it gradually moderated throughout the year given central bank actions (interest rate hikes) and lower commodity prices. This contractionary monetary policy led to global economic slowdown impacting both developed and emerging economies. While emerging markets generally outperformed developed ones, both markets face challenges.

There is a prevailing belief that both the Federal Reserve and the European Central Bank have concluded their policy rate increases. However, interest rate reductions are not anticipated until mid-2024.

GDP growth has been stronger than expected in 2023 but is now moderating as a result of tighter financial conditions, weak trade growth and lower business and consumer confidence.

While the first half of 2023 saw signs of improvement in global supply chains, the latter half witnessed a concerning resurgence of bottlenecks due to several factors including drought-related delays in the Panama Canal and attacks on shipping in the Red Sea which has impacted traffic flow through the Suez Canal. These factors highlight the continued fragility of global supply chains which are susceptible to unforeseen events and geopolitical tensions. The combined impact of these disruptions could lead to increased shipping costs, delays, product shortages and further inflationary pressures.

2023 also saw a stabilization in downstream crop markets from the more volatile price movements that have characterized the past two years. Farmers affordability improved given lower fertilizer and energy prices, but challenges remain due to various other factors including high interest rates impacting borrowing costs, extreme weather conditions and government policies.

Global unrest and ongoing conflicts in Eastern Europe and escalating tensions in the Middle East, including the war in Gaza are causing some supply chain disruptions and price fluctuations for freight and various commodities, impacting the global landscape. In October 2023, the Israeli government declared a state of war in response to an attack on civilians at its southern border. Subsequently, additional attacks were launched towards northern Israel.

The Industrial Products sector

Trends impacting the Industrial Products sector

The operations of ICL's Industrial Products segment are largely affected by levels of activity in the electronics, construction, automotive, oil drilling, furniture, pharmaceutical, agro, textile and water treatment markets.

In 2023, about 35% of the worldwide use of bromine was for flame retardants, about 20% was for clear brine fluids and the remainder was used for intermediates, industrial uses, water treatment and other uses.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

ICL activity segments (Cont.)

The Industrial Products sector (Cont.)

Trends impacting the Industrial Products sector (Cont.)

In the second half of 2022, the segment began to experience softer demand in most markets, mainly for its flame retardants. This trend continued throughout 2023, mainly due to global economic dynamics and high inventory levels in the value chain. Demand for clear brine fluids remained strong, as oil drilling activity increased.

Below are the trends of the business line's main activities:

Flame retardants: 2023 was characterized by low demand across all applications, resulting from soft demand and high stock levels in end markets including the electronics, building & construction, automotive and textile industries.

Demand for ICL's phosphorus-based flame retardants was also soft due to the global economic situation. In addition, Chinese capacity reached above pre-pandemic levels and contributed to lower price levels. In 2023, ICL, LXS and PCC jointly filed an anti-dumping complaint with the European Commission against imports of tris(2-chloro-1-methylethyl) phosphate (TCPP) from China.

Pressure by "green" organizations dedicated to environmental protection to reduce the use of bromine-based flame retardants continues. However, development and commercialization of new sustainable polymeric or reactive bromine-based flame retardants, along with new fire safety regulations in developing countries, as well as new growing global trends, are serving to increase the use of these new products.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

ICL activity segments (Cont.)

The Industrial Products sector (Cont.)

Trends impacting the Industrial Products sector (Cont.)

Below are the trends of the business line's main activities: (Cont.)

Elemental bromine: 2023 was characterized by soft demand for elemental bromine especially for flame retardants and agro markets due to global economic dynamics

Agro-Pharma: during 2023, low demand was experienced in agro and pharma markets due to a decrease in inventory in end markets.

Industrial Services: robust demand was recorded for Mercury emissions control, supported by a shortage of natural gas which resulted in numerous power plants in the US and Europe reverting to coal as their primary source of energy. High demand for functional fluids was also experienced.

Clear brine fluids: the Industrial Products segment experienced higher year-over-year demand due to its advantage of excess capacity and storage capability in the Gulf of Mexico for the oil and gas drilling market, which enabled it to respond immediately to emerging needs. ICL continued to supply clear brine fluids to the United Arab Emirates directly from Israel.

Energy storage: there was a moderate increase in demand by numerous start-up companies.

Specialty minerals:

Magnesia and calcium products: 2023 was characterized by stable demand year-over-year and higher competition in industrial applications which are relatively low-grade applications.

Solid MgCl₂: there was a moderate increase in the use of MgCl₂ as a prime deicer. 2023 was characterized by higher sales to the retail market year-over-year.

Pure and packed KCl: from the end of 2022, the segment has experienced excess supply in the KCl market which has significantly increased competition and reduced sales year-over-year as a result of stable demand in pure KCl for food and pharma.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

ICL activity segments (Cont.)

Results of operations – Industrial Products

	<u>10-12/2023</u>	<u>10-12/2022</u>	<u>1-12/2023</u>	<u>1-12/2022</u>
	<u>\$ millions</u>			
Total sales	<u>299</u>	<u>349</u>	<u>1,227</u>	<u>1,766</u>
Sales to external customers	<u>294</u>	<u>343</u>	<u>1,206</u>	<u>1,737</u>
Sales to internal customers	<u>5</u>	<u>6</u>	<u>21</u>	<u>29</u>
Segment income	<u>39</u>	<u>95</u>	<u>220</u>	<u>628</u>
Depreciation and amortization	<u>17</u>	<u>15</u>	<u>57</u>	<u>61</u>
Segment EBITDA	<u>56</u>	<u>110</u>	<u>277</u>	<u>689</u>
Current capital investments	<u>29</u>	<u>27</u>	<u>91</u>	<u>90</u>

Results of the segment's operations for October – December (Q4) of 2023

	<u>\$ millions</u>			
	<u>Sales</u>	<u>Expenses</u>	<u>Operating income</u>	
Q4 2022 figures	349	(254)	95	
Quantity	63	(34)	29	↑
Price	(115)	–	(115)	↓
Exchange rate	2	6	8	↑
Raw materials	–	7	7	↑
Energy	–	4	4	↑
Transportation	–	8	8	↑
Operating and other expenses	–	3	3	↑
Q4 2023 figures	<u>299</u>	<u>(260)</u>	<u>39</u>	

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

Price – the negative impact on operating income was primarily due to lower selling prices of bromine and phosphorus-based flame retardants, bromine-based industrial solutions, 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, as well as the positive impact on sales resulting from the appreciation of the average exchange rate of the euro against the US dollar.

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

Operating and other expenses – the positive impact on operating income was due to a decrease in marine and inland transportation costs.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

ICL activity segments (Cont.)

Results of operations for January – December 2023 – Industrial Products

	\$ millions			
	Sales	Expenses	Operating income	
YTD 2022 figures	1,766	(1,138)	628	
Quantity	(325)	132	(193)	↓
Price	(216)	–	(216)	↓
Exchange rate	2	19	21	↑
Raw materials	–	(17)	(17)	↓
Energy	–	(6)	(6)	↓
Transportation	–	22	22	↑
Operating and other expenses	–	(19)	(19)	↓
YTD 2023 figures	<u>1,227</u>	<u>(1,007)</u>	<u>220</u>	

Quantity – the negative impact on operating income was primarily related to a decrease in sales volumes of bromine and phosphorus-based flame retardants, elemental bromine and specialty minerals. This impact was partially offset by higher sales volumes of clear brine fluids.

Price – the negative impact on operating income was due to lower selling prices of bromine and phosphorus-based flame retardants and bromine based industrial solution. This impact was partially offset by higher selling prices of 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 as well as the positive impact on sales resulting from the appreciation of the average exchange rate of the euro against the US dollar.

Raw materials – the negative impact on operating income was due to increased costs of raw materials.

Energy – the negative impact on operating income was due to higher prices of electricity and gas.

Transportation – the positive impact on operating income was due to lower marine transportation costs, partially offset by higher costs of inland transportation.

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

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

The Potash segment

Trends impacting the Potash segment:

In 2023, average prices of soybean, corn and wheat decreased by 9.2%, 19.1% and 18.3%, respectively, while rice prices increased by 1.9%. Much improved crop production in 2023 weighed on grain prices in key growing areas. In Europe, renewed exports of low-cost Ukrainian wheat forced regional prices lower, while in the Americas large harvests in the US (corn) and Brazil (soy) eased stock concerns. As such, fertilizer affordability has been eroded over the past six to twelve months.

Nevertheless, despite these factors, the WASDE report, published in January 2024, still indicates a decrease in the anticipated ratio of the global inventories of grains to annual consumption to 27.7% for the 2023/24 agriculture year, compared to 28.1% and 28.4% for the previous two agriculture years respectively. This suggests that any disruption to production would likely have a significant supportive impact on prices.

Global potash market – average prices and imports:

Average price		2023	2022	Change versus 2022
Granular potash – Brazil	CFR spot (\$ per ton)	392	857	(54.3%)
Granular potash – Northwest Europe	CIF spot/contract (€ per ton)	496	793	(37.5%)
Standard potash – Southeast Asia	CFR spot (\$ per ton)	381	785	(51.5%)
Potash imports				
To Brazil	Millions of tons	13.2	11.1	18.9%
To China	Millions of tons	11.7	7.9	48.1%
To India	Millions of tons	2.8	2.3	21.7%

Sources: CRU (Fertilizer Week Historical Price: January 2024), SIACESP (Brazil), World Shipping Agenciamentos (WSA), FAI, Chinese customs data.

Potash prices decreased by 35%-55% year-over-year across North and South America, Asia, and Europe. The trend was primarily driven by a recovery of Russian and Belarusian shipments to pre-conflict levels, as exporters in both countries found ways to navigate financial and logistical challenges that impacted their operations in 2022. However, they continue to encounter difficulties in accessing certain markets and customers, contributing to ongoing volatility.

Furthermore, downward pressure was influenced by “just-in-time” purchasing patterns. Losses incurred from inventory purchased at significantly higher prices in the latter half of 2022, coupled with rising interest rates and improvements in supply chain conditions, prompted a more cautious purchasing approach in 2023. Consequently, distributors have postponed and limited purchases wherever feasible. Affordability has also played a role, with lower crop prices easing inflationary pressure on fertilizers prices.

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(Cont.)**

ICL Group Ltd. (Cont.)

The Potash segment (Cont.)

Additionally, the delay in finalizing annual contracts in 2023 compelled suppliers to focus deliveries on Latin America during the first quarter, dampening market sentiment.

In contract markets we observed a comparable trend, with the Indian contract price down 46% from \$590 in 2022 to \$319/ton CFR in 2023, but not before a prior six-month agreement in April at \$422/ton was agreed and then discarded following news of a Chinese agreement in June at \$307/t CFR (a 48% decrease year-over-year).

Trends impacting the Magnesium activities

In 2023, demand in the aluminum market, in which magnesium is utilized as a strengthening element, as well as in the automotive sector, was relatively soft due to global economic uncertainty impacting end consumers. Meanwhile, supply in the US, which imposes anti-dumping duties on magnesium sourced from China, remained constrained.

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(Cont.)

ICL Group Ltd. (Cont.)

The Potash segment (Cont.)

Results of operations – Potash

	<u>10-12/2023</u>	<u>10-12/2022</u>	<u>1-12/2023</u>	<u>1-12/2022</u>
	<u>\$ millions</u>			
Total sales	<u>474</u>	<u>713</u>	<u>2,182</u>	<u>3,313</u>
Sales of potash to external customers	<u>336</u>	<u>568</u>	<u>1,693</u>	<u>2,710</u>
Sales of potash to internal customers	<u>49</u>	<u>36</u>	<u>129</u>	<u>184</u>
Other and eliminations*	<u>89</u>	<u>109</u>	<u>360</u>	<u>419</u>
Gross profit	<u>231</u>	<u>456</u>	<u>1,171</u>	<u>2,292</u>
Segment income	<u>122</u>	<u>340</u>	<u>668</u>	<u>1,822</u>
Depreciation and amortization	<u>46</u>	<u>45</u>	<u>175</u>	<u>166</u>
Segment EBITDA	<u>168</u>	<u>385</u>	<u>843</u>	<u>1,988</u>
Capital investments	<u>132</u>	<u>92</u>	<u>384</u>	<u>346</u>
Potash price (in dollars per ton)	<u>345</u>	<u>594</u>	<u>393</u>	<u>682</u>

* Primarily includes salt produced in Spain, metal magnesium-based products, chlorine, and sales of excess electricity produced by ICL's power plant at ICL Dead Sea.

Potash – production and sales

	<u>10-12/2023</u>	<u>10-12/2022</u>	<u>1-12/2023</u>	<u>1-12/2022</u>
	<u>Tons, thousands</u>			
Production	<u>1,139</u>	<u>1,224</u>	<u>4,420</u>	<u>4,691</u>
Total sales (including internal sales)	<u>1,179</u>	<u>1,068</u>	<u>4,683</u>	<u>4,499</u>
Closing inventory	<u>284</u>	<u>547</u>	<u>284</u>	<u>547</u>

Fourth quarter 2023

Production – production was 85 thousand tons lower year-over-year, mainly due to operational challenges and war related issues in the Dead Sea, as well as a planned production shutdown in Spain.

Sales – the quantity of potash sold was 111 thousand tons higher year-over-year, mainly due to increased sales volumes to Brazil, China and Europe.

Year 2023

Production – production was 271 thousand tons lower year-over-year, in the Dead Sea mainly due to operational challenges, such as weather conditions and war related issues in the fourth quarter, as well as on-going geologic constraints in Spain.

Sales – the quantity of potash sold was 184 thousand tons higher year-over-year, mainly due to increased sales volumes to Europe and China, partially offset by lower sales volumes to India, Brazil and the US.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

The Potash segment (Cont.)

Results of operations for October – December (Q4) of 2023

	\$ millions			
	Sales	Expenses	Operating income	
Q4 2022 figures	713	(373)	340	
Quantity	11	2	13	↑
Price	(255)	–	(255)	↓
Exchange rate	5	3	8	↑
Raw materials	–	4	4	↑
Energy	–	5	5	↑
Transportation	–	(2)	(2)	↓
Operating and other expenses	–	9	9	↑
Q4 2023 figures	<u>474</u>	<u>(352)</u>	<u>122</u>	

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

Price – the negative impact on operating income resulted primarily from a decrease of \$249 in the potash price (CIF) per ton, year-over-year.

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

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

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

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

The Potash segment (Cont.)

Results of operations for January – December 2023

	\$ millions			
	Sales	Expenses	Operating income	
YTD 2022 figures	3,313	(1,491)	1,822	
Quantity	35	(19)	16	↑
Price	(1,167)	–	(1,167)	↓
Exchange rate	1	11	12	↑
Raw materials	–	3	3	↑
Energy	–	19	19	↑
Transportation	–	33	33	↑
Operating and other expenses	–	(70)	(70)	↓
YTD 2023 figures	<u>2,182</u>	<u>(1,514)</u>	<u>668</u>	

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

Price – the negative impact on operating income resulted primarily from a decrease of \$289 in the potash price (CIF) per ton, year over year.

Exchange rates – 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 the 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 electricity and gas prices.

Transportation – the positive impact on operating income was primarily due to a decrease in marine shipping costs, partially offset by higher inland transportation costs.

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

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Phosphate Solutions

Trends impacting the Phosphate Solutions segment

Despite a positive beginning of 2023, weaker demand and excess supply towards the end of the first quarter dragged phosphate prices down through June. Later in the year, markets began to recover, as better affordability and supportive weather spurred demand across the Americas and part of Asia. Although India decreased phosphate subsidies, China tightened its export restrictions, and, as a result, phosphate prices remained firm.

In the US, DAP FOB NOLA prices decreased at the beginning of the year due to prolonged cold and wet weather. Although there was a short-lived improvement in April, as hesitant buyers covered their shortage of supply, prices continued downward due to excess availability and limited demand. Around mid-year, the trend reversed as distributors restocked after what turned out to be a record planting season for corn, which led to increased prices. Prices remained firm until the end of the year despite the easing of Countervailing Duties (CVDs) against OCP Group in October.

In Brazil, MAP prices came under sustained pressure in the first half of the year, as lower crop prices prompted a sense of caution, and delayed purchasing. However, the trend turned positive in the runup to the Safra soy planting, with prices rising by 24% during the third quarter. Since then, availability has been tight, which has contributed to a further firming of prices.

In India, lower DAP prices year-over-year and attractive distribution margins (>\$100/t) for most of 2023, led importers to purchase 6.5-7.0 million tons of DAP. Although this is in line with the total for 2022, and well above 2021, volumes slowed in the fourth quarter due to the government's decision to moderate DAP subsidies by a third in October hoping to force the DAP CFR India prices down from \$600/ton CFR. However, while the moderation of the subsidies led to a decrease in distribution margins and volumes, prices remained stable at \$595/ton CFR by the end of the year.

The Indian phosphoric acid price ranged between \$850/ton and \$1,050/ton P₂O₅ during 2023. Contracts are usually negotiated on a quarterly basis and tend to reflect developments in DAP/MAP prices. Prices for the first quarter of 2024 are still under negotiation.

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(Cont.)**

ICL Group Ltd. (Cont.)

Phosphate Solutions (Cont.)

Global phosphate commodities market – average prices:

<u>Average price</u>	<u>Dollar per ton</u>	<u>2023</u>	<u>2022</u>	<u>Change versus 2022</u>
DAP	CFR India Spot	569	876	(35%)
TSP	CFR Brazil Spot	434	802	(46%)
SSP	CPT Brazil inland P ₂ O ₅ Spot 18-20%	290	436	(33%)
Sulphur	Bulk FOB Adnoc monthly contract	104	280	(63%)

Source: CRU (Fertilizer Week Historical Prices, January 2024).

Results of operations – Phosphate Solutions

	<u>10–12/2023</u>	<u>10–12/2022</u>	<u>1–12/2023</u>	<u>1–12/2022</u>
	<u>\$ millions</u>			
Total sales	<u>544</u>	<u>627</u>	<u>2,483</u>	<u>3,106</u>
Sales to external customers	<u>503</u>	<u>574</u>	<u>2,274</u>	<u>2,851</u>
Sales to internal customers	<u>41</u>	<u>53</u>	<u>209</u>	<u>255</u>
Segment income	<u>74</u>	<u>116</u>	<u>329</u>	<u>777</u>
Depreciation and amortization*	<u>59</u>	<u>49</u>	<u>221</u>	<u>189</u>
Segment EBITDA	<u>133</u>	<u>165</u>	<u>550</u>	<u>966</u>
Phosphate Specialties EBITDA	<u>55</u>	<u>79</u>	<u>277</u>	<u>436</u>
Phosphate Commodities EBITDA	<u>78</u>	<u>86</u>	<u>273</u>	<u>530</u>
Capital investments	<u>90</u>	<u>78</u>	<u>272</u>	<u>259</u>

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Phosphate Solutions (Cont.)

Results of operations for October – December (Q4) of 2023

	\$ millions			
	Sales	Expenses	Operating income	
Q4 2022 figures	627	(511)	116	
Quantity	(7)	8	1	↑
Price	(81)	–	(81)	↓
Exchange rate	5	1	6	↑
Raw materials	–	24	24	↑
Energy	–	(1)	(1)	↓
Transportation	–	(3)	(3)	↓
Operating and other expenses	–	12	12	↑
Q4 2023 figures	<u>544</u>	<u>(470)</u>	<u>74</u>	

Quantity – the positive impact on operating income was primarily related to higher volumes of phosphate fertilizers and white phosphoric acid (WPA). This was partially offset by lower sales volumes of phosphate-based food additives and MAP used as raw material for energy storage solutions.

Price – the negative impact on operating income was primarily due to lower selling prices of WPA, phosphate fertilizers and salts.

Exchange rate – the favorable impact on operating income was mainly due to the positive impact on sales resulting from the appreciation of the average exchange rate of the euro against the US dollar which exceeded its negative impact on operational costs, as well as the positive impact on operational costs due to the depreciation of the average exchange rate of the Israeli shekel and the Chinese yuan against the US dollar.

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

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

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(Cont.)**

ICL Group Ltd. (Cont.)

Phosphate Solutions (Cont.)

Results of operations for January – December 2023

	\$ millions			
	Sales	Expenses	Operating income	
YTD 2022 figures	3,106	(2,329)	777	
Quantity	(211)	122	(89)	↓
Price	(393)	–	(393)	↓
Exchange rate	(19)	42	23	↑
Raw materials	–	74	74	↑
Energy	–	(15)	(15)	↓
Transportation	–	7	7	↑
Operating and other expenses	–	(55)	(55)	↓
YTD 2023 figures	<u>2,483</u>	<u>(2,154)</u>	<u>329</u>	

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

Price – the negative impact on operating income primarily related to lower selling prices of phosphate fertilizers, WPA and MAP used as raw materials for energy storage solutions. This was partially offset mainly by higher selling prices of phosphate-based food additives.

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 resulted 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, which was partially offset by higher costs of caustic soda.

Energy – the negative impact on operating income was due to increased electricity and gas prices, mainly in Europe and the US.

Transportation – the positive impact on operating income was due to lower marine and inland costs.

Operating and other expenses – the negative impact on operating income was primarily related to higher maintenance and operational costs, as well as royalties' payments.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Growing Solutions

Trends impacting the Growing Solutions segment

Growing Solutions segment operates within the agriculture and Turf & Ornamental markets. Traditional commodity producers continue to expand into the specialty fertilizers markets, offering specialized, higher value products. The acquisition and merger of small specialty fertilizer players by larger industry players represent another prominent global trend.

Specialty agricultural markets

The Specialty agriculture markets include all open field crops (rice, corn, potatoes, vegetables, fruits etc.), orchards, and greenhouses.

ICL's offering for specialty agriculture products includes seven main product groups: (1) soluble fertilizers, which includes water-soluble straights (such as MKP, MAP and PeKacid), and water-soluble NPK (WSNPK); (2) controlled-release fertilizers (CRF); (3) liquid NPK fertilizers; (4) seed treatment; (5) bio-stimulants; (6) adjuvants; (7) soil conditioner.

Specialty agriculture markets are constantly growing, driven by global population growth, lack of arable land, and regulations. New regulations, whether at the local or national level, mandate limitations on the amounts of fertilizers applied, consequently driving the adoption of efficient fertilizer application practices. Examples of such regulation can be found in China's restrictions on nitrogen use and the implementation of measures to control nitrogen leaching in several European countries. Growth in demand is significant in China, India, and Brazil, while in Europe, growth is more moderate. CRF growth in Europe is anticipated to be robust, driven by the Green Deal and Farm to Fork programs.

During 2023 selling prices decreased thus improving growers' affordability compared to 2022, mainly driven by lower raw material prices.

The competitive landscape in the soluble fertilizer market is continually evolving, with some commodity-oriented players bolstering their positions in specialty fertilizer markets. There has been a substantial increase in the capacity of WSNPK blending in China, encouraged by a government policy to improve fertilizer application efficiency and reduce total fertilizer consumption. The utilization of water-soluble fertilizers is also on the rise in India, attributed to the increasing adoption of drip irrigation systems. WSNPK is seen as more efficient than traditional commodity fertilizers. Concurrently, compound NPK producers are seeking new avenues for growth, which is driving the expansion of WSNPK capacity.

CRF markets are expanding globally, with significant growth observed in China, where both market demand and production capacity have notably increased, primarily led by companies like Kingenta and Moith. Additionally, the US market is experiencing growth although the main capacity increase is concentrated in lower quality CRFs produced by companies such as Nutrien and Pursell. The CRF market in Brazil is experiencing rapid growth driven by the unique climate and poor soil quality in the region. Although trials have demonstrated the economic and environmental advantages of using CRF, broader adoption among growers is impeded by its price premium compared to traditional fertilizers.

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(Cont.)**

ICL Group Ltd. (Cont.)

Growing Solutions (Cont.)

Trends impacting the Growing Solutions segment (Cont.)

Specialty agricultural markets (Cont.)

In 2022, ICL signed a long-term agreement with India Potash Limited (IPL) to supply Polysulphate in India through 2026, with an option for renewal of the agreement. The five-year term encompasses a total volume of one million tonnes, gradually increasing each year. Shipments set at a minimum of 25,000 tons each will be equally distributed across the calendar year, with prices and payment terms to be fixed between IPL and ICL from time to time. The availability of Polysulphate is expected to help boost the Government of India's organic agriculture program.

Market for turf & ornamental horticulture products

Turf and landscape

The segment's Turf and Landscape market business serves the professional turf (golf and sports fields) and the landscape and lawn markets.

During 2023, the segment experienced stable demand in the professional turf market compared to 2022 across most product categories, supported by the professional sport & golf sector. This was attributed to an increase in the number of golfers throughout the year, resulting in heightened maintenance activities and new applications, offset by dealers' increased hesitancy to build inventories for the 2024 spring season, due to declining specialty fertilizer pricing.

The landscape market was impacted by consumer sentiment throughout 2023. This market was impacted by both high inflation rates and increased general living costs, resulting in reduced spending on gardening and landscaping products.

Ornamental horticulture products

The Ornamental Horticulture market includes container nursery growers, potted plants, and bedding plants (greenhouses).

During 2023, the ornamental horticulture business encountered a significant decline in demand, particularly in Northern Europe and North America, driven primarily by inflation. Reduced consumer sales of green goods and fewer visits to garden centers resulted in diminished potting activities. Additionally, growers in Northwest Europe scaled back plant cultivation in greenhouses due to soaring energy costs. In emerging markets, market demand remained stable. However, due to high inventories of inputs at the start of the year and the conclusion of the potting season, dealers began to reduce their inventories in the latter half of 2023, consequently impacting market demand.

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(Cont.)**

ICL Group Ltd. (Cont.)

Growing Solutions (Cont.)

Trends impacting the Growing Solutions segment (Cont.)

FertilizerpluS

In 2023, demand for FertilizerpluS products, mainly for Polysulphate standard and Polysulphate granular, experienced a decrease in contrast to 2022, due to the overall downward trend in commodity prices, mainly potash, as well as general market tendency for “just-in-time” purchasing practices. Conversely, downstream FertilizerpluS products such as Polysulphate Premium and PotashpluS experienced increased demand and showed strong performance compared to 2022.

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BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)

ICL Group Ltd. (Cont.)

Growing Solutions (Cont.)

Results of operations – Growing Solutions

	<u>10-12/2023</u>	<u>10-12/2022</u>	<u>1-12/2023</u>	<u>1-12/2022</u>
	<u>\$ millions</u>			
Total sales	<u>478</u>	<u>527</u>	<u>2,073</u>	<u>2,422</u>
Sales to external customers	475	513	2,047	2,376
Sales to internal customers	<u>3</u>	<u>14</u>	<u>26</u>	<u>46</u>
Segment income	<u>(5)</u>	<u>32</u>	<u>51</u>	<u>378</u>
Depreciation and amortization	<u>20</u>	<u>24</u>	<u>68</u>	<u>70</u>
Segment EBITDA	<u>15</u>	<u>56</u>	<u>119</u>	<u>448</u>
Capital investments	<u>36</u>	<u>38</u>	<u>92</u>	<u>101</u>

Results of operations for the October – December (Q4) of 2023

	<u>\$ millions</u>			
	<u>Sales</u>	<u>Expenses</u>	<u>Operating income</u>	
Q4 2022 figures	527	(495)	32	
Quantity	98	(67)	31	↑
Price	(165)	–	(165)	↓
Exchange rate	18	(16)	2	↑
Raw materials	–	111	111	↑
Energy	–	1	1	↑
Transportation	–	2	2	↑
Operating and other expenses	<u>–</u>	<u>(19)</u>	<u>(19)</u>	↓
Q4 2023 figures	<u>478</u>	<u>(483)</u>	<u>(5)</u>	

Quantity – the positive impact on operating income was primarily due to higher sales volumes of specialty agriculture and FertilizerpluS 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 exceeded their negative impact on operational costs.

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

Operating and other expenses – the negative impact on operating income was primarily related to higher maintenance and operational costs, as well as sales commissions.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Innovative Ag Solutions (Cont.)

Results of operations for January – December 2023 – Innovative Ag Solutions

	<u>\$ millions</u>			
	<u>Sales</u>	<u>Expenses</u>	<u>Operating income</u>	
YTD 2022 figures	2,422	(2,044)	378	
Quantity	106	(56)	50	↑
Price	(470)	–	(470)	↓
Exchange rate	15	(26)	(11)	↓
Raw materials	–	131	131	↑
Energy	–	(2)	(2)	↓
Operating and other expenses	–	(25)	(25)	↓
YTD 2023 figures	<u>2,073</u>	<u>(2,022)</u>	<u>51</u>	

Quantity – the positive impact on operating income was mainly due to an increase in sales volumes of specialty agriculture. This was partially offset by a decrease in sales volumes of Turf and Ornamental products as well as FertilizerpluS products.

Price – the negative impact on operating income was due to lower selling prices across most business lines, mainly specialty agriculture and FertilizerpluS products. This was partially offset by higher selling prices of Turf and Ornamental products¹.

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

Raw materials – the positive impact on operating income was primarily related to lower costs of commodity fertilizers and ammonia.

Operating and other expenses – the negative impact on operating income was mainly related to higher maintenance and operational costs.

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**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Financial position and sources of financing of ICL

As at December 31, 2023, ICL had a balance of \$592 million in cash, cash equivalents, short-term investments and deposits. In addition, ICL has unutilized long-term credit facilities of about \$1.2 billion and a securitization agreement in the amount of \$300 million, of which ICL has utilized approximately \$182 million of the facility.

Furthermore, ICL's net financial liabilities were \$2,095 million, including \$1,829 million in long-term debt (excluding current maturities) and \$858 million in short-term debt (including current maturities of long-term debt). ICL's long-term debt consists of debentures totaling \$953 million together with loans from financial institutions and lease liabilities totaling \$876 million, while short-term debt consists of \$283 million in short-term loans from financial institutions and \$575 million in current maturities of debentures, loans and lease liabilities. For more information about the currencies in which ICL's liabilities are denominated and their interest rates, see Note 14 to the consolidated financial statements.

ICL aims to secure sources of financing for our operating activities and investments while diversifying the sources of financing among various financial instruments, and between local and international financing entities. ICL's sources of financing are short and long-term loans from banks (mainly international banks) and institutional entities in Israel, debentures issued to institutional investors in Israel and the United States, and securitization of customer receivables. ICL utilizes the various financing facilities according to its cash flow requirements, their respective costs and market conditions.

ICL believes that its sources of liquidity and capital resources, including working capital, are adequate for its current requirements and business operations and should be adequate to satisfy its anticipated working-capital requirements during the next twelve months, along with its capital expenditures and other current corporate needs.

Distributions of dividends to ICL from its subsidiaries and transfers of funds through certain countries may under certain circumstances result in the creation of tax liabilities. However, taxation on dividend distributions and funds transfers have not had, and are not expected to have, a material impact on ICL's ability to meet its cash obligations.

As of December 31, 2023, ICL had no material off-balance sheet arrangements, other than the amounts described in Note 18C to consolidated financial statements.

ICL's primary contractual obligations consist of commitments to purchase raw materials and energy in the ordinary course as well as agreements to secure its gas supply needs. For information about ICL's contractual obligations, see Note 18 to the consolidated financial statements.

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Credit facilities

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. The Sustainability-Linked RCF replaced a previous revolving credit facility that was entered into in 2015, as amended and extended in 2018, and which was due to expire in 2025. As of December 31, 2023, ICL had utilized \$376 million of the credit facility.

Securitization

The total amount of ICL's committed securitization facility framework is \$300 million with an additional \$100 million uncommitted. As of December 31, 2023, ICL had utilized approximately \$182 million of the facility's framework.

Debentures

In March 2023, ICL repaid NIS 392 million (approx. \$108 million) Series E Bond, as scheduled.
In December 2022, ICL repaid NIS 15 million (approx. \$4 million) Series G Bond, as scheduled.
Subsequent to the date of the report, in January 2024, ICL repaid \$145 million private placement bond, as scheduled.

Ratings and financial covenants

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.

Fitch Ratings

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.

Financial covenants

For a description of material financial covenants in ICL's loan agreements and any potential risk relating to compliance with them, credit facilities, sale of receivables under securitization transaction and information on material loans and debentures outstanding as of December 31, 2023, see Note 14B(2) to the consolidated financial statements

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Sources and uses of cash

The following table details ICL's cash flows in the periods shown:

	<u>1-12/2023</u>	<u>1-12/2022</u>
	<u>Millions of dollars</u>	
Cash flows provided by operating activities	1,595	2,025
Cash flows used in investing activities	(863)	(754)
Cash flows used in financing activities	(712)	(1,303)

Operating activities

In the current year, cash flow from operating activities amounted to \$1,595 million, compared to \$2,025 million last year. This decrease was mainly due to stronger operating results in 2022, partially offset by the decrease in working capital and income taxes paid.

Investing activities

Net cash used in investing activities in 2023 amounted to \$863 million, compared to \$754 million last year. This increase derives mainly from higher purchases of property, plant and equipment and investment in deposits.

Financing activities

Net cash used in financing activities in 2023 amounted to \$712 million, compared to \$1,303 million last year. This decrease is mainly due to lower dividend payments.

Events in the period of the report

In October 2023, the Israeli government declared a state of war following an attack on civilians at its southern border, which expanded to a certain extent to Israel's northern border. The new security situation has led to several challenges, including some disruptions in the supply chains, a shortage of personnel due to mobilization for reserve duty, and fluctuations in foreign currency exchange rates relative to the Israeli shekel. The regional tension involved with the attacks of the Houthis on the commercial marine vessels has recently escalated, and has impacted on the shipping activities in the Red Sea. This matter could lead to delays in shipments and an increase in the 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, in order to minimize any potential impact on its business, including avoidance of disruption to production in its facilities in Israel. The security situation in recent months has not had a material impact on the ICL's business results. As of today, the majority of ICL's employees in Israel who had been called up for reserve duty have now returned to full-time work. However, since the developments related to the war situation, as well as its duration, are unpredictable, ICL has no ability 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.

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

**BRIEF SUMMARY OF THE FINANCIAL RESULTS OF THE INVESTEE COMPANIES:
(Cont.)**

ICL Group Ltd. (Cont.)

Declaration regarding “forward-looking” information

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 several 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 its 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, those identified in “Item 3 – Key Information— D. Risk Factors” in this Annual Report. These risks and uncertainties include factors relating to:

Changes in exchange rates or prices compared to those ICL is currently experiencing; 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; failure to “harvest” salt which could lead to accumulation of salt at the bottom of the evaporation Pond 5 in the Dead Sea; construction of a new pumping station; disruptions at ICL's seaport shipping facilities or regulatory restrictions affecting ICL's ability to export its products overseas; 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; delays in the completion of major projects by third party contractors and/or termination of engagements with contractors and/or governmental obligations; the inflow of significant amounts of water into the Dead Sea could adversely affect production at ICL's plants; labor disputes, slowdowns and strikes involving ICL's employees; pension and health insurance liabilities; the ongoing COVID-19 pandemic, which has impacted, and may continue to impact ICL's sales, operating results and business operations by disrupting its ability to purchase raw materials, by negatively impacting the demand and pricing for some of ICL's products, by disrupting its ability to sell and/or distribute products, impacting customers' ability to pay ICL for past or future purchases and/or temporarily closing ICL's facilities or the facilities of its suppliers or customers and their contract manufacturers, or restricting its ability to travel to support its sites or its customers around the world; changes to governmental incentive programs or tax benefits, creation of new fiscal or tax related legislation; changes in ICL's evaluations and estimates, which serve as a basis for the recognition and manner of measurement of assets and liabilities; higher tax 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; disruption of ICL's, or ICL's service providers', 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; cyclicity of ICL's businesses; 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; 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 its phosphate mining operations in Rotem Amfert; volatility or crises in the financial markets; uncertainties surrounding the withdrawal of the United Kingdom from the European Union; hazards inherent to mining and chemical

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

manufacturing; the failure to ensure the safety of ICL's workers and processes; cost of compliance with environmental regulatory legislative and licensing restrictions; laws and regulations related to, and physical impacts of climate change and greenhouse gas emissions; litigation, arbitration and regulatory proceedings; 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; closing of transactions, mergers and acquisitions; 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; ICL is exposed to risks relating to its current and future activity in emerging markets; and other risk factors discussed under "Item 3 - Key Information— D. Risk Factors".

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 risks 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.

In this Annual Report, unless otherwise indicated or the context otherwise requires, all references to "ICL," or similar terms refer to ICL Group Ltd., together with its consolidated subsidiaries. When reference is made to ICL's "parent Company" or to "Israel Corp.," the reference is to ICL's controlling shareholder, Israel Corporation Ltd. Unless otherwise indicated or the context otherwise requires, references in this Annual Report to "NIS" are to the legal currency of Israel, "US dollars", "\$" or "dollars" are to United States dollars, "euro" or "€" are to the euro, the legal currency of certain countries of the EU, and "British pound" or "£" are to the legal currency of the UK. See "Item 4 - Information on ICL— A. History and Development of ICL". ICL owns or has rights to trademarks or trade names that it uses in conjunction with the operation of its business. Solely for convenience, trademarks and trade names referred to in this Annual Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that ICL will not assert, to the fullest extent of the law, its rights or the rights of the applicable licensor to these trademarks and trade names. In this Annual Report, ICL also refers to product names, trademarks, and trade names that are the property of other companies. Each of the trademarks and trade names of other companies appearing in this Annual Report belongs to its owners. ICL's use or display of other companies' product names, trademarks, or trade names is not intended to and does not imply a relationship with, or endorsement or sponsorship by ICL of, the product, trademark, ICL's trade name owner, unless ICL otherwise indicates.

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

DEBENTURES

Information regarding debentures issued by Israel Corporation

Debenture series	Original issuance date	Par value on issuance date	Par value outstanding NIS millions	Balance per books	Accrued interest \$ millions	Stock market/ fair value	Interest rate	Date of payment of principal interest	Trustee
Series 11 Traded on the stock exchange	5/26/16 1/5/17	511 790	325	84	0.4	84	5.45%	In one annual payment on 5/31/24 Semi-annual interest 11/30, 5/31	Hermatik
Series 12 Traded on the stock exchange	3/29/18	554	304	84	1	83	3.60%	3 unequal annual payments beginning 9/30/24 Semi-annual interest 9/30, 3/31	Hermatik
Series 13 Traded on the stock exchange	3/29/18	287	158	45	1	46	5.85%	3 unequal annual payments beginning 9/30/24 Semi-annual interest 9/30, 3/31	Hermatik
Series 14 Traded on the stock exchange	12/18/19 4/7/20 9/3/20	750 345 350	1,301	319	–	297	2.20%	5 unequal annual payments beginning 6/30/24 Semi-annual interest 6/30, 12/31	Hermatik
Series 15 Traded on the stock exchange	5/25/21	750	750	207	2	192	2.74%	6 unequal annual payments beginning 7/31/25 Semi-annual interest 1/31, 7/31	Hermatik

The debenture series 11, 12, 13, 14 and 15 are more than 5% of the Corporation's total liabilities on a separate basis and therefore they are material. All the debentures bear fixed interest.

The Corporation will be permitted, in its sole discretion, to make early repayment (in whole or in part) of the debentures (Series 11, 12, 13, 14 and 15), at any time, however not before the passage of at least 60 days from the date of registration for trading on the stock exchange of the debentures – this being in accordance with and subject to the terms of the trust indentures covering the debentures.

The debentures (Series 12, 14 and 15) are not linked, and the debentures (Series 11 and 13) are linked to the exchange rate of the U.S. dollar based on a base rate of 3.855 and 3.491, respectively.

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

DEBENTURES (Cont.)

Information regarding debentures issued by Israel Corporation (Cont.)

The Corporation is in compliance with all the conditions of the debentures and the trust indentures. The Corporation was not required to take any action at all by the debenture trustees. For additional details regarding the debentures of the Corporation and of ICL – see Note 14 to the consolidated financial statements.

On July 18, 2022, S&P Maalot gave notice of reconfirmation of a rating of ilA with a stable rating outlook.

On February 19, 2023, the Corporation made full early repayment of the debentures (Series 10). For additional details – see Note 14D(1) to the consolidated financial statements.

On July 4, 2023, S&P Maalot announced a rating increase to ilA+ due to an improvement of the financial ratios, with a stable rating outlook. For additional details – see Note 14D(1) to the consolidated financial statements.

All of the above-mentioned debentures are rated, as at the date of the Report, by S&P Maalot with a rating of ilA/stable+ (for additional details regarding the ratings' work – see the Immediate Report Reference No.: 2022-01-091360).

Details regarding trust companies

Hermatik Trust (1975) Ltd., 113 Hayarkon St., Tel-Aviv, 63537, Tel. 03-5544553.

Israel Corporation Ltd.
Report of the Corporation's Board of Directors
For the Year Ended December 31, 2023

For details regarding:

- A. Disclosure regarding the Internal Auditor.
- B. Definition of negligible transaction.
- C. Disclosure regarding the effectiveness of the internal control over the financial reporting and disclosure.
- D. Disclosure regarding the auditing CPAs.
- E. Disclosure regarding the Corporation's Board of Directors.
- F. Disclosure regarding the minimum number of directors having accounting and finance expertise (Regulation 10(B)(9)(a)).
- G. Disclosure regarding the rate of independent directors (Regulation 10(B)(9a)).
- H. Disclosure regarding the ethical code, Corporation policies and plans for internal enforcement.
- I. The social and community involvement of Israel Corporation.

See Part E attached hereto – Report on the Corporation's Governance and Effectiveness of the Internal Control.

Aviad Kaufman
Chairman of the Board of Directors

Yoav Doppelt
CEO

March 27, 2024

Israel Corporation Ltd.

Consolidated Financial Statements

As at December 31, 2023

Israel Corporation Ltd.
Consolidated Financial Statements as at December 31, 2023

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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

Auditors' Report to the Shareholders of Israel Corporation Ltd.

We have audited the accompanying consolidated statements of financial position of Israel Corporation Ltd. (hereinafter – “the Corporation”), as at December 31, 2023 and 2022, and the consolidated statements of income, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for each of the three years in the period ended December 31, 2023. These financial statements are the responsibility of the Corporation's Board of Directors and its Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors' Regulations (Manner of Auditor's Performance), 1973. Such standards require that we plan and perform the audits to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Corporation's Board of Directors and by its Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as at December 31, 2023 and 2022, and their results of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 2010.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the Corporation's Board of Directors and that based on our professional judgment was very significant in the audit of the consolidated financial statements for the current period. This matter includes, among other things, every matter that: (1) relates, or could relate, to accounts or disclosures that are material to the financial statements; and (2) involved our especially challenging, subjective, or complex judgment. This matter was responded to as part of our audit and formulation of our opinion on the entire consolidated financial statements. The communication of this matter below does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating this critical audit matter below, providing a separate opinion on this critical audit matter or on the accounts or disclosures to which it relates.

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.



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

Useful life of the concession asset associated with Dead Sea Works Ltd. (DSW) a subsidiary of ICL

Why was this matter determined to be a critical audit matter

As discussed in Note 18D(1) to the Corporation's consolidated financial statements, the concession of Dead Sea Works Ltd. (DSW) will end on March 31, 2030. The consolidated financial statements were prepared based on the assumption of the management of ICL that it is more likely than not that DSW will continue to operate its long-lived assets for their remaining useful lives, which extend beyond the term of the current concession period, by obtaining the renewed concession or by operating the assets for an alternative concession holder.

We identified the evaluation of the useful lives of the long-lived assets associated with DSW's concession (hereinafter – "the Relevant Assets") as a critical audit matter. Specifically, challenging auditor judgment was required to evaluate ICL's determination that the useful lives of the Relevant Assets exceed the current concession period due to uncertainty relating to concession renewal and to effects from potential changes of the concession holder. Changes in the estimated useful lives of the Relevant Assets could have a significant effect on the depreciation expenses of these assets.

Audit procedures performed to address the critical audit matter

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of the internal controls related to determination of the useful lives of the long-lived assets associated with the with Dead Sea Works Ltd. concession. We evaluated ICL's estimate regarding the useful lives of the relevant assets by examining its analysis of potential alternatives of operating the assets for an alternative concession holder, as well as considering relevant publicly available information, such as, the Concession Law and the report released by the Israeli Ministry of Finance regarding the actions that the government may take towards the end of the concession period.

We have also audited, in accordance with Auditing Standard 911 (Israel) of the Institute of Certified Public Accountants in Israel "Audit of Internal Control Components over Financial Reporting" the Corporation's internal control components over financial reporting as at December 31, 2023, and our report, dated March 27, 2024, included an unqualified opinion with respect to effective maintenance of those components.

Somekh Chaikin
Certified Public Accountants (Isr.)

March 27, 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.



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

**Report of the Auditors to the Shareholders of Israel Corporation Ltd. regarding
Audit of Internal Control Components over Financial Reporting
In accordance with Section 9B(c) of the Securities Regulations (Periodic and
Immediate Reports), 1970**

We have audited internal control components over financial reporting of Israel Corporation Ltd. and its subsidiaries (hereinafter – “the Corporation”) as at December 31, 2023. These control components were determined as explained in the following paragraph. The Corporation’s Board of Directors and Management are responsible for maintenance of effective internal control over financial reporting and for their evaluation of the effectiveness of internal control components over financial reporting attached to the Periodic Report for the above -mentioned date. Our responsibility is to express an opinion on internal control components over the Corporation’s financial reporting based on our audit.

Internal control components over financial reporting audited by us were determined in accordance with Auditing Standard 911 of the Institute of Certified Public Accountants in Israel “Audit of Internal Control over Financial Reporting” and its amendments (hereinafter – “Audit Standard (Israel) 911”). These components are: (1) entity level controls, including controls over the preparation and closure of the financial reporting process and general information-system technology controls; (2) controls over cash management; (3) controls over management of investments; and (4) controls over management of credit and hedging transactions (all of these will be referred to hereinafter as – “the Audited Control Components”).

We conducted our audit in accordance with Auditing Standard 911. Pursuant to this Standard we are required to plan and perform the audit with the goal of identifying the Audited Control Components and to obtain a reasonable level of certainty whether these control components were effectively maintained in all material respects. Our audit included gaining an understanding of the internal control over financial reporting, identification of the Audited Control Components, evaluation of the risk that a significant weakness exists in the Audited Control Components, and examination and evaluation of the effectiveness of the planning and operation of those control components based on the assessed risk. Our audit, with respect to those control components, also included performance of other procedures such as those we considered necessary under the circumstances. Our audit referred solely to the Audited Control Components, as opposed to internal control over the overall significant processes in connection with the financial reporting and, therefore, our opinion relates solely to the Audited Control Components. In addition, our audit did not refer to reciprocal impacts between the Audited Control Components and those not audited and, therefore, our opinion does not take into account these possible impacts. We believe our audit provides a reasonable basis for our opinion in the context described above.

Because of its inherent limitations, internal control over financial reporting as a whole, and internal control components in particular, may not prevent or detect misstatements. Also, projections of any current evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Corporation effectively maintained, in all material respects, the Audited Control Components as at December 31, 2023.

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.

We have also audited, in accordance with generally accepted auditing standards in Israel, the Corporation's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended on December 31, 2023 and our report, dated March 27, 2024, included an unqualified opinion on those financial statements.

Somekh Chaikin
Certified Public Accountants (Isr.)

March 27, 2024

Israel Corporation Ltd.
Consolidated Statements of Financial Position

	Note	As at December 31	
		2023	2022
		\$ millions	
Current assets			
Cash and cash equivalents		537	762
Short-term investments and deposits		1,030	728
Investments measured at fair value through the statement of income		–	82
Trade receivables		1,376	1,583
Inventories	6	1,703	2,134
Other receivables and derivative instruments	5	<u>379</u>	<u>330</u>
Total current assets		<u>5,025</u>	<u>5,619</u>
Non-current assets			
Investments measured at fair value through other comprehensive income	9	50	38
Derivative instruments	31	1	24
Deferred tax assets	27	152	150
Other non-current assets	10	238	213
Property, plant and equipment	11	6,360	6,003
Intangible assets	12	<u>1,065</u>	<u>1,045</u>
Total non-current assets		<u>7,866</u>	<u>7,473</u>
Total assets		<u>12,891</u>	<u>13,092</u>

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

Israel Corporation Ltd.
Consolidated Statements of Financial Position

	Note	As at December 31	
		2023	2022
		\$ millions	
Current liabilities			
Credit from banks and others	14	1,053	750
Trade payables		912	1,006
Provisions	16	85	81
Other current liabilities, including derivative instruments	15	<u>812</u>	<u>1,058</u>
Total current liabilities		<u>2,862</u>	<u>2,895</u>
Non-current liabilities			
Debentures and long-term loans	14	2,512	3,206
Derivative instruments and other non-current liabilities		75	69
Provisions	16	224	234
Deferred tax liability	27	497	432
Provisions for long-term employee benefits	17	<u>356</u>	<u>404</u>
Total non-current liabilities		<u>3,664</u>	<u>4,345</u>
Total liabilities		<u>6,526</u>	<u>7,240</u>
Equity	20		
Share capital and premium		326	326
Capital reserves		(168)	(217)
Capital reserve in respect of transactions with controlling shareholder		190	190
Treasury shares		(13)	—
Retained earnings		<u>2,441</u>	<u>2,157</u>
Total equity attributable to the Corporation's shareholders		<u>2,776</u>	<u>2,456</u>
Non-controlling interests		<u>3,589</u>	<u>3,396</u>
Total equity		<u>6,365</u>	<u>5,852</u>
Total liabilities and equity		<u>12,891</u>	<u>13,092</u>

Aviad Kaufman
Chairman of the Board of
Directors

Yoav Doppelt
CEO

Sagi Kabla
CFO

Date of approval of the financial statements: March 27, 2024

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

This English Version of the Report is for the Convenience of the Reader. The Hebrew Version of the Report is the Binding Version.

Israel Corporation Ltd.
Consolidated Statements of Income

	Note	For the Year Ended December 31		
		2023	2022	2021
		\$ millions		
Revenues	21	7,536	10,015	6,955
Cost of sales	21	<u>4,869</u>	<u>4,988</u>	<u>4,349</u>
Gross profit		2,667	5,027	2,606
Research and development expenses	22	71	68	64
Selling, transport and marketing expenses	23	1,093	1,181	1,067
Administrative and general expenses	24	270	301	287
Other expenses	25	128	30	60
Other income	25	<u>(22)</u>	<u>(59)</u>	<u>(62)</u>
Operating income		<u>1,127</u>	<u>3,506</u>	<u>1,190</u>
Financing expenses	26	332	469	301
Financing income	26	<u>(166)</u>	<u>(293)</u>	<u>(110)</u>
Financing expenses, net		<u>166</u>	<u>176</u>	<u>191</u>
Share in income of equity-accounted investees		<u>1</u>	<u>1</u>	<u>4</u>
Income before taxes on income		962	3,331	1,003
Taxes on income	27	<u>287</u>	<u>1,167</u>	<u>260</u>
Income for the year from continuing operations		675	2,164	743
Income from discontinued operations (after tax)	7	<u>—</u>	<u>50</u>	<u>(181)</u>
Income for the year		<u>675</u>	<u>2,214</u>	<u>562</u>
Attributable to:				
The Corporation's shareholders		273	953	88
Non-controlling interests		<u>402</u>	<u>1,261</u>	<u>474</u>
Income for the year		<u>675</u>	<u>2,214</u>	<u>562</u>
Income per share attributable to the Corporation's shareholders (in dollars):	28			
Basic earnings per share		<u>35.80</u>	<u>124.96</u>	<u>11.54</u>
Diluted earnings per share		<u>35.79</u>	<u>124.93</u>	<u>11.53</u>

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

This English Version of the Report is for the Convenience of the Reader. The Hebrew Version of the Report is the Binding Version.

Israel Corporation Ltd.
Consolidated Statements of Comprehensive Income

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Income for the year	675	2,214	562
Items 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	80	(146)	(104)
Net change in fair value of cash flow hedges transferred to the statement of income	86	185	(30)
Effective portion of the change in fair value of cash flow hedges	(65)	(203)	40
Group's share in other comprehensive income of equity-accounted investees	—	8	9
Group's share in other comprehensive loss of equity-accounted investees recorded to the statement of income	—	(19)	—
taxes in respect of components of other comprehensive income (loss)	(4)	4	—
Total	97	(171)	(85)
Items of other comprehensive income (loss) that will not be recognized in future periods in the statement of income			
Actuarial gains, net, from defined benefit plans	33	83	85
Net change in investments measured at fair value through other comprehensive income	2	(28)	144
Net change in fair value of fair value hedge in respect of investments measured at fair value through other comprehensive income	—	7	4
Group's share in other comprehensive income of equity-accounted investees	—	2	2
taxes in respect of components of other comprehensive income (loss)	(8)	(12)	(44)
Total	27	52	191
Total other comprehensive income (loss) for the year, net of tax	124	(119)	106
Total comprehensive income for the year	799	2,095	668
Attributable to:			
The Corporation's shareholders	333	894	145
Non-controlling interests	466	1,201	523
Total comprehensive income for the year	799	2,095	668

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

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Israel Corporation Ltd.
Consolidated Statements of Changes in Shareholders' 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		
	\$ 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

	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	Retained earnings	Total		
	\$ millions							
Balance at January 1, 2022	326	(197)	75	190	1,144	1,538	2,747	4,285
Exercise of options for shares of the Corporation	*–	–	*–	–	–	–	–	–
Share-based payments in a subsidiary	–	–	–	–	–	–	13	13
Dividend to the equity holders	–	–	–	–	(80)	(80)	–	(80)
Dividend to holders of non-controlling interests in a subsidiary	–	–	–	–	–	–	(651)	(651)
Sale of shares of a subsidiary to holders of non-controlling interests	–	(5)	1	–	111	107	83	190
Issuance of shares of a subsidiary to holders of non-controlling interests	–	–	–	–	(3)	(3)	3	–
Income for the year	–	–	–	–	953	953	1,261	2,214
Other comprehensive income (loss) for the year, net of tax	<u>–</u>	<u>(62)</u>	<u>(29)</u>	<u>–</u>	<u>32</u>	<u>(59)</u>	<u>(60)</u>	<u>(119)</u>
Balance at December 31, 2022	<u>326</u>	<u>(264)</u>	<u>47</u>	<u>190</u>	<u>2,157</u>	<u>2,456</u>	<u>3,396</u>	<u>5,852</u>

* Less than NIS 1 million.

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

Israel Corporation Ltd.
Consolidated Statements of Changes in Shareholders' 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	Retained earnings	Total	
	\$ millions						
Balance at January 1, 2021	326	(149)	(1)	190	1,037	1,403	2,361
Share-based payments in a subsidiary	—	—	—	—	—	—	6
Dividend to holders of non-controlling interests in a subsidiary	—	—	—	—	—	—	(153)
Issuance of shares subsidiary to holders of non-controlling interests	—	—	—	—	(10)	(10)	10
Income for the year	—	—	—	—	88	88	474
Other comprehensive income (loss) for the year, net of tax	<u>—</u>	<u>(48)</u>	<u>76</u>	<u>—</u>	<u>29</u>	<u>57</u>	<u>49</u>
Balance at December 31, 2021	<u>326</u>	<u>(197)</u>	<u>75</u>	<u>190</u>	<u>1,144</u>	<u>1,538</u>	<u>2,747</u>

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

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Israel Corporation Ltd.
Consolidated Statements of Cash Flows

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Cash flows from operating activities			
Income for the year	675	2,214	562
Adjustments:			
Depreciation and amortization	540	503	494
Impairment loss*	—	36	256
Financing expenses, net	144	278	127
Share in income of equity-accounted investees*	(1)	(65)	(78)
Other	30	(37)	(19)
Change in provisions	(32)	(83)	(2)
Taxes on income	287	1,167	260
	1,643	4,013	1,600
Change in inventories	465	(527)	(267)
Change in trade receivables	252	(215)	(426)
Change in trade payables	(101)	(42)	274
Change in other receivables	26	(47)	9
Change in other payables	(210)	107	108
	2,075	3,289	1,298
Income taxes paid, net	(254)	(1,111)	(193)
Dividend received	1	32	3
Net cash provided by operating activities	1,822	2,210	1,108

* See Note 7 regarding results attributable to discontinued operations.

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

Israel Corporation Ltd.
Consolidated Statements of Cash Flows

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Cash flows from investing activities			
Withdrawals from (investment in) long-term deposits, net	(7)	(35)	346
Proceeds from sale of businesses, net of transaction expenses	6	33	39
Business combinations net of cash acquired	—	(18)	(365)
Net proceeds from sale of shares of equity-accounted company*	—	163	89
Short-term deposits and investments, net	(303)	(122)	(294)
Acquisition of property, plant and equipment and intangible assets	(780)	(747)	(611)
Proceeds from sale of other investments	64	—	—
Acquisition of other investments	(10)	—	(81)
Interest received	55	20	25
Proceeds from (payments for) transactions in derivatives not used for hedging, net	<u>(121)</u>	<u>(42)</u>	<u>22</u>
Net cash used in investing activities	<u>(1,096)</u>	<u>(748)</u>	<u>(830)</u>
Cash flows from financing activities			
Dividend paid to holders of non-controlling interests	(280)	(651)	(153)
Dividend paid to equity holders	—	(78)	—
Treasury shares	(13)	—	—
Proceeds from sale of shares in subsidiary while maintaining control (see Note 8C)	—	220	—
Receipt of long-term loans and issuance of debentures	633	1,095	1,459
Repayment of long-term loans and debentures	(1,067)	(1,585)	(1,493)
Short-term credit from banks and others, net	(25)	(21)	(58)
Receipts from (payments for) transactions in derivatives used for hedging, net	(8)	21	18
Interest paid	<u>(171)</u>	<u>(163)</u>	<u>(176)</u>
Net cash used in financing activities	<u>(931)</u>	<u>(1,162)</u>	<u>(403)</u>
Increase (decrease) in cash and cash equivalents	(205)	300	(125)
Cash and cash equivalents at beginning of the year	762	508	618
Effect of exchange rate fluctuations on balances of cash and cash equivalents	<u>(20)</u>	<u>(46)</u>	<u>15</u>
Cash and cash equivalents at end of the year	<u>537</u>	<u>762</u>	<u>508</u>

* See Note 7 regarding results attributable to discontinued operations.

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

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 1 – Financial Reporting Principles and Accounting Policies

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. On September 15, 2022, sale of 16.687% of Bazan’s shares was completed, and commencing from this date it is no longer an activity segment. On February 13, 2023, sale of the balance of Bazan’s shares, constituting about 7.3% of Bazan’s shares was completed, and from this date the Corporation does not hold any Bazan shares. For additional details – see Note 7 below.

For details regarding investments made as part of the Corporation’s strategic plan that was approved on November 18, 2019, – see Note 9 below.

B. The Iron Swords war in Gaza

The Corporation

In October 2023, the Israeli government declared a state of war following an attack on civilians at its southern border. The new security situation has led to several challenges, including some disruptions in the 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 recently intensified, affecting shipping operation at the Red Sea. This could lead to delays in shipments as well as increased 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, operating results and 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, operating results and cash flows, as well as the said impact on the assets, operating results and cash flows of the investee companies.

ICL

In October 2023, the Israeli government declared a state of war following an attack on civilians at its southern border. The new security situation has led to several challenges, including some disruptions in the 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 recently intensified, affecting shipping operation at the Red Sea. This could lead to delays in shipments as well as increased shipping costs.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 1 – Financial Reporting Principles and Accounting Policies (Cont.)

B. The Iron Swords was in Gaza (Cont.)

ICL (Cont.)

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

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

However, since the developments related to the war situation, as well as its duration, are unpredictable, ICL has no ability 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.

C. Definitions

In these financial statements –

1. The Corporation – Israel Corporation Ltd.
2. The Group – Israel Corporation Ltd. and its subsidiaries.
3. Subsidiaries – companies, including partnerships, the financial statements of which are fully consolidated with those of the Corporation, directly or indirectly.
4. Associated companies – companies or joint ventures that are not subsidiaries, over which the Company has significant influence with respect to their monetary and operating policies and the Company's investment therein is included based on the equity method of accounting. Significant influence is considered to exist when the rate of holdings is 20% or more, except where there are circumstances that contradict this assumption.
5. Related party – within the meaning thereof in International Accounting Standard 24 (2009) "Related Parties".
6. Interested party – within the meaning thereof in Paragraph (1) of the definition of an "interested party" in a corporation in Section 1 of the Securities Law, 1968.
7. Headquarters companies – companies wholly owned and controlled by the Corporation.
8. ICL – ICL Group Ltd. and its subsidiaries.
9. Bazan – Oil Refineries Ltd. and its subsidiaries.
10. OPC – OPC Energy Ltd. and its subsidiaries.
11. AKVA – AKVA Group ASA.
12. NOAP – Nordic Aqua Partners AS.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 2 – Basis of Preparation of the Financial Statements

A. Declaration of compliance with International Financial Reporting Standards

The consolidated financial statements were prepared by the Group in accordance with International Financial Reporting Standards (IFRS).

These financial statements were also prepared in accordance with the Securities Regulations (Preparation of Annual Financial Statements) 2010.

The consolidated financial statements were approved for publication by the Corporation's Board of Directors on March 27, 2024.

B. Functional currency and presentation currency

The details presented in the consolidated financial statements of the Corporation and of each of its subsidiaries are measured in accordance with the currency that represents the main economic environment in which each separate Group company operates (hereinafter – “the Functional Currency”). The consolidated financial statements are presented in U.S. dollars (hereinafter – “the Dollar”), which constitutes the functional currency of the Corporation and its subsidiaries.

C. Basis of measurement

The consolidated financial statements were prepared on the basis of historical cost, with the exception of the following assets and liabilities:

- Derivative and other financial instruments measured at fair value through the statement of income.
- Financial instruments measured at fair value through other comprehensive income.
- Deferred tax assets and liabilities.
- Provisions.
- Assets and liabilities in respect of employee benefits.
- Investments in associated companies and joint ventures.

For additional information regarding measurement of these assets and liabilities – see Note 3 “Material Accounting Policies”.

D. Operating cycle

The Group's regular operating cycle of the Group companies is one year. As a result, the current assets and current liabilities include items intended and expected to be realized within one year.

E. Classifications

The Group made a number of immaterial reclassifications in the comparative data in order to conform such data to the manner of classification in the current financial statements. The said reclassifications have no impact on the profit (loss).

F. Use of estimates and judgment

In preparation of the financial statements in accordance with IFRS, the management of the Group companies 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.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 2 – Basis of Preparation of the Financial Statements (Cont.)

F. Use of estimates and judgment (Cont.)

When formulating the accounting estimates used in preparation of the Group's financial statements, Group management is required to make assumptions regarding interpretation of applicable laws, circumstances and events involving significant uncertainty. When using its judgment in making the estimates, Group management bases itself on past experience, various facts, external factors and reasonable assumptions regarding the appropriate circumstances for each estimate.

The estimates and the assumptions used for preparing the financial statements are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period during which the estimate was revised and in every future period affected.

Information regarding assumptions in connection with estimates regarding uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are included in the following table:

Estimate	Principal assumptions	Possible effects	Reference
Concessions, permits and business licenses	Forecast of renewing concessions, permits and business licenses which constitute the basis for continuation of ICL's operations and ICL's expectation regarding the holding of the operating assets by it and/or by an ICL subsidiary until the end of their useful lives.	Impact on the value of the activities, depreciation periods and residual values of related assets.	See Note 3 "Significant Accounting Policies" and Note 18 "Concessions"
Recoverable amount of cash-generating units, including, among other things, goodwill	The projected cash flows, including estimates of mineral reserves, discount rate, market risk and the forecasted growth rate.	Recognition of estimated impairment losses.	See Note 13 "Examination of Impairment of Value"
Assessment of probability of contingent liabilities and obligations under environmental protection laws, including cost of removal of waste and/or restoration	Whether it is more likely than not that an outflow of economic resources will be required in respect of potential obligations under the environmental protection laws and legal claims pending against ICL and the estimation of their amounts. The obligation for the cost of removal of waste and site restoration is based on reliable estimates of future removal costs and interpretations of regulations.	Change of the estimated provisions of ICL for claims and/or obligations under the environmental protection laws, including the cost of removing waste / site restoration.	See Note 16 "Provisions"

G. Change in accounting policies

Initial application of Amendment to IAS 1, Presentation of Financial Statements "Disclosure of Accounting Policies"

The Group adopted IAS 1 Presentation of Financial Statements "Disclosure of Accounting Policies" Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statements 2) starting January 1, 2023. Although the Amendment did not result in any changes to the accounting policies themselves, they did impact the information the Group discloses in its financial statements, requiring disclosure of 'material' accounting policies, rather than 'significant', accounting policies.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies

The accounting policies in accordance with IFRS have been applied consistently in all the periods included in these consolidated statements.

A. Basis for consolidation

1. Business combinations

The Group applies the “acquisition method” to all business combinations. The acquisition date is the date on which the Group obtains control over the acquired entity. Control exists where the Group is exposed to, or has rights in, the variable yields from its involvement in the acquired company and it has the ability to impact these results by means of its impact on the acquired company. In assessing control, account is taken of significant rights held by the Group and by others.

2. Subsidiaries

Subsidiaries are entities that are controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date control was acquired until the date control ceases to exist.

The accounting policies of subsidiaries were changed as necessary so that they will correspond to the accounting policies adopted by the Group. For details regarding effective control in the subsidiary – see Note 8C.

3. Non-controlling interests

Non-controlling interests are measured at the date of the business combination at either fair value, or at their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. This accounting policy choice does not apply to other instruments that meet the definition of non-controlling interests (for example: options for ordinary shares). Such instruments will be measured at fair value or in accordance with other relevant IFRSs.

Transactions with non-controlling interests while retaining control are accounted for as equity transactions. Any difference between the consideration paid or received and the change in non-controlling interests is included in the owners’ share of the Corporation in equity directly in retained earnings.

The amount of the adjustment to the non-controlling interests

For a rise in the holding rate – according to the proportionate share acquired from the balance of the non-controlling interests in the consolidated financial statements immediately preceding the transaction. For a decrease in the holding rate – according to the proportionate share realized by the owners of the subsidiary in the net assets of the subsidiary, including goodwill. In addition, when the holding rate in the subsidiary changes, while maintaining control, the Corporation reallocates the accumulated amounts that were recognized in other comprehensive income to the owners of the Corporation and the holders of non-controlling interests.

Cash flows deriving from transactions with holders of non-controlling interests while maintaining control are classified under “financing activities” in the statement of cash flows.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

A. Basis for consolidation (Cont.)

4. Investment in associated companies and joint ventures accounted for using the equity method of accounting

Investments in associated companies and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost.

B. Foreign currency

1. Transactions in foreign currency

The Corporation's functional currency is the U.S. dollar. However, for most operations located in Europe, South America and Asia, the functional currency is the local currency.

2. Foreign activities

The assets and liabilities of foreign activities, including goodwill and adjustments to fair value created upon acquisition, were translated into dollars according to the rates of exchange in effect on the date of the report. Income and expenses of foreign activities were translated into dollars according to the rates of exchange that were in effect on the transaction dates.

Foreign currency differences are recognized in other comprehensive income and are presented in equity in the foreign currency translation reserve (hereinafter –Translation Reserve) until the foreign entity is sold or liquidated. When a foreign operation is disposed of, the cumulative amount in the Translation Reserve is reclassified to profit or loss as a part of the capital gain or loss on disposal.

When the foreign operation is a subsidiary of the Corporation that is not wholly-owned, then the proportionate share of the foreign operation translation difference is allocated to the non-controlling interests.

In addition, at the time of changes in the Corporation's rate of holdings in a subsidiary that includes foreign activities, while maintaining control over the subsidiary, a proportionate amount of the accumulated exchange rate differences recognized in the other comprehensive income is reattributed to non-controlling interests.

In general, exchange rate differences in respect of loans received from or granted to foreign activities, including foreign activities that are subsidiaries, are recognized in the consolidated statement of income. Where settlement of loans received from or granted to foreign activities is not planned and is not expected to take place in the foreseeable future, gains and losses from exchange rate differences deriving from these monetary items are included as part of the net investment in the foreign activities and are recognized in other comprehensive income and are presented in equity as part of the Translation Reserve.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

C. Financial instruments

1. Non-derivative financial assets

The Group initially recognizes trade receivables and debt instruments issued on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset is classified based on the entity's business model and is initially measured at fair value plus direct transaction costs.

The Group has balances of trade and other receivables and deposits that are held within a business model whose objective is collecting contractual cash flows, which represent solely payments of principal and interest (for the time value and the credit risk). Accordingly, these financial assets are measured at amortized cost using the effective interest method.

Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognized in profit or loss (other than certain derivatives designated as hedging instruments).

2. Non-derivative financial liabilities

The Group has non-derivative financial liabilities as follows: revolving credit from banks, loans and credit from banks and others, marketable and non-marketable debentures, liabilities for financing leases and trade and other payables.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

C. Financial instruments (Cont.)

2. Non-derivative financial liabilities (Cont.)

Initial recognition of financial liabilities

The Group initially recognizes debt instrument issued on the date they are created. The rest of the financial liabilities are initially recognized on the trade date when the Group becomes a party to the instrument's contractual conditions.

Subsequent measurement of financial liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Elimination of financial liabilities

Financial liabilities are eliminated when the Group's obligation, as detailed in the agreement, expires or is settled or cancelled.

Change in terms of debt instruments

Exchange of debt instruments, having materially different terms, between an existing borrower and lender is treated as settlement of the original financial liability and recognition of a new financial liability at fair value. In addition, a significant change in the terms of an existing financial liability or a part thereof is treated as settlement of the original financial liability and recognition of a new financial liability at fair value.

In a case of a change in terms (or exchange/swap) of a debt instrument that is not significant, the new cash flows are discounted using the original effective interest rate, where the difference between the present value of the financial liability having the new terms and the present value of the original financial liability is recognized in the statement of income. For additional details – see Note 14E(2) below.

Offset of financial instruments

A financial asset and a financial liability are offset and the amounts are presented on a net basis in the statement of financial position where the Group has a current legal right to offset the amounts recognized and the intention is to settle the asset and liability on a net basis or to realize the asset and settle the liability concurrently.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

C. Financial instruments (Cont.)

3. Derivative financial instruments, including hedge accounting

The Group holds, from time to time, derivative financial instruments in order to reduce exposure to foreign currency risks, risks with respect to commodity prices, marine shipping prices, and interest risks, and also derivatives not used for hedging. Derivatives are recognized according to fair value and changes in the fair value of the derivatives are recorded in the statement of income, in the “financing income” or “financing expenses” category, except for derivatives used to hedge cash flows and derivatives used to hedge the fair value of an item measured at fair value and the change in the fair value is recorded in other comprehensive income. Transaction costs that can be attributed are recorded in the statement of income as incurred.

Hedge accounting

The Group designates certain derivatives as hedging instruments, in order to hedge the changes in the cash flows relating to transactions that are expected at a high level and that derive from changes in exchange rates of foreign currency and changes in the index component and the cash flows in respect of CPI-linked loans and changes in cash flows and interest relating to loans bearing variable interest.

On the date of creation of the hedge ratios, the Group documents the risk management goals and its strategy in making the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and of the hedging instrument are expected to offset each other.

Measurement of derivative financial instruments

Derivatives are initially recognized according to fair value and the allocable transaction costs are charged to the statement of income as incurred. After the initial recognition, the derivatives are measured at fair value, where the changes in the fair value are treated as described below:

Fair value hedge

Changes in the fair value of a derivative financial instrument used to hedge fair value are recorded on the statement of income. In addition, changes in the fair value of the hedged item, in connection with the hedged risks, are also recorded on the statement of income in a parallel manner upon adjustment of the book value of the hedged item. If the hedged item is a derivative instrument for which the Corporation chose to present the changes in fair value in other comprehensive income, the changes in the fair value of the derivative financial instrument are also to be recorded to other comprehensive income. In such a case, lack of effectiveness of the hedge is also presented in other comprehensive income.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

C. Financial instruments (Cont.)

3. Derivative financial instruments, including hedge accounting (Cont.)

Cash flow hedge

Where a derivative instrument is designated as a hedging instrument in a hedge of cash flows, the effective part of the changes in the fair value of the derivative is recorded in other comprehensive income, directly to a hedge reserve. The effective part of the changes in the fair value of a derivative, which is recorded in other comprehensive income, is limited to the cumulative change in the fair value of the hedged item (based on present value), from the date of creation of the hedge. In respect of the non-effective part, the change in the fair value is recorded in the statement of income immediately.

The Group designates as a hedging instrument with cash-flow hedge ratios the changes in the fair value in respect of the immediate price element of the forward contract (“the Spot Component”). The change in the fair value relating to the future price element of the forward contract (“the Forward Component”) and the base margins in respect of foreign currency, are not included as part of the hedge ratios and are accounted for as a hedge cost, while recording the changes in these components to a reserve for the cost of the hedge.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. Where the hedge accounting is discontinued, the amounts previously accumulated in the hedge reserve and the reserve for the cost of the hedge remain in the reserve, until the date on which they are included in the initial cost of the non-financial item (for hedges of transactions where the result thereof is recognition of a non-financial item), or until the date on which they are reclassified to the statement of income in the period, or periods, during which the expected hedged future cash flows impact the statement of income (for other cash-flow hedges). If the hedged future cash flows are no longer expected, the amounts accumulated in the hedge reserve and the reserve for the cost of the hedge are reclassified immediately to the statement of income.

Economic hedge

Hedge accounting is not applied with respect to derivative financial instruments used to economically hedge financial assets and liabilities denominated in foreign currency and input prices. The changes in the fair value of these items are recorded in the statement of income as financing income or expenses.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

C. Financial instruments (Cont.)

4. Index-linked assets and liabilities not measured at fair value

The value of CPI-linked financial assets and liabilities, which are not measured at fair value, is re-measured every period in accordance with the actual increase or decrease in the CPI.

5. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and options for shares are recognized as a deduction from equity, net of the tax effect.

Treasury shares – when shares recognized as equity are repurchased by the Corporation, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus on the transaction is carried to share premium, whereas a deficit on the transaction is deducted from retained earnings.

D. Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment in the consolidated statements are presented at cost less accumulated depreciation and provision for impairment. The cost includes expenses that can be directly attributed to the acquisition of the asset, including material maintenance expenditures and investments. The cost of assets that were self-constructed includes the cost of the materials and direct labor, as well as any additional costs that are directly attributable to bringing the asset to the required position and condition so that it will be able to function as management intended, as well as an estimate of the costs to dismantle, remove and restore, where there is an obligation for such, and capitalized borrowing costs.

2. Subsequent costs (costs incurred after the initial recognition)

The cost of replacing part of an item of property, plant and equipment and other subsequent costs are recognized as part of the book value of the item if it is expected that the future financial benefit inherent in the part replaced will flow to the Group and that its cost can be reliably measured. The book value of the part that was replaced is eliminated. Routine maintenance costs are charged to the statement of income as incurred.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

D. Property, plant and equipment (Cont.)

3. Depreciation

Depreciation is charged to the statement of income according to the straight-line method over the estimated useful life of each part of the property, plant and equipment items, since this method best reflects the expected utilization of the future benefits embedded in the asset. Owned land is not depreciated.

The estimated useful lives for the current period and comparative periods is are follows:

	<u>In Years</u>
Buildings	15–30
Technical equipment and machines (mainly 35)	5–35
Dams and ponds (mainly 43)	20–43
Other	3–10

The estimates regarding the depreciation method, useful life and scrap value are evaluated, at a minimum, at the end of every reporting year and are updated where necessary. Over the years, ICL has been able to extend the useful lives of part of its property, plant and equipment, as a result of adoption of new technologies, implementation of operational excellence processes and other current, investments therein and ongoing maintenance thereof.

E. Intangible Assets

Intangible assets with a defined useful life, are measured according to cost less accumulated amortization and accumulated losses from impairment. Intangible assets with indefinite useful lives are measured according to cost less accumulated losses from impairment.

1. Goodwill

Goodwill created as a result of acquisition of subsidiaries is included in the intangible assets category. In subsequent periods, goodwill is measured at cost less accrued impairment losses.

2. Research and development

Expenditures on research activities are recognized in profit or loss when incurred. Development expenditures are capitalized as an intangible asset only if: the development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

E. Intangible Assets (Cont.)

3. Amortization

Amortization is recorded on the statement of income using the straight-line method commencing from the date the assets are available for use over the estimated useful economic life of the intangible assets, except for customer contacts and geological surveys that are amortized over the rate of consumption of the economic benefits expected from the asset on the basis of the projected cash flows. Goodwill and intangible assets with an undefined useful life, are not amortized on a systematic basis but, rather, are examined at least once a year for indications of a decline in value.

Internally generated intangible assets are not systematically amortized as long as they are not available for use, i.e., they are not yet on site or in working condition for their intended use by ICL. Accordingly, these intangible assets, such as development costs, are tested for impairment at least once a year, until such date as they are available for use.

The estimated useful lives for the current period and comparative periods are as follows:

	<u>In Years</u>
Concessions and mining rights*	*
Trademarks	15–20
Technology/patents	7–20
Customer relationships	15–25
Computer applications	3–10

* Over the balance of the concession granted to ICL and its subsidiaries.

The estimated useful life of an intangible asset that is not amortized is examined at least annual in order to determine if events and circumstances continue to support the determination that the intangible asset has an undefined life.

Deferred expenses in respect of geological surveys are amortized over their useful lives based on a geological estimate of the quantity of potash that will be produced from the mining site.

The estimates regarding the amortization method and the useful lives are examined, at a minimum, at the end of the year of the report and are adjusted where necessary. The estimated useful life of the customer relationships is examined on an ongoing basis, based on an analysis of the relevant evidence and factors – this being after taking into account the experience ICL has accumulated relating to repeat orders and attrition rates, and after considering the future economic benefits expected to flow to ICL deriving from these customer relationships.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

F. Inventory

Inventory is measured at the lower of cost or net realizable value. The cost of the inventory includes the costs of purchasing the inventory and bringing it to its current location and condition. In the case of work in process and finished goods, the cost includes the proportionate part of the manufacturing overhead based on normal capacity. Net realization value is the estimated selling price in the ordinary course of business, after deduction of the estimated cost of completion and the estimated costs required to execute the sale.

The cost of the inventory of raw and auxiliary materials, maintenance materials, finished goods and goods in process, is determined mainly according to the “moving average” method.

If the benefit from the exploration stripping costs (costs of removal of waste incurred in mining activities of a mine during its production stage) is realized in the form of inventory, ICL treats these stripping costs as inventory. If the benefit is improved access to the quarry, ICL recognizes these costs as an increase to a non-current asset, upon fulfillment of the criteria presented in IFRIC 20.

Inventory the sale of which is expected to take place in a period of more than 12 months from the date of the report is presented as non-current inventory in the non-current assets section.

G. Impairment in Value

1. Non-derivative financial assets

A provision for expected credit losses in respect of a financial asset at amortized cost, including trade receivables, are measured at an amount equal to the full lifetime of expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses. With respect to other debt instruments, the provision for expected credit losses is measured at an amount equal to 12-month expected credit losses, unless their credit risk has increased significantly since initial recognition. A provision for such losses in respect of a financial asset at amortized cost, are presented net of the gross book value of the financial asset.

2. Non-financial assets

Timing of examination of decline in value

The book value of the Group's non-financial assets, other than inventory and deferred tax assets, is examined for each reporting period in order to determine if there are signs indicating impairment in value. If such signs exist, the estimated recoverable amount of the asset is calculated. Once a year on a fixed date, the Group makes an estimate of the recoverable amount of goodwill and intangible assets having an undefined life or that are not available for use, or more frequently if there are signs of a decline in value. For additional information – see Note 13.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

G. Impairment in Value (Cont.)

2. Non-financial assets (Cont.)

Measurement of recoverable amount

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or the net selling price (fair value less cost of disposal). When determining the value in use, the anticipated future cash flows are discounted according to an after-tax discount rate that reflects the evaluations of the market's participants regarding the time value of money and the specific risks relating to the asset or to the cash-generating unit, in respect of which the future cash flows are expected to derive from the asset or the cash-generating unit were not adjusted.

Assets of ICL's headquarters and administrative facilities do not produce separate cash flows and they serve more than one cash-generating unit. Such assets are allocated to cash-generating units on a reasonable and consistent basis and are examined for impairment as part of the examination of impairment of the cash-producing units to which they are allocated.

H. Employee Benefits

The Group has several post-employment benefit plans. The plans are funded partly by deposits with insurance companies or funds managed by a trustee, and they are classified as defined contribution plans and as defined benefit plans. For further information – see Note 17 below.

1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan whereby the Group pays fixed contributions in to a separate entity and has no legal or implied liability to pay additional amounts.

The Group's obligation to make deposits in a defined contribution plan is recorded as an expense in the statement of income during the periods during which the employees provided the related services.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

H. Employee Benefits (Cont.)

2. Defined benefit plans

Defined benefit plans are post-employment benefit plans that are not defined contribution plans.

The Group's net obligation, regarding defined benefit plans for post-employment benefits, is calculated for each plan separately by estimating the future amount of the benefit to which an employee will be entitled as compensation for his services during the current and past periods. The benefit is presented according to present value after deducting the fair value of the plan assets.

The movement in the net liability in respect of a defined benefit plan for every accounting period is composed as follows:

- (i) Current service costs;
- (ii) Net financing income (expenses);
- (iii) Exchange rate differences.
- (iv) Past service costs and plan reduction.

The difference, as at the date of the report, between the net liability at the beginning of the period, plus the profit and loss movement, as described above, and the actuarial liability less the fair value of the plan assets at the end of the period, reflects the balance of the actuarial gains or losses recorded through the statement of other comprehensive income directly to the retained earnings.

3. Other long-term employee benefits

Some of the Corporation's employees are entitled to other long-term benefits that do not relate to a post-employment benefit plan. Actuarial gains and losses are recorded directly to the statement of income in the period they were incurred

4. Compensation for early retirement

Compensation for early retirement of employees is recognized as an expense and a liability where the Group has clearly undertaken, with no genuine possibility for cancellation, to dismiss employees prior to their reaching the customary retirement date, in accordance with a formal detailed plan. The benefits given to employees upon voluntary retirement are charged as an expense when the Group proposes a plan to the employees encouraging voluntary retirement, and where it is expected that the proposal will be accepted and it is possible to reliably estimate the number of employees that will accept the proposal.

5. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated (such as maternity leave).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

H. Employee Benefits (Cont.)

6. Share-based payment transactions

The fair value on the grant date of share-based payment grants to employees is recorded as a salary expense, with a corresponding increase in equity over the period in which an unconditional right to the grants is obtained. The amount recorded as an expense in respect of share-based payment grants, which are contingent on vesting conditions that are service conditions or performance conditions that are not market conditions, are adjusted in order to reflect the number of options that are expected to vest.

I. Provisions

A provision is recognized when the Group has a present legal or implied obligation as the result of an event that occurred in the past, when it can be reliably estimated and when it is expected that a flow of economic benefits will be required in order to settle the obligation. In rare cases wherein it is not possible to the possible outcome of the obligation, no provision is recorded in the financial statements.

1. Provision for environmental costs

ICL recognizes a provision for an existing obligation that has occurred for prevention of environmental pollution and anticipated provisions for costs relating to environmental restoration stemming from current or past activities. Environmental costs that increase the life expectancy or efficiency of the facility or decrease or prevent the environmental pollution are recorded as provisions and are capitalized to the cost of the fixed assets and are depreciated according to the usual depreciation rates used by ICL.

2. Legal claims

A provision for legal claims is recorded where the Group has a present legal or implied obligation as the result of a past event, when it is more likely than not that the Group will be required to use its economic resources to settle the obligation and it can be reliably estimated.

J. Recognition of Revenues

Identifying a contract

ICL accounts for a contract with a customer only when the following conditions are met:

- (a) The parties to the contract have approved the contract and they are committed to satisfying the obligations attributable to them;
- (b) ICL can identify the rights of each party in relation to the goods that will be transferred;
- (c) ICL can identify the payment terms for the goods that will be transferred;
- (d) The contract has a commercial substance (i.e., the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
- (e) It is probable that the consideration, to which ICL is entitled to in exchange for the goods transferred to the customer, will be collected.

For the purpose of paragraph (e) above, ICL examines, among other things, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

J. Recognition of Revenues (Cont.)

Identifying performance obligations

ICL is a global specialty minerals and chemical company engaged in the sale of various goods produced in its different segments of operation. ICL's contracts primarily derived from a single performance obligation to deliver the product specified in the contract.

Determining the transaction price

The transaction price is the amount of the consideration stated in the contract with the customer that is expected to be received in exchange for transfer of goods promised to the customer, other than amounts collected for third parties. The variable consideration, which primarily includes commercial discounts, commercial returns and volume rebates, does not have a material impact on the financial statements.

Fulfillment of performance obligation

Revenue is recognized at the point in time, when ICL transfers control over the promised goods to the customer. Transfer of the control over goods to a customer generally takes place upon shipment or when accepted by the customer, as provided in the sale contract.

Payment terms

ICL has various payment terms that represent the acceptable commercial terms in the relevant markets. ICL's policy is to engage in agreements with payment terms not exceeding one year, and applies the practical expedient in the accounting practice to not separate a significant financing component where the time difference between the transfer of the goods to the customer and receipt of the payment is one year or less.

K. Government grants

Government grants are recognized initially at fair value when there is reasonable assurance that they will be received, and ICL will comply with the conditions for the receipt thereof. Unconditional government grants are recognized when ICL is entitled to receive them.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

L. Leases

- (1) Determination whether an arrangement contains a lease – on the inception date of the lease, ICL determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For lease contracts that contain non-lease components, such as services or maintenance, that are related to a lease component, ICL elected to account for the contract as a single lease component without separating the components.

- (2) Leased assets and lease liabilities – ICL has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are recognized in profit or loss on a straight-line basis, over the lease term, without recognizing an asset and/or liability in the statement of financial position.

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs.

M. Financing Income and Expenses

Financing income includes income from interest on amounts invested, loans granted, changes in the fair value of financial assets presented at fair value through the income statement, gains from exchange rate differences, financing income in respect of employee benefits and gains from derivative financial instruments recognized in the statement of income.

Financing expenses include interest on loans received, costs in respect of securitization transactions, losses from impairment of value of certain financial assets, leases, and changes due to the passage of time in liabilities in respect of defined benefit plans for employees less the interest income deriving from plan assets relating to a defined benefit plan for employees and exchange rate losses.

In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Dividends received are presented as part of cash flow from operating activities. Interest paid and dividends paid are presented as part of cash flows from financing activities. Accordingly, financing costs that were capitalized to qualifying assets are presented together with interest paid as part of cash flows from financing activities.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 3 – Material Accounting Policies (Cont.)

N. Taxes on Income

Taxes on income (including surplus profit levy on natural resources) include current and deferred taxes, which are recognized in profit or loss, unless they relate to a business combination or are recognized directly in equity or in other comprehensive income when they relate to items recognized directly in equity or in other comprehensive income.

A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that ICL will have to pay the obligation.

Deferred taxes

The Group does not recognize deferred taxes for the following temporary differences: initial recognition of goodwill and differences deriving from investments in subsidiaries and investments in companies accounted for using the equity method of accounting, if it is not expected that they will reverse in the foreseeable future and the Group controls the reversal date of the difference, whether through sale or distribution of a dividend. Deferred taxes in respect of intra-company transactions in the consolidated financial statements are recorded according to the tax rate applicable to the acquiring company. The deferred tax assets are examined on every reporting date, and if it is not expected that the related tax benefits will be realized they are eliminated.

The Group offsets current and deferred tax assets and liabilities if there is a legally enforceable right and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle on a net basis.

Additional tax in respect of dividend distribution

ICL could become liable for additional taxes in the case of distribution of intercompany dividends between ICL's companies. These additional taxes are not included in the financial statements as ICL's companies decided not to cause distribution of a dividend that involves additional taxes to the paying company in the foreseeable future. In cases where an investee company is expected to distribute a dividend involving additional tax, the company records a reserve for expected additional taxes.

Tax refunds in respect of dividend distribution

The Group is entitled to tax refunds in respect of dividends received from an Approved Enterprise on the date of distribution thereof to its shareholders. Accordingly, the Group recognizes tax income in respect of tax refunds as stated on the declaration date of the dividend.

O. Amendments to Standards and Interpretations not yet Adopted

Amendment IAS 7 and IFRS 7, Supplier Financing Arrangements (hereinafter – the Amendment) –

The Amendment introduces new disclosure requirements relating to the impact of supplier finance arrangements on the Corporations's liabilities and cash flows and on its exposure to liquidity risk. The Amendment applies to annual reporting periods beginning on or after January 1, 2024.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 4 – Determination of Fair Value

As part of its accounting policies and disclosure requirements, the Group is required to determine the fair value of both financial and non-financial assets and liabilities. The fair values have been determined for purposes of measurement and/or disclosure based on the following methods. Additional information regarding the assumptions used in determining the fair values is disclosed in the notes relating to that asset or liability.

A. Derivatives

The fair value of forward contracts on foreign currency is determined by averaging the exchange rate and the appropriate interest coefficient for the period of the transaction and the relevant currency index.

The fair value of interest rate swap contracts is determined by discounting the estimated amount of future cash flows on the basis of terms and length of period to maturity of each contract, while using market interest rates of similar instruments at the measurement date.

The fair value of cross currency and interest rate swaps is based on the market interest prices for discounting the future cash flows on the basis of the terms and length of the period to maturity of each transaction, while using market interest rates of similar instrument as at the measurement date.

Future contracts on energy and marine shipping prices are presented at fair value based on quotes of the prices of products on an ongoing basis. The reasonableness of the fair value is examined by comparing it to quotations by banks.

B. Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date (other than when designated to fair value through profit or loss at initial recognition).

The fair value for disclosure purposes is determined based on the quoted trading price in the market for traded debentures, whereas for non-traded debentures it is determined by discounting the present value of the future cash flows in respect of the principal and interest component using the market interest rate as at the date of the report.

C. Investments in equity

The fair value of investments in equity instruments that are classified at fair value through other comprehensive income or investments in equity instruments or that are classified at fair value through the statement of income, is determined based on market value as at the date of the report.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 5 – Other Receivables, including Derivative Instruments

Composition

	As at December 31	
	2023	2022
	\$ millions	
Government institutions	104	111
Tax assets	67	53
Prepaid expenses	35	70
Derivative instruments (1)	53	11
Receivables from sale of investments in investee companies accounted for using the equity method of accounting	17	—
Other	<u>103</u>	<u>85</u>
	<u>379</u>	<u>330</u>

(1) See Note 31.

Note 6 – Inventories

Composition

	As at December 31	
	2023	2022
	\$ millions	
Finished goods	1,117	1,348
Work in progress	174	233
Raw materials	329	490
Spare parts	<u>157</u>	<u>128</u>
Total inventory	1,777	2,199
Less – non-current inventories, mainly raw materials (presented in non-current assets)	<u>74</u>	<u>65</u>
Current inventory	<u>1,703</u>	<u>2,134</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 7 – Discontinued Operations

A. Sale of shares of Bazan

On June 16, 2022, the Corporation received from Israel Petrochemical Enterprises Ltd. and Petroleum Capital Holdings Ltd. (hereinafter, collectively – “Petrochemical Group”) a notification whereby the Petrochemical Group is exercising its right of first refusal in connection with sale of Bazan shares that is the subject of the sale agreement and all other rights in accordance therewith – this being pursuant to the provisions of the control agreement dated June 5, 2009 (as amended from time to time) between the Corporation and the Petrochemical Group (“the Control Agreement”). After Petrochemical Group provided to the Corporation the documentation and endorsements regarding the receipt of Permit from the Israeli Prime Minister and the Israeli Minister of Finance, according to the Government Companies Order (Declaration of the State’s Vital Interests in Bazan), 5767-2007, on September 15, 2022 (hereinafter – “the Closing Date”), the transaction of the sale of the Shares to Petrochemical Group was completed by virtue of exercise of the right of first refusal, as stated above.

Sale of the Shares to Petrochemical Group was executed without representations of the Corporation regarding Bazan, and the Agreement contains provisions with respect to a mutual waiver of claims and demands of the parties towards each other, as well as towards Bazan (and any entity on their behalf respectively), including in connection with the Control Agreement and the relations between the parties as shareholders in Bazan.

The Shares were sold in exchange for a total amount of NIS 553,775 thousand (about \$161 million on the closing date), which reflects, as stated in the Original Report and in the Sale Agreement, a price per share of NIS 1.10, net of a dividend of NIS 0.0648 per share, that was paid by Bazan to its shareholders on May 15, 2022.

After completion of the sale, Bazan’s results were classified as discontinued operations, in accordance with the Accounting Standard IFRS 5 and it no longer constitutes an activity segment. ICL remains the sole activity segment and, accordingly, commencing from the date of sale of Bazan, the Corporation does not present a note on business segments.

In connection with the “call” options (hereinafter – “the Options”) for purchase of Bazan shares, which were granted to classified investors in November 2021, on February 9, 2023, it was agreed with the Purchasers regarding exercise of all the Options prior to the end of the exercise period. The adjusted exercise price of the options on the exercise date was NIS 1.02 per share, and taking into account the early exercise and the discount granted to the Purchasers, the exercise price of the options was NIS 0.97 per share, and in total in exchange for exercise of all of the options and acquisition of the exercise shares, the Purchasers paid the Corporation an aggregate amount of NIS 227 million (equal to about \$65 million on February 8, 2023). On February 13, 2023, the sale was completed and the consideration was received by the Corporation, and commencing from this date the Corporation no longer holds any shares of Bazan.

On February 9, 2023, the Corporation’s Board of Directors announced that it intends to consider adopting a plan for self-acquisition (repurchase) of shares of the Corporation in 2023, in the scope of about half of the amount of the proceeds the Corporation received in respect of sale of the exercise shares, as stated above. On November 16, 2023, the Corporation’s Board of Directors approved the said acquisition plan – for additional details see Note 20 below.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 7 – Discontinued Operations (Cont.)

B. Results of discontinued operations

In light of that stated in Section A above regarding sale of 16.687% of the shares of Bazan, the data in the consolidated statement of income for 2022 and 2021 was restated in such a manner the presents the results of the operations of Bazan that were realized as discontinued operations, separately from the continuing operations.

Set forth below are the results that relate to the discontinued operations that were included in the consolidated and separate-company statements of income:

	<u>2022</u>	<u>2021</u>
	<u>\$ millions</u>	
Share in income of investee company accounted for using the equity method of accounting	64	74
Impairment of value of investee company accounted for using the equity method of accounting	(36)	(262)
Capital gains and other	<u>22</u>	<u>7</u>
Income (loss) from discontinued operations	<u>50</u>	<u>(181)</u>

The cash flows included in the consolidated and separate-company statements of cash flows include cash flows in respect of discontinued operations for 2022 and 2021:

Net cash provided by investing activities	<u>165</u>	<u>85</u>
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The earnings (loss) per share from continuing and discontinued operations attributable to the Corporation's shareholders (in dollars):

Basic earnings per share from continuing operations	<u>118.40</u>	<u>35.27</u>
Diluted earnings per share from continuing operations	<u>118.37</u>	<u>35.26</u>
Basic earnings (loss) per share from discontinued operations	<u>6.56</u>	<u>(23.73)</u>
Diluted earnings (loss) per share from discontinued operations	<u>6.55</u>	<u>(23.73)</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 8 – Investments in Subsidiaries, Business Combinations and Transactions with Non-Controlling Interests

A. Acquisition and sale of activities in ICL

- (1) In February 2024, ICL completed the acquisition of Nitro 1000, a manufacturer, developer and provider of biological crop inputs in Brazil, for a consideration of \$30 million. Nitro 1000's products mainly target soybean, corn and sugar cane crops, and their application replaces or optimizes the use of fertilizers. These products help farmers increase profitability, as well as offer more sustainable options.
- (2) Further to the acquisition of Nobian's holding in Sal Vesta (51%) in 2021, which was part of the partnership termination agreement between ICL and Nobian, in the first quarter of 2023 100% of the Company's shares in Sal Vesta were sold to Salins Group for a consideration of \$13 million. As part of the transaction, ICL engaged in a long-term take-or-pay supply agreement for all the vacuum salt produced at ICL Iberia.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 8 – Investments in Subsidiaries, Business Combinations and Transactions with Non-Controlling Interests (Cont.)

B. Non-controlling interests in subsidiaries

The following tables summarize information regarding a Group subsidiary, including adjustments to fair value made on the acquisition date, except for goodwill, in which there are non-controlling interests that are significant to the Group (before elimination of intercompany transactions):

	ICL Ltd.	
	As at December 31	
	2023	2022
	\$ millions	
	Israel	
Country of incorporation		
Rate of holdings	43.97%	43.98%
Rate of non-controlling interests	56.03%	56.02%
Current assets	4,034	4,548
Non-current assets	7,634	7,247
Current liabilities	(2,638)	(2,606)
Non-current liabilities	(2,960)	(3,440)
Total net assets	<u>6,070</u>	<u>5,749</u>
Book value of non-controlling interests	<u>3,569</u>	<u>3,396</u>

	For the year ended		
	2023	2022	2021
	\$ millions		
Revenues	<u>7,536</u>	<u>10,015</u>	<u>6,955</u>
Income for the year	687	2,219	832
Other comprehensive income (loss)	<u>119</u>	<u>(89)</u>	<u>89</u>
Total comprehensive income	<u>806</u>	<u>2,130</u>	<u>921</u>
Income attributable to non-controlling interests	<u>402</u>	<u>1,261</u>	<u>474</u>
Cash flows provided by operating activities	1,595	2,025	1,065
Cash flows used in investing activities	(863)	(754)	(579)
Cash flows used in financing activities			
without dividends to non-controlling interests	(432)	(652)	(91)
Dividends paid to non-controlling interests	<u>(280)</u>	<u>(651)</u>	<u>(153)</u>
Total increase (decrease) in cash and cash equivalents	<u>20</u>	<u>(32)</u>	<u>242</u>

Israel Corporation Ltd.
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Note 8 – Investments in Subsidiaries, Business Combinations and Transactions with Non-Controlling Interests (Cont.)

C. Transactions with non-controlling interests

On March 9, 2022, the Corporation sold to institutional investors in Israel and abroad, 20,166,667 ordinary shares of NIS 1 par value of ICL, constituting about 1.567% of ICL's share capital listed for trading (as at the transaction date), for a price of NIS 36 (about \$10.9 as at the transaction date) per share, and for an aggregate consideration of NIS 726 million (about \$220 million as at the transaction date). As part of the transaction, the Corporation undertook to the brokers with which it contracted, not to transfer or sell additional shares of ICL it owns, during a period of 180 days from the completion date of the transaction, subject to customary exceptions determined or with the consent of the brokers. After completion of the transaction and as at the date of the report, the Corporation holds shares of ICL constituting about 44% of ICL's share capital listed for trading. Set forth below are the main impacts on the financial statements for 2022 as a result of the sale transaction.

The capital gain for tax purposes realized as a result of the transaction was offset in full against part of the balance of the Corporation's carryforward losses. Therefore, tax income was recorded in the statement of income for 2022, in the amount of about \$44 million, in respect of utilization of the said carryforward losses. The tax impact in respect of the difference between the cost of the shares in the Corporation's statements on the sale date and their cost basis for tax purposes was recorded as a tax expense, in the amount of about \$14 million, in the statement of income for 2022. Since the Corporation maintained its control over ICL, the difference between the consideration received and the cost of the shares in the Corporation's statements on the sale date net of tax, in the amount of about \$111 million, was recorded in 2022 directly to retained earnings and, in addition, the balance of the holders of non-controlling interests increased by about \$83 million.

Even though the Corporation holds less than half of the voting rights in ICL, Management reached the conclusion that the Corporation has effective control over ICL since the rest of the voting rights therein are widely dispersed among a large number of investors and there is no indication that the other shareholders will exercise their rights in a collective manner. In addition, there is a Special State Share in ICL, as stated in Section E. below.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 8 – Investments in Subsidiaries, Business Combinations and Transactions with Non-Controlling Interests (Cont.)

D. Non-controlling interests in subsidiaries (Cont.)

The following table summarizes information regarding non-controlling interests in a subsidiary of ICL, YPH JV, which are at the rate of 50%. The non-controlling interests are significant to ICL (before elimination of intercompany transactions). The information includes adjustments to the fair value that were made on the acquisition date, except for goodwill, without adjustments for the rates of ownership held by ICL.

	2023	2022
	\$ millions	
Current assets	278	267
Non-current assets	376	392
Current liabilities	(102)	(145)
Non-current liabilities	(43)	(48)
Equity	(509)	(466)

	For the year ended		
	2023	2022	2021
	\$ millions		
Revenues	546	723	528
Operating income	105	146	105
Depreciation and amortization	33	34	38
Operating income before depreciation and amortization	138	180	143
Net income	85	116	96
Comprehensive income	71	78	104

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 8 – Investments in Subsidiaries, Business Combinations and Transactions with Non-Controlling Interests (Cont.)

E. Restrictions

ICL

1. ICL and certain of its subsidiaries issued a “Special State Share”, which is held by the State of Israel, for purposes of protecting the State of Israel’s vital interests, and which grants to the State, among other things, special rights in making decisions as follows:
 - a. Sale or transfer of ICL assets that are imperative for the State, not in the ordinary course of business.
 - b. Voluntary liquidation or a change or reorganization of ICL’s organizational structure or a merger (except for mergers of companies controlled by ICL in which there is no impairment to the rights or powers of the State of Israel as the holder of the Special State Share).
 - c. Acquisition or holding of shares in ICL which represent 14% or more of the issued share capital of ICL.
 - d. Acquisition or holding of ICL shares constituting 25% or more of ICL’s issued share capital (including supplementing the holding to 25%) even if agreement had been received in the past regarding holdings of less than 25%.
 - e. Any rate of holdings in the shares of ICL that provides the holder the right, ability or practical possibility to appoint, directly or indirectly, a number of ICL directors constituting half or more of the member of ICL’s Board of Directors as are actually appointed.

During 2018, an inter-ministerial team was set up, headed by the Ministry of Finance, whose purpose is, among other things, to regulate the authority and supervision in respect of the Special State of Israel Share, as well as reduce the regulatory burden. In 2019, the work of this team was suspended until further notice is given due to dissolution of the Israeli Parliament (the Knesset) and lack of existence of a permanent government. ICL is unable to estimate if and when the team will return to activities and the consequences of this process will be to it, if any.

2. Regarding restrictions due to receipt of credit of ICL – see Note 14B2.
3. Regarding restrictions due to sale of customer receivables as part of a securitization transaction of ICL – see Note 14C.
4. Regarding liabilities secured by a lien of ICL – see Note 14F2.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 9 – Investments Measured at Fair Value through Other Comprehensive Income

On September 28, 2021, the Corporation signed an agreement (“the Investment Agreement”) for acquisition of shares of AKVA Group ASA (“AKVA”), a public company the shares of which are traded on the stock exchange in Oslo, Norway, which is engaged in provision of solutions and services in the area of marine agriculture, including technological marine agricultural solutions regarding on-land growing. On October 21, 2021, the transaction was completed, such that upon the completion thereof the Corporation holds about 18% of AKVA’s shares, in exchange for an aggregate investment amount of about 637 million Norwegian kroners (hereinafter – “NOK”), which is equivalent to about \$74 million, net of hedging transactions. Upon completion of the transaction, the Corporation designated the investment at fair value through other comprehensive income. As at December 31, 2023, and March 26, 2024, the balance of the investment in the shares of AKVA is about \$38 million (about NOK 383 million) and about \$41 million (about NOK 446 million), respectively.

In February 2023, the Corporation participated in a round of raising capital for Nordic Aqua Partners A/S (hereinafter – “NOAP”), a public company the shares of which are traded in Oslo, Norway, together with the shareholders of AKVA. The amount of the Corporation’s investment is about NOK 89 million (about \$9 million) out of a total of about NOK 300 million raised, which represents a rate of holdings of about 9%. Upon completion of the transaction, the Corporation designated the investment as at fair value through other comprehensive income. In December 2023, the Corporation participated in its share of an additional fundraising round, in the amount of NOK 9 million (about \$1 million) and maintained the rate of its of holdings in NOAP’s equity. As at December 31, 2023, and March 26, 2024, the balance of the investment in the shares of NOAP is about \$12 million (about NOK 124 million) and about \$18 million (about NOK 190 million), respectively.

Note 10 – Other Non-Current Assets

	As at December 31	
	2023	2022
	\$ millions	
Excess assets of defined benefit plan (1)	112	97
Non-current inventory	74	65
Long-term deposits	11	9
Receivables from sale of investments in investee companies accounted for using the equity method of accounting	9	22
Investments in investee companies accounted for using the equity method of accounting	2	3
Other	<u>30</u>	<u>17</u>
	<u>238</u>	<u>213</u>

(1) See Note 17.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 11 – Property, Plant and Equipment

A. Composition

	For the year ended December 31, 2023						
	Land and buildings	Technical equipment and machinery (3)	Dikes and evaporating ponds	Plants under construction (1)	Right-of-use asset (2)	Other	Total
	In millions of dollars						
<u>Cost</u>							
Balance at January 1, 2023	1,180	7,865	1,834	518	533	1,144	13,074
Additions	35	455	179	(3)	94	78	838
Deletions	(4)	(98)	–	(2)	(51)	(4)	(159)
Impact of exchange rate changes	<u>23</u>	<u>58</u>	<u>12</u>	<u>10</u>	<u>3</u>	<u>1</u>	<u>107</u>
Balance at December 31, 2023	<u>1,234</u>	<u>8,280</u>	<u>2,025</u>	<u>523</u>	<u>579</u>	<u>1,219</u>	<u>13,860</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	572	4,545	829	–	189	936	7,071
Depreciation	30	254	46	–	83	84	497
Deletions	(1)	(68)	–	–	(49)	(3)	(121)
Impact of exchange rate changes	<u>6</u>	<u>34</u>	<u>10</u>	<u>–</u>	<u>2</u>	<u>1</u>	<u>53</u>
Balance at December 31, 2023	<u>607</u>	<u>4,765</u>	<u>885</u>	<u>–</u>	<u>225</u>	<u>1,018</u>	<u>7,500</u>
Depreciated cost as at December 31, 2023	<u>627</u>	<u>3,515</u>	<u>1,140</u>	<u>523</u>	<u>354</u>	<u>201</u>	<u>6,360</u>

- (1) The additions are presented net of assets the construction of which was completed and, therefore, they were reclassified to other property, plant and equipment categories.
- (2) The additions were recorded against a lease liability (IFRS 16).
- (3) ICL conducted an evaluation of the expected remaining useful life of property, plant and equipment at its facilities in Israel. This evaluation was based on ICL's accumulated experience, ongoing maintenance practices and operational history of these facilities. The findings of this assessment, which was concluded in the third quarter, revealed that, due to the increasing adoption of new technologies and the implementation of operational excellence processes, the expected lifespan of certain property, plant, and equipment exceeded their previously estimated useful life. As a result, the estimated useful life of the said assets was extended by 2-5 years, effective from January 2023. The impact of this adjustment in 2023, is a reduction in depreciation expenses, of which \$16 million was reflected in operating results, and \$3 million was recorded as part of changes in inventory value.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 11 – Property, Plant and Equipment (Cont.)

A. Composition (Cont.)

	For the year ended December 31, 2022						Total
	Land and buildings	Technical equipment and machinery	Dikes and evaporating ponds	Plants under construction (1)	Right-of-use asset (2)	Other	
	In millions of dollars						
<u>Cost</u>							
Balance at January 1, 2022	1,201	7,664	1,465	664	518	1,073	12,585
Additions	30	358	388	(128)	64	77	789
Deletions	(15)	(27)	–	–	(27)	–	(69)
Impact of exchange rate changes	(36)	(130)	(19)	(18)	(22)	(6)	(231)
Balance at December 31, 2022	<u>1,180</u>	<u>7,865</u>	<u>1,834</u>	<u>518</u>	<u>533</u>	<u>1,144</u>	<u>13,074</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	558	4,410	797	–	147	881	6,793
Depreciation	39	243	47	–	74	59	462
Deletions	(7)	(25)	–	–	(27)	–	(59)
Impact of exchange rate changes	(18)	(83)	(15)	–	(5)	(4)	(125)
Balance at December 31, 2022	<u>572</u>	<u>4,545</u>	<u>829</u>	<u>–</u>	<u>189</u>	<u>936</u>	<u>7,071</u>
Depreciated cost as at December 31, 2022	<u>608</u>	<u>3,320</u>	<u>1,005</u>	<u>518</u>	<u>344</u>	<u>208</u>	<u>6,003</u>

- (1) The additions are presented net of assets the construction of which was completed and, therefore, they were reclassified to other property, plant and equipment categories.
- (2) The additions were recorded against a lease liability (IFRS 16).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 12 – Intangible Assets

A. Composition:

	2023							
	Goodwill	Concessions and mining rights	Trademarks	Technology/ patents	Customer contacts	Computer applications	Other	Total
	\$ millions							
Cost								
Balance at January 1, 2023	739	248	84	108	194	142	69	1,584
Additions	–	1	–	8	–	24	2	35
Deletions	–	–	–	–	–	(1)	–	(1)
exchange rates	<u>23</u>	<u>–</u>	<u>2</u>	<u>3</u>	<u>6</u>	<u>1</u>	<u>2</u>	<u>37</u>
Balance at December 31, 2023	<u>762</u>	<u>249</u>	<u>86</u>	<u>119</u>	<u>200</u>	<u>166</u>	<u>73</u>	<u>1,655</u>
Amortization and impairment losses								
Balance at January 1, 2023	51	110	34	61	144	82	57	539
Amortization for the year	–	7	2	5	12	12	5	43
Impact of changes in in exchange rates	<u>–</u>	<u>–</u>	<u>1</u>	<u>1</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>8</u>
Balance at December 31, 2023	<u>51</u>	<u>117</u>	<u>37</u>	<u>67</u>	<u>160</u>	<u>95</u>	<u>63</u>	<u>590</u>
Amortized balance at December 31, 2023	<u>711</u>	<u>132</u>	<u>49</u>	<u>52</u>	<u>40</u>	<u>71</u>	<u>10</u>	<u>1,065</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 12 – Intangible Assets (Cont.)

A. Composition: (Cont.)

	2022							
	<u>Goodwill</u>	<u>Concessions and mining rights</u>	<u>Trademarks</u>	<u>Technology/ patents</u>	<u>Customer contacts</u>	<u>Computer applications</u>	<u>Other</u>	<u>Total</u>
	\$ millions							
Cost								
Balance at								
January 1, 2022	735	253	88	97	203	124	70	1,570
Additions	—	2	—	9	—	20	2	33
Adjustments to PPA	5	—	—	6	(6)	—	—	5
Impact of changes in exchange rates	<u>(1)</u>	<u>(7)</u>	<u>(4)</u>	<u>(4)</u>	<u>(3)</u>	<u>(2)</u>	<u>(3)</u>	<u>(24)</u>
Balance at								
December 31, 2022	<u>739</u>	<u>248</u>	<u>84</u>	<u>108</u>	<u>194</u>	<u>142</u>	<u>69</u>	<u>1,584</u>
	-----	-----	----	-----	-----	-----	----	-----
Amortization and impairment losses								
Balance at								
January 1, 2022	52	104	34	59	131	74	55	509
Amortization for the year	—	7	2	5	15	9	3	41
Impact of changes in in exchange rates	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(2)</u>	<u>(1)</u>	<u>(1)</u>	<u>(11)</u>
Balance at								
December 31, 2022	<u>51</u>	<u>110</u>	<u>34</u>	<u>61</u>	<u>144</u>	<u>82</u>	<u>57</u>	<u>539</u>
	-----	-----	----	-----	-----	-----	-----	-----
Amortized balance at December 31, 2022	<u>688</u>	<u>138</u>	<u>50</u>	<u>47</u>	<u>50</u>	<u>60</u>	<u>12</u>	<u>1,045</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 12 – Intangible Assets (Cont.)

- B. The total carrying value in the books of intangible assets with a defined useful life and with an undefined useful life**

	As at December 31	
	2023	2022
	\$ millions	
Intangible assets with a defined useful life	322	325
Intangible assets with an undefined useful life	743	720
	<u>1,065</u>	<u>1,045</u>

Note 13 – Examination of Impairment in Value

Examination of Impairment of Intangible Assets having an Indefinite Life

Goodwill and intangible assets having an indefinite useful life are not amortized on a systematic basis but, rather, are examined at least once a year for impairment in value.

Israel Corporation has goodwill that was recognized in respect of investments that were made in the past in ICL. For purposes of examining impairment of the cash-generating unit that includes goodwill, this goodwill is allocated to ICL's operating segments. In addition, ICL itself has goodwill allocable to its operating segments.

The goodwill in ICL is not monitored for internal reporting purposes and, accordingly, it is allocated to ICL's operating segments. The examination of impairment of the carrying amount of the goodwill is made accordingly.

For impairment testing purposes, trademarks with an indefinite useful life were allocated to the cash-generating units that represent the lowest level in ICL.

In the third quarter of 2023, ICL conducted its annual impairment test of goodwill and did not identify any impairment. The recoverable amount of the operating segments was determined based on their value in use, which is based on an internal valuation of the discounted future cash flows generated from the continuing operations of the operating segments.

The future cash flow of each operating segment of ICL was based on the segment approved five-year plan, which includes segment estimations for revenues, operating income and other factors, such as working capital and capital expenditures. The segments' projections were based, among other things, on the assumed sales volume growth rates according to long-term expectations, internal selling prices and raw materials prices based on external data sources, when applicable and relevant.

The key assumptions used to calculate the operating segments' recoverable amounts are a nominal after-tax discount rate of 10.6% and a long-term growth rate of 2.6%, reflecting the industries and markets in which ICL is engaged.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 13 – Examination of Impairment in Value (Cont.)

Examination of Impairment of Intangible Assets having an Indefinite Life (Cont.)

The aggregate carrying amounts of intangible assets having an undefined useful life are as follows:

	As at December 31	
	2023	2022
	\$ millions	
<u>Goodwill</u>		
Phosphate Solutions	173	169
Industrial Products	91	90
Growing Solutions	306	288
Potash	125	125
Other	<u>16</u>	<u>16</u>
	711	688
	-----	-----
<u>Trademarks – ICL</u>	32	32
	<u>743</u>	<u>720</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 14 – Loans and Credit from Banks and Others

This Note provides information regarding the contractual conditions of the Group's interest-bearing loans and credit, which are measured based on amortized cost. Additional information regarding the Group's exposure to interest risks, foreign currency and liquidity risk is provided in Note 31, in connection with financial instruments.

A. Composition

	As at December 31	
	2023	2022
	\$ millions	
Current liabilities		
Short-term credit:		
Loans from financial institutions	<u>333</u>	<u>363</u>
Current maturities of long-term liabilities:		
Debentures	586	304
Loans from financial institutions	62	15
Lease liability	<u>72</u>	<u>68</u>
	<u>720</u>	<u>387</u>
Total current liabilities	<u>1,053</u>	<u>750</u>
Non-current liabilities		
Marketable debentures	1,932	2,312
Non-marketable debentures	191	191
Loans from financial institutions	833	820
Lease liability	<u>276</u>	<u>270</u>
Total other long-term liabilities	3,232	3,593
Less current maturities	<u>(720)</u>	<u>(387)</u>
Total non-current liabilities	<u>2,512</u>	<u>3,206</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

B. Restrictions on the Group in connection with receipt of credit

1. The Corporation and companies wholly owned and controlled by the Corporation (100%) (hereinafter – “the Headquarters Companies”)

Restrictions in connection with credit agreements with banks

Collaterals for the credit agreements

As part of the various credit agreements of the Corporation and the Headquarters Companies, in the amount of about \$150 million that were received from banks, and as part of agreements covering derivative transactions and credit facilities' agreements, the Corporation committed to provide certain collaterals. The collaterals may be given in cash and/or marketable shares as agreed to with the lenders. The balance of the collaterals is derived from the balance of the total credit, the value of the collaterals at that time, the scope of the trading in the shares and the number of shares traded and agreed-to coverage ratios. In the agreements a minimum ratio of the value of the collaterals to the total credit was determined, where this ratio derives from the price of an ICL share on the Tel-Aviv Stock Exchange and the shekel/dollar exchange rate, that is, the dollar price of an ICL share, and in some of the agreements there is a minimum share price.

In a case the price of an ICL share drops below \$1.97, the lenders in any of the relevant credit agreements and credit facilities agreements will be permitted to call the credit for immediate repayment (as at the date of the report, the price of an ICL share was \$5.01 and on March 26, 2024 it was \$5.28). A condition, as stated, with reference to ICL shares was included in the agreements in the amount of about \$250 million.

In certain loan agreements and credit facilities agreements, minimum ratios were provided between the value of the collaterals in accordance with the stock market price that the Corporation provides as collateral for that loan in the range of 140%–250%. In addition, the possibility exists to add collaterals for purposes of compliance with the minimum ratios.

The Corporation has the right to adjust the value of the collaterals by adding collaterals or exchanging them, as well as a right to make early repayment of the credit in accordance with the conditions provided in the relevant financing agreement.

For details regarding cash and shares of ICL that have been deposited as collateral – see Section F1 below.

As part of one of the agreements that includes credit and a credit facility, a limitation was determined with respect to the rate of ICL shares that will be deposited as security for fulfillment of all the credit taken by the Corporation and the Headquarters Companies out of the total issued shares of ICL at the rate of 23.5% from the international banks and 26.5% from the international and Israeli banks. The balance of the loan as at December 31, 2023 is \$50 million. For further details – see Section E1(b)(1) below.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

B. Restrictions on the Group in connection with receipt of credit (Cont.)

1. The Corporation and companies wholly owned and controlled by the Corporation (100%) (hereinafter – “the Headquarters Companies”) (Cont.)

Restrictions in connection with credit agreements with banks (Cont.)

Other terms

As part of the loan agreements covering loans taken out by the Corporation and the Headquarters Companies, grounds were included that are customary in credit agreements, such as obligations of the Corporation and the Headquarters Companies for continued control of the Corporation by the present controlling shareholders and continued control by the Corporation of ICL, delinquency in repayment of the loan, non-payment of debts to creditors on time above a certain cumulative amount, appointment of a liquidator or receiver for the Corporation and/or the Headquarters Companies, insolvency of the Corporation and/or the Headquarters Companies or ICL, a cross default mechanism upon the existence of certain conditions, a significant adverse change in certain conditions, suspension of trading of ICL's shares and imposition of a foreclosure on part of the assets of the Corporation and/or the Headquarters Companies, upon the existence of which, subject to the terms of the agreement, the provider of the credit is permitted to demand immediate early repayment of the loan.

Restrictions relating to the debentures

- a. On March 19, 2018, an amendment (hereinafter – “the Amendment”) to the trust certificates was approved by the General Meeting of the holders of the debentures (Series 10) and debentures (Series 11) for each series separately regarding certain conditions for distribution of dividends. As part of the Amendment, the interest rate for each series was updated by 0.2% on the outstanding principal on the date of entry into effect of the Amendment and up to full repayment of the outstanding principal balance of the debentures and a one-time commission at the rate of 0.25% of the par value of the outstanding principal balance on the date of entry into effect of the Amendment.
- b. On November 11, 2019, as part of update of the Corporation's business strategy, as stated in Note 1, the General Meeting of the holders of the Corporations' debentures (Series 10, 11, 12 and 13) approved an amendment to the terms of the outstanding trust certificates (hereinafter – “the Amendment”) in such a manner that includes, among other things, provisions regarding:
 1. Update of the restrictions relating to investments in new companies permitting a cumulative investment of up to \$500 million on a net basis, as defined in the Amendment, however not more than \$250 million in the 12-month period from the date of the Amendment.
 2. A commitment not to place a lien on more than 436 million shares of ICL under certain conditions, where commencing from the date of the Amendment and during five years the amount of the ICL shares covered by this commitment will increase proportionately in every 12 months by 12.8 million shares up to 500 million shares after the passage of five years from the date of the Amendment.
 3. In addition, the interest rates for each series were updated by 0.25% on the amount of the unpaid principal on the date of entry of the Amendment into effect, from the date of the Amendment and up to full repayment of the balance of the unpaid principal of the debentures.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

B. Restrictions on the Group in connection with receipt of credit (Cont.)

1. The Corporation and companies wholly owned and controlled by the Corporation (100%) (hereinafter – “the Headquarters Companies”) (Cont.)

Restrictions relating to the debentures (Cont.)

- c. Set forth below are the highlights of the limitations in connection with the debentures after the Amendments, as stated above:

The debentures (Series 11) are unsecured and include standard terms and conditions and events of default as are customary in a case of insolvency, as well as a mechanism for adjusting the interest rate in the event of a decrease of the rating of the debentures (the interest rate will be increased by 0.25% per decrease in the rating of the debentures by one rating level, starting from a rating of ilA+ and reaching a maximum cumulative interest rate addition of 1% upon reaching a rating of ilBBB), a commitment not to record a lien on more than 436 million shares of ICL under certain conditions, where the number of ICL shares covered by this commitment will increase proportionately every year up to 500 million shares during a period of five years from the date of the Amendment, financial covenants, conditions for distribution of dividends, a commitment not to make additional investments in a cumulative amount of more than \$500 million on a net basis, but not more than a cumulative amount of more than \$250 million in a period of 12 months from the date of the Amendment, and additional conditions as appearing in the trust certificates. As a result of rating reduction in 2016, as detailed in Section D1(d), and amendments of the trust certificates in 2018 and 2019 as stated above, there were changes in the interest rate on the debentures.

In February 2023, the Corporation, on its own initiative, made early repayment of the balance of the debentures (Series 10). For additional details – see Section D1(a) below.

In July 2023, S&P Maalot announced an increase in the rating of the Corporation and of its outstanding series of debentures from ilA/stable with a stable rating outlook to ilA+/stable with a stable rating outlook. As a result of the said increase, the interest rate on the Corporation's outstanding debentures (Series 11) was updated in accordance with the terms of the trust indenture such that an increase in the rating will trigger a decrease in the annual interest rate of the debentures (Series 11) of 0.25% on the principal balance of the debentures (Series 11) commencing from the beginning of the next interest period, on December 1, 2023. The updated annual interest rate (after reduction of the interest rate as stated above) borne by the principal of the debentures (Series 11) is 5.45%.

The updated interest rate of the debentures (Series 11) will remain in effect up to the full repayment of the balance of the unpaid principal of the debentures (Series 11) or up to the first interest period after the change of the rating of the debentures (Series 11) based on the terms of the trust indenture of the debentures (Series 11).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

B. Restrictions on the Group in connection with receipt of credit (Cont.)

1. The Corporation and companies wholly owned and controlled by the Corporation (100%) (hereinafter – “the Headquarters Companies”) (Cont.)

Restrictions relating to the debentures (Cont.)

c. (Cont.)

The debentures (Series 12) and debentures (Series 13) are unsecured and include standard terms and conditions and events of default as are customary in a case of insolvency, as well as a mechanism for adjusting the interest rate in the event of a decrease of the rating of the debentures (the interest rate will be increased by 0.25% per decrease in the rating of the debentures by one rating level, starting from a rating of ilA and reaching a maximum cumulative interest rate addition of 1.75% (hereinafter – “the Maximum Cumulative Rate”)), a one-time adjustment of the interest rate equal to 0.25% in a case where the shareholders’ equity drops below \$400 million (as part of the Maximum Cumulative Rate), a commitment not to record a lien on more than 436 million shares of ICL and on more than 898 million shares of Bazan under certain conditions, where the number of ICL shares covered by this commitment will increase proportionately every year up to 500 million shares during a period of five years from the date of the Amendment, financial covenants, conditions for distribution of dividends, a commitment not to make additional investments in a cumulative amount of more than \$500 million on a net basis, but not more than a cumulative amount of more than \$250 million in a period of 12 months from the date of the Amendment, and additional conditions as appearing in the trust certificates. As a result of amendment of the trust certificates as noted above, there was a change in the interest rates of the debentures.

The debentures (Series 14) and (Series 15) are unsecured and include standard terms and conditions and events of default as are customary in a case of insolvency, as well as a mechanism for adjusting the interest rate in the event of a decrease of the rating of the debentures (the interest rate will be increased by 0.25% per decrease in the rating of the debentures by one rating level, starting from a rating of ilA and reaching a maximum cumulative interest rate addition of 1.75% upon reaching a rating of ilBBB– (hereinafter – “the Maximum Cumulative Rate”)), a one-time adjustment of the interest rate equal to 0.25% in a case where the shareholders’ equity drops below \$600 million (as part of the Maximum Cumulative Rate), a commitment not to record a lien on more than 500 million shares of ICL and on more than 898 million shares of Bazan under certain conditions, financial covenants, conditions for distribution of dividends, and additional conditions as appearing in the trust certificates.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

B. Restrictions on the Group in connection with receipt of credit (Cont.)

- 1. The Corporation and companies wholly owned and controlled by the Corporation (100%) (hereinafter – “the Headquarters Companies”) (Cont.)**

Restrictions relating to the debentures (Cont.)

- c. Set forth below are the highlights of the limitations in connection with the debentures after the Amendment, as stated above: (Cont.)

Set forth below are the financial covenants applicable to the debentures (Series 11, 12 and 13):

The Corporation’s minimum shareholders’ equity shall not drop below \$360 million.

The ratio of the Corporation’s shareholders’ equity to its total assets in accordance with its separate-company (solo) statement of financial position less solo liquid assets (cash and short-term deposits) plus the net financial liabilities of the headquarters companies shall not drop below 20%.

Set forth below are the financial covenants applicable to the debentures (Series 14 and 15):

The Corporation’s minimum shareholders’ equity shall not drop below \$500 million.

The ratio of the Corporation’s shareholders’ equity to its total assets in accordance with its separate-company (solo) statement of financial position less solo liquid assets (cash and short-term deposits) plus the net financial liabilities of the headquarters companies shall not drop below 25%.

As at December 31, 2023, the Corporation’s shareholders’ equity was \$2,776 million and the ratio of the shareholders’ equity to the Corporation’s total assets, based on the solo (separate company) financial statements less solo liquid assets (cash and short-term deposits) plus net financial liabilities of the Headquarters Companies, was 102%. As at December 31, 2023, the Corporation was in compliance with the existing financial covenants.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

B. Restrictions on the Group in connection with receipt of credit (Cont.)

2. ICL

As part of the loan agreements ICL has signed, various restrictions apply including sustainability performance targets and financial covenants, a cross-default mechanism and a negative pledge.

Set forth below is information regarding the financial covenants applicable to ICL as part of the loan agreements and the compliance therewith. For ICL's sustainability performance targets see section D1 as follows:

Financial Covenants (1)	Financial Ratio Required under the Agreement	Financial Ratio as at December 31, 2023
Equity attributable to the shareholders of ICL	Shareholders' equity greater than \$2,000 million	\$5,768 million
The ratio of the EBITDA to the net interest expenses	Equal to or greater than 3.5	15.59
Ratio of the net financial debt to the EBITDA (1)	Less than 3.5	1.12
Ratio of the loans of certain subsidiaries of ICL to the total consolidated assets of ICL	Less than 10%	2.69%

(1) Examination of compliance with the above financial covenants is based on the data from ICL's consolidated financial statements. As at December 31, 2023, ICL was in compliance with the financial covenants.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

C. Sale of receivables as part of a securitization transaction

In September 2020, ICL and certain of its subsidiaries (hereinafter – the Subsidiaries) signed a series of agreements regarding a securitization transaction with three international banks (hereinafter – the Lending Banks) for the sale of their trade receivables to a special company which was established specifically for this purpose (hereinafter – the Acquiring Company).

The new securitization agreements were signed with a committed amount of \$300 million and an additional uncommitted amount of \$100 million, maturing in September 2025 (hereinafter – the Agreements). These Agreements replace the prior securitization agreements, which expired in September 2020. The structure and terms of the Agreements are very similar to the prior securitization agreement.

ICL's policy is to utilize the securitization limit based on its cash flow needs, alternative financing sources and market conditions. According to the Agreements, ICL undertook to comply with a financial covenant according to which the ratio of net debt to EBITDA will not exceed 4.75. If ICL does not meet this ratio, the Acquiring Company can discontinue acquiring new trade receivables (without affecting existing acquisitions). As at the date of the report, ICL was in compliance with the above financial covenant.

The Acquiring Company finances acquisition of the debts through a loan received from a financial institution that is not affiliated with ICL.

The period during which the Subsidiaries of ICL are entitled to sell their trade receivables to the Acquiring Company is five years from the closing date of the transaction, with both parties having the option, at the end of each year, to notify of cancellation of the transaction. Once ICL has transferred its trade receivables, it no longer has the right to sell them to another party. The selling price of the trade receivables is the amount of the debt sold, less the calculated interest cost based on the expected period between the sale date of the customer debt and its repayment date. Upon acquisition of the debt, the Acquiring Company pays part of the debt price in cash and the remainder in a subordinated note, which is paid after collection of the debt sold. The rate of the cash consideration varies depending on the composition and behavior of the customer portfolio. The Subsidiaries of ICL continue to handle the collection of the trade receivables included in the securitization transaction, on behalf of the Acquiring Company.

In addition, the Agreements set several conditions regarding the quality of the customer portfolios, which give the Lending Banks the option of terminating the undertaking or excluding some of the Subsidiaries whose customer portfolios do not meet the conditions provided in the Agreements.

The trade receivables are presented in full in ICL's statements of financial position and the receipts received from the Acquiring Company are presented as a financial liability under short-term credit. As at December 31, 2023, utilization of the securitization facility within this framework amounted to \$182 million (December 31, 2022 – \$233 million).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

D. Details regarding significant loans and debentures

Borrower	Type of instrument	Date loan taken out/ recycled	Principal in original currency (in millions)	Linkage basis	Book value at December 31 2023 (\$ millions)	Interest rate	Principal repayment date	Additional information
Israel Corporation	Debentures (Series 10)	2016	675	NIS	–	4.55%	6 unequal payments starting from 3/31/2019: the 1 st and 2 nd –10%, the 3 rd –15%, the 4 th and 5 th – 20%, and the 6 th payment 25% of the principal. In 2/2023 full and final early repayment was made.	See Section D1(a) and (d) below and Note 14B
	Debentures (Series 11)	2016 2017	511 790	Dollar	84	5.45%		
	Debentures (Series 12)	2018	554	NIS	84	3.6%	6 unequal payments, starting from September 30, 2021:	See Section D1(c) below and Note 14B
	Debentures (Series 13)	2018	287	Dollar	45	5.85%	the 1 st – 10%, the 2 nd , 3 rd , 4 th and 5 th – 17.5%, and the 6 th payment 20% of the principal	See Section D1(c) below and Note 14B
	Debentures (Series 14)	2019 2020 2020	750 345 350	NIS NIS NIS	319	2.2%	7 unequal payments, starting from June 30, 2022: the 1 st and 2 nd –10%, the 3 rd – 5%, the 4 th and 5 th – 15% and the 6 th and 7 th payment 22.5% of the principal	See Section D1(b) below and Note 14B
	Debentures (Series 15)	2021	750	NIS	207	2.74%	6 unequal payments, starting from July 31, 2025: the 1 st and 2 nd – 10%, the 3 rd and 4 th – 15% and the 5 th and 6 th – payment 25% of the principal	See Note 14B

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

D. Details regarding significant loans and debentures (Cont.)

Borrower	Type of instrument	Date loan taken out/ recycled	Principal in original currency (in millions)	Currency	Book value at December 31 2023 (\$ millions)	Interest rate	Principal repayment date	Additional information
ICL	Debentures (Series F)	May 2018, December 2020	693	US Dollar	714	6.38%	May 2038	Section D2(b–c)
	Debentures (Series E)	April 2016	1,569	NIS	108	2.45%	2021–2024 (annual payments)	Partly repaid Section D2(a, c)
	Debentures (private offering) 3 series	January 2014	275	US Dollar	145 46	5.16% 5.31%	January 2024 January 2026	Section D2(b, c, e)
	Debentures (Series G)	January / May 2020	766	NIS	198	2.4%	2022–2034 (annual payments)	Section D2(a, c)
	Debentures (Series D)	December 2014	184	US Dollar	184	4.5%	December 2024	Section D2 (b–c)
	Loan for sustainability (SLL)	September 2021	250	Euro	276	0.8%	September 2026	Section D2(d)
	Loans from European banks	September 2021	25	Euro	28	0.95%	June 2025	
	Loan from Israeli institutions	November 2013	300	NIS	29	4.74%	2015–2024 (annual payments)	Partly repaid

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

D. Details regarding significant loans and debentures (Cont.)

1. The Corporation

- A. On February 19, 2023, the Corporation made full and final early repayment of the debentures (Series 10) – this being in accordance with the terms stipulated in the trust indenture. On the early repayment date, the Corporation paid the amount of about \$86 million, which constitutes the liability value of the series on the repayment date. In May 2023, the Company repaid the amount of \$67 million in respect of the debentures (Series 11) in accordance with the repayment schedule.
- B. Debentures (Series 14) – in June 2023, the Corporation paid the amount of about \$40 million (less hedging transactions).
- C. Debentures (Series 12) and (Series 13) – in October 2023, the Corporation paid the amount of about \$42 million (less hedging transactions). Payment of the current maturities of the debentures (Series 12) and (Series 13) was postponed based on the trust indenture from September 30, 2023 to October 1, 2023 since the contractual payment date was not a business day.
- D. On July 4, 2023, S&P Maalot announced a rating increase to ilA+ due to an improvement of the financial ratios, with a stable rating outlook. As a result of the said increase, and in accordance with the terms of the trust indenture of the debentures (Series 11) the annual interest rate of the principal balance of the said debentures was updated and reduced by the rate of 0.25% (in 2016 as a result of a rating decrease the annual interest rate increased by 0.25%). On July 18, 2022, S&P Maalot gave notice of reconfirmation of a rating of ilA/stable, with a stable rating outlook.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

D. Details regarding significant loans and debentures (Cont.)

2. ICL

- A. In March 2023, ICL repaid, as scheduled, NIS 392 million (approx. \$108 million) of debentures (Series E) in accordance with the terms of the debentures. In December 2022, ICL repaid NIS 15 million (approx. \$4 million) of debentures (Series G), as scheduled.
- B. In June 2023, Fitch Ratings reaffirmed the Company's long-term issuer default rating and senior unsecured rating at 'BBB-'. The outlook on the long-term issuer default rating is stable.
- C. In July 2023, S&P credit rating reaffirmed the Company's international credit rating and senior unsecured rating of 'BBB-'. In addition, the S&P Maalot credit rating agency reaffirmed the Company's credit rating of 'ilAA' with a stable rating outlook.
- D. The loan includes three sustainability performance targets: (1) an annual 4% to 5% reduction in direct and indirect Scope 1 and Scope 2 CO₂ emissions resulting from ICL global operations.(2) Through 2025, ICL is committed to adding a significant number of Tfs (Together for Sustainability) qualified vendors each year who meet criteria of management, environment, health and safety, labor and human rights, ethics, and governance and (3) for female to hold at least 25% of senior management roles, by the end of 2024. As of December 31, 2023, ICL is in compliance with the relevant sustainability performance targets.
- E. In January 2024, ICL repaid \$145 million in respect of a private placement Bond, as scheduled.
- F. As at December 31, 2023, ICL was in compliance with all of the financial covenants detailed in its financing agreements. See Section B2 above.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

E. Credit facilities

1. The Corporation

A. As at the date of the report, the Corporation has credit frame facilities, for periods of one to three years, in the aggregate scope of up to \$360 million (of which \$160 million is short term) that have not been used. The non-utilization commission is in the range of 0.4%–1%. The Corporation has committed to provide collaterals in the form of marketable shares of ICL in order to withdraw the credit frameworks. Regarding liens and restriction – see Section B.1 above. During the period of the report, the Corporation increased the amount of the credit facilities by the amount of \$75 million for a period of between one year and three years from the signing date and extended existing credit facilities, in the amount of \$125 million, for period of three additional years from the signing date. Subsequent to the date of the report, in March 2024, the period of a credit facility agreement, in the amount of \$50 million, was extended for an additional year from the signing date.

B. Details regarding significant credit facilities:

1. The Corporation has a credit facility in the amount of \$50 million that may be extended up to February 12, 2025, subject to the conditions provided in the agreement. Utilization of the facility is subject to a price of an ICL share above \$3.2 per share.
2. A credit facility, in the amount of \$100 million. The period of the credit facility is up to July 20, 2026. Utilization of the facility is subject to a price of an ICL share above \$3.4 per share.
3. The Corporation has a credit facility in the amount of \$60 million. The credit facility may be used in full at the price of an ICL share above \$3.25 per share. On May 26, 2022, the period of the credit facility and the utilization period of the balance of the facility were extended up to October 25, 2024. In January 2024, the period of the credit facility and the utilization period of the balance of the facility were extended up to January 4, 2027.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

E. Credit facilities (Cont.)

2. ICL

Lender	Group of eleven international banks (1)	European bank
Date of the credit facility	April 2023	December 2016
Date of credit facility termination	April 2028	May 2024
Amount of the credit facility	\$1,550 million (1)	\$30 million
Credit facility has been utilized	€340 million	\$30 million
Interest rate	Up to 33% use of the credit: SOFR/Euribor + 0.80%. From 33% to 66% use of the credit: SOFR/Euribor + 0.90% 66% or more use of the credit: SOFR/Euribor + 1.05%	SOFR + 1.06%
Loan currency type	U.S dollar loans and euro loans	U.S dollar loans
Pledges and restrictions	See Section B2 regarding “Financial Covenants”, a cross default mechanism and a negative pledge (2)	See Section B2 regarding “Financial Covenants”, and a negative pledge
Non-utilization fee	0.245%	—

- (1) 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. The Sustainability-Linked RCF replaced a previous revolving credit facility that was entered into in 2015, as amended and extended in 2018, and which was due to expire in 2025.
- (2) In line with ICL’s strategic commitment to sustainability, the Sustainability-Linked RCF follows ICL’s initial Sustainability-Linked Term Loan dated September 2021. The Sustainability-Linked RCF includes three Key Performance Indicators (KPIs) which have been designed to align with ICL’s sustainability goals: a reduction in Absolute Scope 1 & 2 GHG Emissions; an increase in the percentage of female representation among senior ICL management; and an increase in the number of valid TfS (Together for Sustainability initiative) scorecards obtained for ICL Group suppliers. Each of these goals will be assessed regularly during the term of the Sustainability-Linked RCF through third-party verification of ICL’s performance in these areas.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 14 – Loans and Credit from Banks and Others (Cont.)

F. Liabilities secured by liens and restrictions imposed in connection with liabilities

1. The Corporation and companies wholly owned and controlled by the Corporation (100%) (hereinafter – “the Headquarters Companies”)

- a. As at December 31, 2023, as for collateral for loans in the amount of about \$150 million (as at December 31, 2022 – about \$150 million), the Corporation and the Headquarters Companies have placed liens on shares of ICL at the rate of about 5.7% of ICL’s share capital (in favor of international banks) (as at December 31, 2022 – about 5.7% of ICL’s shares (in favor of international banks)), and have placed a lien on cash of about \$8 million (as at December 31, 2022 – about \$8 million) as collateral.

As at December 31, 2023, in accordance with the cash collaterals and shares deposited in banks, the closest/highest price of an ICL share according to which additional collaterals will be required is \$3.8 (as at March 26, 2024 – \$3.8), the price of an ICL share as at December 31, 2023 was \$5.01 and (as at March 26, 2024 – \$5.28).

As at December 31, 2022, in accordance with the cash collaterals and shares deposited in banks, the closest/highest price of an ICL share according with which additional collaterals will be required is \$3.8 (The price of an ICL share on December 31, 2022 was \$7.23).

- b. Regarding addition of collaterals in loans agreements – see Section B(1) above.
- c. Set forth in the following table is data regarding the liabilities secured by liens:

	Balance of loan principal on Dec. 31, 2023 (\$ millions)	Balance of loan principal on Dec. 31, 2022 (\$ millions)	Collaterals in shares Dec. 31, 2023*** (millions of shares)	Collaterals in shares Dec. 31, 2022*** (millions of shares)	Collaterals in cash Dec. 31, 2023 (\$ millions)	Collaterals in cash Dec. 31, 2022 (\$ millions)
Loans from banks*	150	150	72.9 ICL shares	72.9 ICL shares	8	8
Derivative transactions**	27	10	–	–	–	–
Total	177	160	72.9 ICL shares	72.9 ICL shares	8	8

* The Corporation and the Headquarters Companies have loans to which the Corporation is a party with a number of financial institutions and the detail in respect thereof is shown in these lines in the table on a cumulative basis. The balance constitutes the cumulative amount of the balance of the principal.

** The Corporation has derivative transactions to which the Corporation is a party with a number of financial institutions and the detail in respect thereof is shown in these lines in the table on a cumulative basis. The balance constitutes the balance of the liabilities of the derivative transactions measured based on their fair values.

*** Lien by the Corporation and the Headquarters Companies.

Subsequent to the date of the report, cash was deposited, in the amount of about \$1 million, as security for the derivative transactions.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 14 – Loans and Credit from Banks and Others (Cont.)

F. Liabilities secured by liens and restrictions imposed in connection with liabilities (Cont.)

2. ICL

In respect of loans and credit received by ICL from banks outside of Israel, ICL has undertaken various obligations, including a negative pledge, whereby it has undertaken to banks, among other things, to restrict guarantees and indemnities to third parties (other than guarantees in respect of subsidiaries) up to an agreed amount for \$550 million. ICL has also undertaken to grant loans only to subsidiaries and to associated companies in which it holds at least 25% of the voting rights. ICL has also undertaken not to grant any credit, other than in the ordinary course of business, and not to register any charges, including rights of lien, except those defined in the agreement as “liens permitted to be registered” on its present and future assets and income. For additional details regarding financial covenants in respect of the said loans – see Section B2 above.

G. Movement in liabilities deriving from financing activities

	December 31, 2023		December 31, 2022	
	Short-term credit, debentures and long-term credit*	Financial derivatives	Short-term credit, debentures and long-term credit*	Financial derivatives
	\$ millions			
Liability (asset) as at January 1	<u>3,980</u>	<u>(13)</u>	<u>4,638</u>	<u>(190)</u>
Receipt of long-term loans and debentures	633	–	1,095	–
Repayment of long-term loans and debentures	(1,067)	–	(1,585)	–
Repayment of short-term loans, net of receipts	(25)	–	(21)	–
Receipts from (payments for) transactions in derivatives for hedging purposes, net	–	(8)	–	21
Interest paid	<u>(171)</u>	<u>–</u>	<u>(163)</u>	<u>–</u>
Net cash used in financing activities	<u>(630)</u>	<u>(8)</u>	<u>(674)</u>	<u>21</u>
Changes due to non-cash activities:				
Initial recognition of lease liabilities	94	–	64	–
Impact of changes in the foreign currency exchange rates	(6)	–	(212)	–
Interest expenses	205	–	202	–
Changes in the fair value of derivative instruments	–	51	–	150
Other changes	<u>(60)</u>	<u>–</u>	<u>(38)</u>	<u>6</u>
Liability (asset) as at December 31	<u>3,583</u>	<u>30</u>	<u>3,980</u>	<u>(13)</u>

* Includes interest payable.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 15 – Other Current Liabilities, including Derivative Instruments

	As at December 31	
	2023	2022
	\$ millions	
Derivative instruments (1)	15	70
Government agencies – mainly for royalties (2)	88	168
Employees (3)	311	370
Accrued expenses	97	109
Deferred income	17	41
Income tax payable	180	187
Other	<u>104</u>	<u>113</u>
	<u>812</u>	<u>1,058</u>

(1) See mainly Note 31A.

(2) See mainly Note 18D.

(3) Includes post-employment liabilities to employees, in the amount of \$22 million and \$26 million as at December 31, 2023 and December 31, 2022, respectively. See Note 17.

Note 16 – Provisions

Composition of provisions and movement therein

	Site restoration, and equipment dismantling	Legal claims	Other	Total
	\$ millions			
Balance at January 1, 2023	228	45	42	315
Provisions recorded during the year	13	3	9	25
Provisions cancelled during the year	–	(3)	(10)	(13)
Payments made during the year	(20)	(1)	(1)	(22)
Translation differences	<u>3</u>	<u>1</u>	<u>–</u>	<u>4</u>
Balance at December 31, 2023	<u>224</u>	<u>45</u>	<u>40</u>	<u>309</u>

Main items under “Site restoration and equipment dismantling”:

- A. Spain – In 2018, a restoration plan was approved for the Suria and Sallent sites, which included a plan for handling the salt piles and dismantling of facilities. The restoration plan for the Suria site is scheduled to extend until 2095, and for the Sallent site up to 2072. Estimation of the projected costs for the closure and restoration of the Sallent site – the main portion of the estimated costs for closure and restoration is attributed to restoration of the salt pile. ICL is treating the salt pile, by both utilizing the salt for production and sale for, among others, de-icing purposes, and by processing the material and removing it to the sea via a Collector. As of December 31, 2023, the total provision for the closure and restoration of the Sallent site amounts to \$74 million. The estimation is based on a long-term forecast, covering a period of more than 49 years, along with observed estimates and, therefore, the actual costs that may be required to restore the Sallent site may differ, even substantially, from the current provision. In ICL’s estimation, the provision in its books reflects the best estimate of the expense required to settle this obligation.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 16 – Provisions (Cont.)

(1) Main plans for mine restoration and waste removal: (Cont.)

- B. Rotem Israel – as at December 31, 2023, according to ICL's estimation, the provision for the restoration of the mining sites and waste repositories for Rotem Israel's operations, amounted to \$76 million. The provision is measured based on the present value of the cash flows, which relies on ICL's estimation of the future expense required for the restoration of the mining sites. The actual costs that may be required may differ, even substantially, from the current provision, as a result of the inherent complexity of such estimation, ICL's future decisions regarding the facilities and regulatory requirements.
- C. Bromine Israel (Neot Hovav) – pursuant to the Ministry of Environmental Protection, ICL is required to treat both solid waste of past periods which is stored in a designated defined area on the site's premises, and currently-produced waste created during the ongoing production processes in the plant. Waste treatment is partly conducted through a hydro-bromine acid recovering facility (BRU), operated by ICL. Part of the waste is sent for external designated treatment. As of December 31, 2023, the provision for prior periods waste treatment amounted to about \$24 million. In ICL's estimation, based on the information currently available to it, the provision included in its financial statements covers the estimated cost for treating waste from prior periods.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 17 – Employee Benefits

A. Composition

	As at December 31	
	2023	2022
	\$ millions	
Fair value of defined-benefit plan assets	453	432
Severance benefits	(66)	(88)
Liabilities recognized in respect of defined benefit plans	(653)	(664)
	(266)	(320)

Composition of the fair value of benefit-plan assets:

	As at December 31	
	2023	2022
	\$ millions	
Equity instruments		
Quoted market price	138	126
No quoted market price	38	40
	176	166
	-----	-----
Debt instruments		
Quoted market price	240	232
No quoted market price	13	10
	253	242
	-----	-----
Deposits in insurance companies	24	24
	-----	-----
	453	432

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 17 – Employee Benefits (Cont.)

B. Severance pay

Companies in Israel

The labor laws in Israel require ICL to pay severance pay to employees who were dismissed or have retired (including those who left in other specific circumstances). The liability for the payment of severance pay is calculated according to the labor agreements in effect on the basis of salary components which, in the opinion of ICL's management, create an obligation to pay severance pay.

ICL has two severance pay plans: one plan according to the provisions of Section 14 of the Severance Pay Law, which is accounted for as a defined contribution plan; and the other for employees to whom Section 14 does not apply, which is accounted for as a defined benefit plan. The liability of the ICL Group in Israel for the payment of severance pay to employees is mostly covered by current deposits in the names of the employees in recognized pension and severance pay funds, and by the acquisition of insurance policies, which are accounted for as plan assets.

Certain subsidiaries outside of Israel

In countries wherein subsidiaries of ICL operate and wherein there is no legal obligation to make severance payments, ICL's Group companies did not include a provision in the financial statements for possible future payment of severance benefits, except in cases of a discontinuation of operations in part of the plant and the consequent dismissal of employees.

C. Pension and early retirement

1. Some of ICL's employees in and outside of Israel have defined benefit pension plans for their retirement, which are controlled by ICL. Generally, according to the terms of the plans, as stated, the employees are entitled to receive pension payments based on, among other things, their number of years of service (in certain cases up to 70% of their last base salary) or computed, in certain cases, based on a fixed salary. Some employees of a subsidiary of ICL in Israel are entitled to early retirement if they meet certain conditions, including age and seniority at the time of retirement.
2. In addition, some ICL Group companies have entered into plans with funds – and with a pension fund for some of the employees – under which such companies make current deposits with that fund which releases them from their liability for making a pension payment under the labor agreements to all of their employees upon reaching a retirement age. The amounts funded are not reflected in the statement of financial position since they are not under the control and management of the ICL Group companies.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 17 – Employee Benefits (Cont.)

D. Post-employment retirement benefits

Some of ICL's retirees receive, aside from the pension payments from a pension fund, benefits that are primarily holiday gifts and weekend trips. The companies' liability for these costs accrues during the employment period. The ICL Group companies include in their financial statements the projected costs in the post-employment period according to an actuarial calculation.

E. Movement in assets (liabilities), net in respect of defined benefit plans and their components

	Fair value of defined benefit plan assets		Liability in respect of defined benefit plans		Liability in respect of defined benefit plans, net	
	2023	2022	2023	2022	2023	2022
	\$ millions					
Balance as at January 1	432	648	(664)	(993)	(232)	(345)
Income (expense) recorded in the statement of income						
Current service costs	—	—	(15)	(23)	(15)	(23)
Interest income (expenses)	20	12	(31)	(20)	(11)	(8)
Past service costs	—	—	(1)	—	(1)	—
Changes in respect of exchange rate differences, net	(6)	(32)	10	56	4	24
Recognized in other comprehensive income						
Actuarial gains deriving from changes in pension assumptions	—	—	24	230	24	230
Other actuarial gains (losses)	8	(147)	—	—	8	(147)
Changes in respect of translation differences, net	12	(34)	(15)	43	(3)	9
Additional movements						
Benefits received (paid)	(19)	(20)	39	43	20	23
Employer deposits	<u>6</u>	<u>5</u>	<u>—</u>	<u>—</u>	<u>6</u>	<u>5</u>
Balance as at December 31	<u>453</u>	<u>432</u>	<u>(653)</u>	<u>(664)</u>	<u>(200)</u>	<u>(232)</u>

The actual return on the defined benefit plan assets in 2023 is \$28 million, compared with (\$135) million in 2022.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 17 – Employee Benefits (Cont.)

F. Actuarial assumptions

Main actuarial assumptions as at the date of the report (based on weighted average):

	For the year ended December 31		
	2023	2022	2021
	%		
Discount rate at December 31	4.9	4.7	2.1
Rate of future wage increases	3.6	3.9	3.9
Rate of increase in pension annuity	2.6	2.8	2.3

G. Sensitivity analysis

Possible changes that are reasonable as at the date of the financial statements, assuming the other assumptions remain unchanged, impact the defined benefit liability as follows:

	As at December 31, 2023			
	Decrease of 10%	Decrease of 5%	Increase of 5%	Increase of 10%
	In millions of NIS			
<u>Significant actuarial assumptions</u>				
Wage increases	(10)	(5)	5	10
Discount rate	28	14	(14)	(28)
Mortality tables	14	7	(7)	(14)

The assumptions regarding the future mortality rates are based on published statistical data and accepted mortality tables.

H. Impact of the plans and the future cash flows

The amount recognized as an expense in respect of defined contribution plans in 2023 is about \$38 million (2022 – expenses were recognized in the amount about \$39 million).

ICL's estimate of the contributions expected in 2024 in the funded defined benefit plans is about \$8 million.

As at December 31, 2023, the ICL Group's estimate of the life of the defined benefit plans (based on a weighted average) at the end of the period of the report is about 11 years (2022 – about the same).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 17 – Employee Benefits (Cont.)

I. Long-term remuneration in ICL

The Corporation

On December 28, 2021, 623,877 options for shares of AKVA were granted to the CEO, two officers of the Corporation and two employees of the Corporation. Based on the estimate of an independent appraiser, the value of the plan is about \$1.6 million. In 2023 and 2022, the Corporation recorded expenses in the statement of income in an amount that is not material

On March 3, 2023, options for NOAP shares were granted to the CEO, two officers and two employees of the Corporation in an amount that is not material.

The Corporation

- 1) In February 2023, ICL's HR & Compensation Committee and Board of Directors approved a biennial equity grant for the years 2023-2024 in the form of options exercisable for ordinary shares of ICL. For further information – see Note 19.
- 2) In November 2021, ICL's HR & Compensation Committee and Board of Directors approved a new Cash LTI plan, according to which other senior managers will be awarded a cash incentive in 2025, where the fair value of the grant as of the grant date is about \$37 million. The grant is subject to achievement of certain financial targets over the three years and can be affected by the change in share price.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions

A. Guarantees

ICL

As at December 31, 2023, the total guarantees provided by ICL was about \$142 million (December 31, 2022 – about \$127 million).

B. Claims

1. The Corporation

- a. In September 2013, the District Court in Lod issued a fixed liquidation order against Better Place, which is incorporated in Delaware in the United States, in which the Corporation holds about 30% of its shares. This liquidation order was recognized during October 2013 by the competent court in Delaware. As far as we know, a liquidation order has also been issued against subsidiaries of Better Place. In March 2014, the Corporation submitted to the Liquidators of Better Place a debt claim in the amount of about \$72 million in respect of its investment in convertible subordinated notes issued by Better Place in November 2012 and February 2013. On September 2, 2014, the decision of the liquidators of Better Place was received whereby the debt claim submitted by the Corporation is rejected. No appeal of the decision on the debt was filed. Former officers of the Corporation have been summoned for investigation by the Liquidators of Better Place. Further that stated above, on May 23, 2016, a claim was filed in the Central District Court of Lod by the Liquidators of Better Place, in the amount of NIS 200 million, against, among others, a number of position holders in Better Place, including 3 former officers of the Corporation, in connection with their service in Better Place and actions or omissions of the defendants at the time of the liquidation. To the best of its knowledge, the Corporation is not one of the defendants. Statements of defense in the case have not yet been filed. On December 13, 2017, some of the defendants, including the said officers, filed a request for summary dismissal.

On September 12, 2018, the decision of the Hon. Judge Grosskopf was issued whereby the request for summary dismissal was accepted (and an additional request for summary dismissal was accepted that was filed by other defendants) and the claim was entirely denied while determining that the defendants have the general defense of discretion and the presumption of appropriateness thereunder. On November 4, 2018, the Liquidators filed an appeal in the Supreme Court with respect to the decision of the Hon. Judge Grosskopf. On November 18, 2021, a hearing was held in the Supreme Court and subsequent to the date of the report, on February 8, 2022 a decision was rendered whereby the appeal was partly accepted, to the extent that the case will be returned the District Court and the appellants will be permitted to submit a request to amend the statement of claim with respect to a number of items – this being up March 10, 2022. A pre-trial hearing in the District Court (before Judge Oren Schwartz) was held on March 3, 2022. The Court set dates for submission of a request to amend the statement of claim and scheduled another pre-trial hearing for July 6, 2022.

On July 5, 2022, an update notice was filed by the liquidators whereby the debt arrangement on the basis of which the right of the creditors of the companies to make a claim was assigned to the companies (through the liquidators) was approved by the liquidation court.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

1. The Corporation (Cont.)

a. (Cont.)

On July 6, 2022, a pretrial hearing was held at the close of which a decision of the court was rendered whereby the request to amend was granted. In the decision, it was noted that the amended statement of claim was received as a new statement of claim. On October 27, 2022, some of the defendants (including the three former officers of the Corporation) filed a request for leave to appeal to the Supreme Court regarding the request to amend (Request for Permission for Leave to Appeal 7145/22) with respect to the court's decision on the request to amend. An additional request for leave to appeal the decision was filed by a party that served as the auditing CPAs of the Israeli subsidiaries of the Israeli companies in the Better Place group (Request for Permission for Leave to Appeal 7133/22). In the decision dated December 1, 2022, the requests for leave to appeal were rejected. In December 2022, a pretrial hearing was held whereat dates were set for preliminary proceedings in the case. The parties are carrying on document discovery proceedings and interrogatories. In April 2023, the defendants (including the three former officers of the Corporation) submitted a request that the Court instruct summary dismissal of the contentions of the liquidators brought as part of the claim (in the amended version), due to passage (lapse) of the statutory time limit. Pursuant to the Court's decision, the liquidators submitted their response to the request and it will be heard in the pretrial proceeding, which has been scheduled for March 2024. In the pretrial meeting in March 2024, the hearings' agreement between the parties was approved, which is based on the Court's suggestion and whereby an outline was adopted that is intended to bring an end to the preliminary proceedings in the case. An additional pretrial hearing was set for September 2024.

It is further noted that, to the best of our knowledge, on February 5, 2018, the Bankruptcy Court in Delaware (the court in the jurisdiction in which Better Place was incorporated) rejected a request for summary dismissal that was filed by some of the defendants, including the three former officers of the Corporation, claiming that based on Delaware law there are no grounds for the causes of action of the claim that was filed against them.

- b. On January 10, 2018, a request was filed in the District Court in Tel-Aviv-Jaffa, for certification of a derivative claim in the name of Oil Refineries Ltd. (hereinafter – "Bazan") against former directors of Bazan, directors currently serving, O.P.C. Energy Ltd. (hereinafter – "OPC"), O.P.C. Rotem Ltd., O.P.C. Hadera Ltd., Israel Chemicals Ltd. (hereinafter – "ICL") and Messrs. Idan Ofer and Ehud Angel (hereinafter – "the Request for Certification"). The subject matter of the Request for Certification is transactions for acquisition of gas of the group companies, including their "intercompany" aspect, including undertakings of Bazan, ICL and OPC in 2012 with the Tamar partnership in agreements for supply of natural gas from Tamar's reserve (hereinafter – "the Group Companies" and the "Tamar Transaction", respectively) and undertakings of the Group Companies (between them directly and through subsidiaries) in agreements for acquisition of gas from Energean Israel Ltd. (hereinafter – "the Energean Transaction" and "Energean", respectively), which as at the filing date of the Request for Certification was awaiting approval of the General Meeting of the shareholders of Bazan and, in fact, was approved by it on January 21, 2018.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

1. The Corporation (Cont.)

b. (Cont.)

Hearings of the proofs in the case were held in July and November 2020, as well as in June, July and December 2021. On November 14, 2023, a decision was rendered by the Economic Court in Tel-Aviv (the Hon. Judge Altuvia), rejecting the request for a derivative claim, including all its components, and imposing on the requesting parties the obligation to pay legal fees to the defendants. No appeal was filed of the Court's decision rejecting the request for a derivative claim. This matter is now finally concluded.

- c. Derivative Claim 68729-11-17, Roi Hahami v. Oil Refineries et al – during November 2017, a request was filed in the District Court in Tel-Aviv for certification of a derivative claim (hereinafter – “the Request for Certification”), in the name of Oil Refineries Ltd. (hereinafter – “Bazan”), against OPC and against directors of Bazan and against the Corporation. The subject matter of the Request for Certification is a contractual undertaking from 2011 for sale of electricity from OPC to Bazan during a period of several years, in an overall scope estimated in the Request for Certification in the amount of \$800 million to \$900 million. The requesting party contends that this is a transaction that was made without approval, this being, among other things, due to its being an extraordinary transaction for Bazan since: it was not made in the ordinary course of Bazan's business; it could have a material impact on Bazan's profits; and there is an indication that it was not made at market terms. The requesting party further contends that the controlling shareholder of Bazan had a personal interest in the transaction and, therefore, the undertaking in the transaction was required to receive the approval of the General Meeting of Bazan's shareholders – approval that was not received.

In August 2022, a request was filed with the court for approval of a compromise agreement in the proceeding. In February 2023, a compromise arrangement was approved in the case. Pursuant to the compromise arrangement, the Corporation is to pay Bazan an amount that is not material. The Court's decision has become final. This matter is now finally concluded.

- d. In March 2021, the Corporation was served with a request for certification of a claim as a class action (hereinafter – “the Request”), which was filed in the Central District Court in Tel-Aviv, against it, I.C.L. Group Ltd. (hereinafter – “ICL”) and the Corporation's controlling shareholder (hereinafter – “the Respondents”).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

1. The Corporation (Cont.)

d. (Cont.)

The subject matter of the Request is a series of contentions, among others, an alleged misleading and breach of the duty to report and disclose to the public pursuant to the Securities Law, 1968, and the Tort Laws on a number of different occasions that are detailed in the request – this being in connection with the significance of the claim filed by the State of Israel in 2011 against a subsidiary of ICL, Dead Sea Works Ltd., regarding payment of royalties to the State under the Dead Sea Concessions Law, 1961, and that was carried on between the parties in the framework of arbitration proceedings. The grounds for the alleged misleading and breach relate to, among other things, contentions with respect to deficient and/or misleading reporting regarding the progress of the arbitration proceedings, the State's consent to the manner of calculation of the royalties, the real value of the ICL's shareholders' equity, an interim decision received as part of the arbitration proceedings and the significance thereof and that ICL did not record a provision in its financial statements on the date it was allegedly required to do so under law with reference to the claim.

The requesting party is a shareholder of ICL that held shares of ICL during part of the alleged period. The group is defined in the Request as any party that acquired shares of ICL or the Corporation from August 17, 2011 and held them up to May 27, 2014. The requesting party contends that damages were allegedly caused to the group by the Respondents and accordingly the requesting party requests from the Court to award in favor of the group the full amount of the alleged damage caused, in the amount of NIS 133 million, to the shareholders of ICL, whereas the Corporation's shareholders in the group were allegedly caused damage in the additional amount of NIS 57 million, as at May 27, 2014. In December 2022 and February 2022, pre-trial hearings were held where requests for discovery of documents were heard, and decisions were rendered by the Court. A hearing on the request for certification was held in December 2022. The Corporation is required to submit its summaries within 30 days after the filing of the summaries of the requesting party. The requesting party and the respondents filed their summations in the case. In the estimation of the Corporation's management and its legal advisors, and with the necessary caution, the chances the request for certification and/or the class action claim that is requested to be certified exceed the chances they will be accepted. In any event, even if the request for certification is accepted, this would only be the beginning of a long road.

- e. Further to the request to approve a class action claim that was filed against ICL, the Corporation and others (Harmonization) (see also Note 18B(2)(f) below), the parties carried on a reconciliation proceeding before the Hon. Supreme Court Judge (retired) Yoram Danziger. Subsequent to the date of the report, on February 7, 2024, the parties submitted a request to the Court to approve a compromise arrangement regarding the class action claim that was achieved in the framework of the reconciliation proceeding. Based on the compromise arrangement, the Corporation is not required to pay an immaterial amount. In the estimation of the Corporation's management and its legal advisors, the probability that the request for approval of the compromise arrangement will be accepted is higher than 50%.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL

a. Ecology

- (1) In 2017, three applications for certification of claims as class actions were filed against ICL and in 2018 such additional application was filed by the Nature and Parks Authority (hereinafter – NPA), all as a result of a partial collapse of a dyke in an evaporation pond at Rotem Amfert Israel which resulted in contamination of the Ashalim Stream and its surrounding area. In 2022, a mediation process was held between Rotem Israel and the Israeli Nature and Parks Authority, as well as all other applicants in the proceedings. In May 2023, a settlement agreement was signed between the parties and consequently approved by the District Court, despite an objection, granting it the force of a judgment.

According to the settlement, the total amount of compensation for, among others, the restoration of the Ashalim Stream and its surroundings, is approximately \$33.5 million, including past restoration expenses, legal expenses and other expenses.

In July 2023, an appeal was filed against the District Court's ruling, claiming, among other things, that this agreement is allegedly unreasonable. Subsequent to the date of the report, in January 2024, the Supreme Court rejected the appeal, granting it the force of a judgment thus concluded the proceedings.

In May 2018, ICL was served with a motion for discovery and pursual of documents (hereinafter – the Motion), filed with the Tel Aviv District Court, by a shareholder of ICL (hereinafter – the Movant), as a preliminary proceeding in preparation for the possible filing of an application for certification of a multiple derivative action against officers of ICL and Rotem Israel who, according to the Movant, caused the alleged damages incurred and to be incurred by ICL as a result of the Ashalim incident. In 2018, the parties reached an arrangement, according to which, the legal proceedings will be delayed until the relevant investigation's materials are provided to ICL by the investigating authority. Following the Supreme Court ruling in the above class action, it was agreed that the legal proceedings will be delayed until May 2024. As of the reporting date, such investigative materials have not yet been received. Considering the proceedings are in an early stage and even suspended, there is a difficulty in estimating their outcome.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

a. Ecology (Cont.)

- (2) In June 2022, an unexpected flow of brine was discovered above ground at the outskirts of an alluvial fan area, which, according to initial tests by ICL, appears to have resulted from a combination of seepage from the feeder canal of ICL Dead Sea's pumping station P-9 (hereinafter P-9) and unique ground conditions, which, according to ICL's estimation does not exceed the approved design specifications of P-9. ICL installed sealing sheets over an approximately 2 kilometer long section of the 15km feeder canal in the area of the fan, according to the request of the Israeli Nature and Parks Authority.

Following the event, a hearing process was held as part of which the District Manager of the Ministry of Environmental Protection recommended opening an investigation by the Green Police. ICL is not aware of any such investigation.

- (3) In 2017, the Israeli Water Law was amended, according to which saline water of the kind produced for Dead Sea plants by ICL's own water drilling is charged with water fees. In October 2021, as a response to ICL's objection to the charges relating to water drilling within the concession area, the Water Authority informed ICL that water fees will not be charged for water production within the concession area. This decision was based on the opinion of the Ministry of Justice, according to which the royalty's arrangement established in the Dead Sea Concession Law, 5771-1961, is the sole arrangement for collecting payment for the right to extract water in the concession area, and, therefore, it is not legally possible to impose additional charges for water fees in addition to the royalties (hereinafter – the Opinion). In September 2022, ICL was presented with two petitions filed in Israel's Supreme Court, one by Adam Teva V'Din, and the second by Lobby 99 Ltd., against the Water Authority, Israel's Attorney General, the Ministry of Justice, Mekorot Water Company Ltd. and ICL. As part of the petitions, the petitioners requested that the Supreme Court rule that the Opinion is incorrect and, therefore, ICL should be obliged to pay water fees for water extracted from wells in the concession area in addition to the payment of royalties beginning from the date of the amendment to the Water Law enacted in 2018. Accordingly, the petitioners requested that the Supreme Court order the Water Authority to collect water fees from ICL for the period between 2018-2020, which according to one of the petitioners, allegedly amounts to \$24 million. In October 2022, a decision was made to hold a consolidated hearing regarding both petitions. In May 2023, the Supreme Court imposed a conditional order, instructing the State justify why ICL should not be required to pay water fees for water produced within the concession area. After several requests for an extension on behalf of the State to submit its position, and additional request for an extension up to May 20, 2024. ICL rejects the claims made in the petitions and believes it is more likely than not that its position will be accepted.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

a. Ecology (Cont.)

- (4) In 2021, a decision was rendered by the Israel Water Authority, despite ICL's objection, that ICL's status should be changed to a "Consumer-Producer", as defined in the Water Law, commencing with the Water Authority's production license, issued to ICL for 2021. In December 2023, after ICL's appeal was rejected by the Water Court, ICL appealed against this decision to the Supreme Court. ICL has a sufficient provision in its financial statements. Concurrently, in 2022, the Movement for the Quality of Government in Israel (hereinafter - MQG) filed an appeal in which the Water Court was petitioned to compel the Water Authority to apply the change in classification of ICL as early as 2018. Subsequent to the date of the report, in January 2024, the Water Court accepted ICL's request that the procedure regarding the appeal by MQG should be delayed until a final decision is rendered by the Supreme Court on ICL's appeal relating to the "Consumer-Producer" status. The assessment of ICL is that it is more likely than not that the appeal filed by MQG will be rejected.
- (5) In 2020, an application for a class action was filed in the Beer Sheva District Court in Israel against ICL, ICL's subsidiary, Rotem Israel, and certain of ICL's present and past office-holders by a number of local residents in the Arava region in the south of Israel (hereinafter – the Applicants). The Applicants claim that discharge, leakage and seepage of wastewater from ICL's Zin site allegedly caused various environmental hazards to the Zin stream, which resulted in damage to various groups in Israel's population, including: the Israeli public whose property is Zin stream; those who avoided visiting Zin stream due to the environmental hazards; visitors of Zin stream who were exposed to the aforementioned hazards and the residents of the area near Zin stream who were affected by the hazards. Accordingly, the Applicants request several remedies, including restitution and compensation for the damage that they claim was caused to the various groups in a minimum amount of NIS 3 billion (approximately \$933 million), the majority of which relates to compensation for claimed consequential damages.

In November 2022, the parties signed a procedural arrangement to resort to a mediation process, in an attempt to settle the dispute outside of court. The Nature and Parks Authority (hereafter - NPA), which was not a party to the original application, also signed the agreement, and by virtue of it, it joined the mediation process. As a result, all proceedings before the court, including requests for temporary relief, were suspended. As part of the procedural arrangement, the transfer of approximately 3 million NIS from ICL to NPA was made, for funding NPA's rescue operations for palm trees at Neot Zin and Akrabim.

ICL rejects all the said allegations. Considering the preliminary stage of the proceeding and lack of precedents of such cases in Israel, and in light of the transition to a mediation procedure, it is difficult to estimate its outcome. No provision has been recorded in ICL's financial statements.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

a. Ecology (Cont.)

- (6) In September 2023, a request for approval of a derivative claim was submitted to the District Court in Tel Aviv by Yuval Yarin Dead Sea Ltd. (which owns 50% of the rights of the Ein Gedi SEA OF SPA Association (hereinafter - the Association)), against the Association, Kibbutz Ein Gedi, Dead Sea Works Ltd, the State of Israel, and the Tamar Regional Council. The basis of the claim is the damage allegedly caused to the Association's spa complex, estimated to be worth tens of millions of shekels, due to the pumping of sea water from the northern basin of the Dead Sea, which contributed to the receding sea level. Considering the preliminary stage of the proceeding, it is difficult to estimate its outcome. No provision has been recorded in ICL's financial statements.
- (7) In July 2019, an application for approval of a claim as a class action was submitted to the Jerusalem District Court by an Israeli environmental association (hereafter - the Applicant) against 30 defendants, including Fertilizers and Chemicals Ltd., a subsidiary of ICL (hereinafter – the Respondents). The application includes claims relating to air pollution in Haifa Bay (located in northern Israel) and to alleged illness therefrom to the population of the said area.

Within the framework of the petition, the Applicant requests declarative relief and the establishment of a mechanism for compensation awards, without specifying their amount, or alternatively, for splitting remedies to allow each group member to sue for damages in a separate proceeding. In January 2022, ICL filed its objection to the petition. Considering the limited precedents of such cases in Israel, it is difficult to estimate the outcome of the proceeding. No provision has been recorded in ICL's financial statements.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

a. Ecology (Cont.)

- (8) In 2018, an application for certification of a claim as a class action was filed with the Be'er Sheva District Court by two groups: the first class constituting the entire public of the State of Israel and the second-class constituting visitors of the Bokek stream and the Dead Sea (hereinafter – the Applicants), against the subsidiaries, Rotem Israel and Pericalse Dead Sea Ltd. (hereinafter – the Respondents). According to the claim, the Respondents have allegedly caused continuous, severe and extreme environmental hazards through pollution of the “Judea group – Zafit formation” groundwater aquifer (hereinafter – the Aquifer) and the Ein Bokek spring with industrial wastewater, and, in doing so, the Respondents have violated various provisions of property law and environmental protection law, including the provisions of the Law for Prevention of Environmental Hazards and the Water Law, as well as violations relating to the Torts Ordinance – breach of statutory duty, negligence and unjust profits. The leakage began in the 1970's during which time ICL was government-owned and ended by 2000.

As a result, the Court was requested to order the Respondents to eliminate the proprietary violation in reference to the Aquifer and Bokek stream by restoration thereof and to pay the public compensation in an estimated amount of NIS 1.4 billion (about \$435 million).

In 2019, the Respondents filed their response, together with three expert opinions, in which they denied all the Applicant's claims. In April 2022, the Be'er Sheva District Court dismissed in limine the application due to statute of limitations and property rights. On October 12, 2023, Israel's Supreme Court rendered its ruling in the appeal, dismissing the plaintiffs claim regarding property rights, and therefore dismissing the application for certification of the entire public of the State of Israel, yet accepted the appeal with regards to the statute of limitations claim, and ruled that application for certification is approved regarding a limited class constituting visitors at the Bokek stream. In accordance therewith, the application for certification limited so such group shall be reviewed by the District Court.

Subsequent to the date of the report, on January 8, 2024, a letter was received, addressed to ICL and a number of officers and stakeholders in the group, raising various allegations against them. On the same date, a request for temporary relief was submitted on behalf of the Applicants, the essence of which is to start rehabilitation works in the reserve. Subsequent to the date of the report, on March 7, ICL, the parties informed the court on their intention to explore the possibility of mediation.

Since the judgement of the Supreme Court mainly addressed preliminary questions, without discussion of the Respondents 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.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

a. Ecology (Cont.)

- (9) In 2015, a request was filed for certification of a claim as a class action, in the Tel-Aviv–Jaffa District Court, against eleven defendants, including a subsidiary, Fertilizers and Chemical Ltd., in respect of claims relating to air pollution in Haifa Bay and for the harm allegedly caused by it to residents of the Haifa Bay area. The amount of the claim is about NIS 13.4 billion (about \$4.2 billion). Evidence hearings were scheduled for the first half of 2024. In ICL's estimation, based on the factual material provided to it and the relevant court decision, it is more likely than not that the plaintiffs' contentions will be rejected.
- (10) In December 2021, ICL, along with the State of Israel, received a letter of warning prior to pursuing legal action, by Kibbutz Mitzpe Shalem in Israel, claiming, among others, that they were allegedly responsible for the closure of Mineral Beach in January 2015, as a result of a sinkhole. The Kibbutz claims alleged damages of \$27 million and has requested a dialogue meeting to be held before pursuing legal action. ICL rejects all of the said allegations. ICL operates in accordance with the provisions of the Concession Law and permits issued by the local Authorities. Considering the preliminary stage of the situation it is difficult to estimate its outcome.

b. Rise in the level of Pond 5 (hereinafter – “the Pond”)

Minerals from the Dead Sea are extracted by way of solar evaporation, whereby salt precipitates onto the bed of Pond 5, located at one of DSW's sites. The precipitated salt creates a layer on the Pond 5 bed of approximately 16 million cubic meters per year. The production process of the raw material requires that a fixed brine volume is preserved in Pond 5. Failure to maintain a constant volume of brine in Pond 5 could result in a reduction of production capacity.

In addition, rising of the water level of Pond 5 above a certain point may cause structural damage to the foundations of hotel buildings situated close to the water's edge, to the settlement of Neve Zohar and to other infrastructure located along the western shoreline of the Pond. The preservation of the water level in Pond 5 at its maximum height (15.1 meters), which was reached at the end of 2021, was conducted through a joint project of the Dead Sea Preservation Government Company Ltd. and DSW (which financed 39.5% of the project's cost) for construction of coastline defenses. The project included the raising of the dike along the western beachfront of Pond 5 across from the hotels together with a system for lowering subterranean water. The construction work with respect to the hotels' coastline was completed, and the elevation work in the intermediate area between two hotel complexes conducted by the Dead Sea Preservation Government Company Ltd. is nearing completion.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

b. Rise in the level of Pond 5 (hereinafter – “the Pond”) (Cont.)

Commencing 2022 onwards, the brines' volume in Pond 5 is preserved by the salt Harvesting project ("the Permanent Solution"), according to the plan which was approved by the National Infrastructures Committee and the Israeli Government, and that includes the construction of the P-9 pumping station. As of the reporting date, the water level in pond 5 does not exceed its maximum height (15.1 meters).

The "Permanent Solution" was established in the agreement with the Government of Israel in 2012, aiming to provide a defense at least until the end of the current concession period in 2030. The purpose of the agreement was, among others, to provide a permanent solution for raising the water level in Pond 5 and stabilizing at a fixed level by harvesting salt from the pond and transferring it to the Northern Basin of the Dead Sea. According to the agreement, the planning and execution of the Permanent Solution will be performed through the Salt Harvesting Project by DSW. In addition, the agreement stipulates that from January 1, 2017, the water level in the pond will not rise above 15.1 meters. Nevertheless, in the event of a material deviation from the project's timetables, without ICL having violated its obligations, ICL will be permitted to request raising of the water level above 15.1 meters.

ICL and the State of Israel bear 80% and 20%, respectively, of the cost of the Salt Harvesting Project. However, the State's share will not exceed NIS 1.4 billion.

c. Spain

ICL Iberia, a subsidiary in Spain (hereinafter – ICL Iberia) operates a potash production center in Suria which require, among other things, an environmental mining license and an urban license. Up to 2020, ICL Iberia operated two potash production centers in Suria and Sallent and as part of an efficiency plan, ICL consolidated its activities into one site by means of expanding the Suria production site and discontinuing mining activities at the Sallent site. ICL Iberia holds an urban license for the Suria site, followed by an environmental mining license that complies with new environmental protection regulations in Spain (Autoritzacio Substantive). In 2021, an updated environmental mining license and an environmental impact assessment, as well as new urban permits were granted, which allowed for higher volume processing and expanded capacity of the salt mountain at Suria. In 2022, the Urban Master Plan was modified to allow increased piling capacity of an additional ten million tons of salt, enabling the piling of salt in the upcoming years until the evacuation solution by the new collector is applied. For further information, see Note 18(C)(2) below. The restoration plan for the Suria site, which includes a plan for handling the salt piles and dismantling facilities, is scheduled to continue until 2095.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

- d. In March 2021, an application for a class action was filed with the Tel Aviv-Jaffa District Court against ICL, Israel Corporation Ltd. and the controlling shareholder of Israel Corporation (hereinafter – the Respondents). The application includes a series of allegations concerning, among others, alleged misleading and violation of ICL's reporting and disclosure obligations to the public under the Israeli Securities Law, 1968, relating to the implications of the royalties' claim filed in 2011 by the State of Israel against its subsidiary, Dead Sea Works Ltd., pursuant to the Dead Sea Concession Law, 1961, which was conducted and concluded within an arbitration proceeding. The applicant is a shareholder of ICL asking to act on behalf of a represented class including all those who acquired Company shares or Israel Corp. shares and held them between August 17, 2011, and May 27, 2014. According to the application, this group incurred alleged damages by the Respondents, and accordingly, the Court is requested to rule in favor of the group members who are shareholders of ICL, damages in the amount of about NIS 133 million (about \$40 million) and in favor of group members, who are shareholders of Israel Corp. an additional amount of NIS 57 million (about \$17 million), as of May 27, 2014.

ICL rejects the claims made in the application and, accordingly, in September 2021 filed its response within the framework of the legal proceeding. Considering the preliminary stage of the proceeding there is a difficulty in estimating its outcome. No provision has been recorded in the financial statements.

- e. In connection with the Harmonization Project (to create one global ERP system), which was discontinued in 2016 by a decision of ICL's Board of Directors, in December 2018, ICL filed a lawsuit in the Tel Aviv District Court against IBM Israel, the leading project provider (hereinafter – IBM), in the amount of \$300 million (about NIS 1 billion) for compensation of damages incurred to ICL due to IBM's failure to meet its undertakings within the Project, which led to the failure of the Project. In March 2019, IBM filed its statement of defense, together with a counterclaim against ICL, according to which IBM claims that ICL allegedly refrained from making certain payments, conducted negotiations in bad faith, and terminated the project unilaterally, in a way that harmed IBM's reputation and goodwill and therefore claims an amount of about \$53 million (about NIS 170 million), including VAT and interest. In June 2019, ICL filed a statement of defense with respect to the counterclaim in which ICL rejected all of IBM's claims. In January 2021, IBM filed a request for dismissal including the deletion of the remedies claimed by ICL arising from the termination of the agreement between the parties. In August 2021, ICL filed a request to delete IBM's statements of claim, on the grounds that IBM acted in order to delay, burden and disrupt a professional expert's work, and thus to impair the documents discovery process. Considering the early stage of the proceedings and the complexity of the claims, it is difficult to estimate their outcome. Nevertheless, ICL believes it is more likely than not that IBM's claims in its counterclaim will be rejected.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

- f. In December 2018, an application for certification of a class action was filed with the Tel Aviv District Court against ICL, Israel Corporation, and office holders, including directors who held office during the said dates which are stated in the application, with respect to the manner in which the IT (the Harmonization) project was managed and terminated. According to the allegations made in the Application, ICL failed to properly report negative developments which occurred on certain dates during the said IT project, and such failure caused ICL immense financial damages.

The represented class was defined in the application as all those who acquired ICL's shares at any time during the period commencing June 11, 2015 and did not sell them until September 29, 2016 (hereinafter – the Applicants). The aggregate amount of the claim, for all members of the represented class, is estimated to be between \$121 million (about NIS 426 million) for maximal damage, and \$8 million (about NIS 26 million), for minimal damage. In 2019, ICL filed its position to the Court denying the allegations made in the application. In January 2020, ICL filed an application, which was accepted in court, to postpone the proceedings until a verdict is received in its lawsuit against IBM (see item e. above). The delay was accepted subject to ICL's on-going updates regarding the IBM proceeding.

In February 2022, a hearing was held, following which, the court issued interim orders regarding discovery proceedings. Following a mediation process, subsequent to the date of the report, in February 2024, the parties signed an agreement, for a non-material amount, covered in full by insurance.

- g. In July 2018, an application for certification of a class action was filed with the Central District Court against ICL and its subsidiaries, Rotem Israel and Fertilizers and Chemicals Ltd. (jointly hereinafter – the Defendants). The causes of action are the alleged exploitation of the Defendants' monopolistic position to charge consumers in Israel excessive and unfair prices for products classified as "solid phosphate fertilizer" between 2011 and 2018, contrary to the provisions of the Restrictive Trade Practices Law, and unjust profits at the expense of the plaintiff and the represented group. The representative plaintiff is a Kibbutz member who grows various plants and trees in his yard and in a nearby orchard. The represented group includes all the consumers who purchased, directly or indirectly, solid phosphate fertilizer products manufactured by the Defendants, or farming produce fertilized with solid phosphate fertilizer or food products that include such farming produce as stated above, in the years 2011-2018 (hereinafter – the Represented Group).

According to the statement of claim, the plaintiff requests, among other things, that the Court rules in his favor and in favor of the Represented Group, awarding them compensation for the damages allegedly caused to them, in the total amount of NIS 56 million (about \$17 million). Subsequent to the date of the report, in January 2024, the parties signed a settlement agreement for a non-material amount and in February 2024 submitted it to the District Court for approval.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

B. Claims (Cont.)

2. ICL (Cont.)

- h. In addition to the contingent liabilities, as stated above, as of the date of ICL's report, the contingent liabilities regarding the matters of environmental protection and legal claims, which are pending against the Group, are in immaterial amounts. Furthermore, it is noted that part of the above claims is covered by insurance. According to ICL's estimation, the provisions recognized in its financial statements are sufficient.

C. Commitments

1. The Corporation

- a. Indemnification and exemption – in March 2001, the General Meeting of the Corporation's shareholders approved granting and indemnification and exemption commitment to the Corporation's officers (including officers considered to be controlling shareholders) in addition to officers' insurance, which does not apply to cases stated in Section 263 of the Companies Law (hereinafter – "the Indemnification Certificate"). The exemption is from officers' liability in respect of damage caused and/or that will be caused by it to the Corporation due to breach of the duty of caution to the Corporation. From time to time and as part of the Corporation's customary service conditions, the Corporation's officers were granted indemnification certificates as stated. Among the said officers are those that are considered as controlling shareholders of the Corporation and/or those that are controlling interests that could be considered as having a personal interest in the granting of indemnification certificates to them. Further to the decision of the General Meeting of the Corporation's shareholders on March 21, 2001, regarding approval of granting Indemnification Certificates, on November 8, 2011, at the General Meeting of the Corporation's shareholders, where on the Day's Agenda of which was amendment of the provisions of the Corporation's Articles of Association dealing with insurance and indemnification of directors and officers of the Corporation, and as part of the customary service conditions, it was decided to approve an updated Indemnification Certificate to be granted to the Corporation's officers (including officers considered to be controlling shareholders and/or their relatives and/or officers where the Corporation's controlling shareholder is likely to be considered as having a personal interest in granting them an Indemnification Certificate), presently serving in the Corporation and as they will serve from time to time, and that will also apply, subject to law, with respect to actions taken prior to the grant date (this being in addition to and without detracting from the validity of the existing Indemnification Certificates to the Corporation's officers and the Corporation's commitments under the existing Indemnification Certificates).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

C. Commitments (Cont.)

1. The Corporation (Cont.)

a. (Cont.)

Further to that stated in the Corporation's remuneration policy that was approved by the General Meeting of the shareholders on August 3, 2022, some of the existing Indemnification Certificates for the officers serving in the Corporation include a provision whereby the Corporation exempts an officer in advance from responsibility for damage (harm) that was and/or will be caused by him due to a breach of the duty of caution to it. As part of the Corporation's policy, the officers, as stated (including directors) will continue to be entitled to an indemnity certificate that includes an exemption instruction, if such a certificate was granted to them, however officers serving that were not granted an indemnity certificate including an exemption instruction and/or new officers that did not serve in the Corporation on the approval date of the remuneration policy will be entitled an indemnity certificate from the Corporation without the said instruction regarding advance exemption from responsibility. On October 4, 2018, the General Meeting of the Corporation's shareholders approved extension of the validity of the indemnity certificates for the Corporation's officers (including in additional service periods that are renewed at Annual General Meetings and in accordance with Section 275(A1) of the Companies Law), where the Corporation's controlling shareholders could be considered as having a personal interest in approval of their validity, with no advance exemption instruction from responsibility for breach of a duty of caution.

- b. In March 2023, the Corporation took out insurance policies insuring directors and officers who are presently serving in the Corporation and who will serve from time to time, for a period of 12 months – this being further to the approval of the Audit and Remuneration Committee and the Corporation's Board of Directors and in accordance with Legal Position No. 101-21 of the Securities Authority regarding remuneration policy and the Leniency Regulations and pursuant to the remuneration policy that was in effect at that time.

Subsequent to the date of the report, on March 3, 2024, the Corporation took out insurance policies insuring directors and officers, who are presently serving in the Corporation and who will serve from time to time, this being further to the approval of the Audit and Remuneration Committee and the Corporation's Board of Directors and in accordance with Legal Position No. 101-21 of the Securities Authority regarding remuneration policy and the Leniency Regulations. The insurance policy was renewed for a period of 12 months and has two parts – a joint part with ICL and a separate part of the Corporation. The cumulative insurance coverage under the insurance policies is within the liability limit that is provided in the Corporation's remuneration policy. The cost of the annual premium that will be paid by the Corporation in the insurance period, is in accordance with the market conditions and the amount is not material to the Corporation, and the insurance policy includes a self-participation (deductible) for the Corporation in an amount that is not material to the Corporation, based on the cause of action of the claim and the place where it is filed. The insurance policies include the customary qualifications in similar insurance policies. The undertaking in the insurance policies is on the same conditions with reference to all the Corporation's officers and is in accordance with market conditions and is not expected to have a significant impact on the Corporation's income, property or liabilities.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

C. Commitments (Cont.)

2. ICL

- a. Several of ICL's subsidiaries have entered into agreements with suppliers for the purchase of raw materials and energy in the ordinary course of business, for various periods ending on December 31, 2036. As of December 31, 2023, the total amount of the commitments is about \$2.3 billion. This item takes into consideration part of the agreements described below.
- b. Several of ICL's subsidiaries have entered into agreements with suppliers for the acquisition of property, plant and equipment. As at December 31, 2023, the subsidiaries have capital purchase commitments of about \$712 million. This item takes into consideration part of the agreements described below.
- c. As part of the collaboration between ICL's subsidiary in Spain (ICL Iberia) and the government of Catalonia to achieve environmental sustainability goals, ICL has undertaken to carry out restoration of the salt piles in its sites, mainly by processing and removing them to the sea via a collector. In 2021, ICL signed an agreement with the Catalan Water Agency for the construction and operation of a collector. The main highlights of the agreement include, among other things, the guidelines by which the project will be managed, the financing aspects of the project, the definition of project costs and the determination of the operational maintenance mechanism, including usage costs. Based on the said agreement and Spain's water law, it was determined that ICL Iberia will assume up to 90% of the project's cost (approximately \$110 million), to be paid throughout the construction and operating periods. Construction, which has already begun, is expected to extend up to the beginning of 2027 and the operation period is expected to be over 25 years.
- d. In 2017, ICL entered into a gas purchase agreement with Energean Israel Limited (hereinafter - Energean) which holds a license for the development of the Karish and Tanin gas reservoirs. Pursuant to the agreement, Energean will supply ICL with up to 13 BCM of natural gas (NG), valued at \$2 billion, over a period of 15 years commencing with the commercial operation of Karish, which occurred in April 2023 after continued delays. The NG from the reservoirs is utilized to operate ICL's factories and power stations in Israel. In the fourth quarter of 2023, ICL and Energean reached a settlement agreement, determining compensation for the continued delays, in an amount immaterial to ICL's results.
- e. In 2020, ICL entered into a long-term lease agreement with a third party according to which ICL will lease an office building in Be'er Sheva Israel for a period of 15 years, with a 10-year extension option, at an annual rent of about \$3 million. The lease period is expected to commence in 2025 (upon the completion of the building's construction).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

C. Commitments (Cont.)

2. ICL (Cont.)

- f. The Articles of Association of ICL and its Israeli subsidiaries include provisions that permit exemption, indemnification and insurance of liability of officers and directors, all in accordance with the provisions of the Companies Law.

ICL, with the approval of its HR & Compensation Committee, the Board of Directors and the shareholders, granted its officers and directors a letter of exemption and indemnification, and also maintains an insurance policy, covering directors' and officers' liability, which is renewed annually. The directors' and officers' liability insurance and the exemption and indemnity undertaking do not apply to those cases specified in Section 263 of the Companies Law. The exemption is from liability for damages caused and/or that will be caused, by those officers and directors due to a breach of duty to ICL. Regarding directors who are office holders of Israel Corp., who may serve from time to time, on January 5, 2021, the shareholders approved an extension of the period for exemption and indemnification entered into with such office holders for an additional nine years commencing November 30, 2020, provided that the exemption shall not apply to liabilities arising in connection with a transaction or resolution in which a controlling shareholder or an office holder, including an office holder who is other than the office holder party to the agreement, has a personal interest (within the meaning of the Companies Law).

The amount of the indemnification payable by ICL under the letters of indemnification, in addition to amounts received from an insurance company, if any, for all of the officers and directors on an aggregate basis, for one or more of the events detailed therein, is limited to \$300 million.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions

1. Dead Sea Works Ltd. (hereinafter – “DSW”)

Pursuant to the Israeli Dead Sea Concession Law, 1961 (hereinafter – the Concession Law), as amended in 1986, and the concession deed attached as an addendum to the Concession Law, DSW was granted a concession to utilize the resources of the Dead Sea and to lease the land required for its plants in Sodom for a period ending on March 31, 2030. According to the Concession Law, should the government decide to offer a new concession after the expiration date, to another party, it will first offer the new concession to DSW on terms that are no less attractive than those it may offer to that party.

In accordance with section 24(a) of the Supplement to the Concession Law, it is stated, among other things, that at the end of the concession period all the tangible assets located in the concession area will be transferred to the government, in exchange for their amortized replacement value – the value of the assets as if they are purchased as new at the end of the concession period, less their technical depreciation based on their maintenance condition and the unique characteristics of the Dead Sea area.

Pursuant to section 24(b) of the Supplement to the Concession Law, it is stated that capital investments made during the 10-year period prior to the end of the concession require the prior consent of the Government, unless they can be fully deducted for tax purposes before the end of the concession period. However, the Government's consent to any fundamental investment that may be necessary for the proper operation of the plant will not be unreasonably delayed or denied. In 2020, an agreement was concluded between ICL and the Israeli Government for the purpose of implementing section 24(b). The agreement determines, among other things, the manner of examining new investments and the consent process. In addition, the agreement determines ICL's commitment to invest in fixed assets, including for preservation and infrastructure, as well as for ongoing maintenance of the facilities in the concession area (for the period beginning in 2026) and ICL's commitment to continue production of potassium chloride and elemental bromine (for the period commencing 2028), all subject to the conditions specified in the agreement. Such commitments do not change the way ICL currently operates. ICL engages with the Israeli Government in accordance with the agreement and obtains investment approvals as required.

In 2015, the Minister of Finance appointed a team to determine the “governmental activities to be conducted towards the end of the concession period”. The public's comments in this matter were submitted to an inter-ministerial team. Based on the interim report and its recommendations published in May 2018, and following a public hearing in January 2019, the Israeli Ministry of Finance released the final report of the inter-ministry team headed by Mr. Yoel Naveh, former Chief Economist, which includes a series of guidelines and recommendations regarding the actions that the government should take towards the end of the concession period. Since the report includes guiding principles and a recommendation to establish sub-teams to implement such principles, ICL is unable to assess the concrete implications of these guidelines and recommendations, or, if the recommendations will be implemented in practice, as well as the relevant timing of their implementation. In addition, there is no certainty as to how the Government will interpret the Concession Law and implement processes accordingly.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions (Cont.)

1. Dead Sea Works Ltd. (hereinafter – “DSW”) (Cont.)

In addition, in 2015, the Minister of Finance appointed a team headed by the (former) Accountant General to evaluate the manner in which, according to the current concession, the replacement value of DSW's tangible assets would be calculated, assuming that these assets would be returned to the Government at the end of the concession period. The determination date of the actual calculation is only at the end of the concession period. As far as ICL is aware, this work has not yet been completed.

ICL's consolidated Financial Statements were prepared under management's belief that it is more likely than not, that DSW will continue to operate the relevant assets for their remaining useful lives, which extends beyond the term of the current concession period, by obtaining a renewed concession or by operating the assets for an alternative holder. The consolidated depreciation expenses in 2023 relating to the assets located within the concession area amounted to about \$111 million.

It is expected that the value of the Property, Plant and Equipment at the end of the concession period will change as time passes and as a result of purchase and disposals of assets.

Royalties

In consideration of the concession, DSW pays royalties to the Government of Israel, calculated at the rate of 5% of the value of the products at the factory gate, less certain expenses. DSW granted a sub-concession to Dead Sea Bromine Ltd. to produce bromine and its compounds from the Dead Sea, the expiration date of which is concurrent with the DSW concession. The royalties in respect of the products manufactured by DSW Bromine are received by DSW from the Bromine Company, and DSW then pays them over to the State. Royalties are also paid by Dead Sea Magnesium on the basis of carnallite used for production of magnesium.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions (Cont.)

2. Rotem Amfert Negev Ltd. (hereinafter – “Rotem”)

Rotem Israel has been mining phosphates in the Negev in Israel for more than sixty years. The mining is conducted in accordance with phosphate mining concessions, which are granted from time to time by the Minister of Energy under the Mines Ordinance, by the Supervisor of Mines in his Office, as well as the mining authorizations issued by the Israel Lands Authority (hereinafter – the Authority). The concessions relate to quarries (phosphate rock), whereas the authorizations cover use of land as active mining areas.

Mining concessions:

Rotem Israel has a unified mining concession which includes Rotem Field, including Hatrurim, and Zafir Field, including Oron-Zin, until the end of 2024. In order to comply with the concession's provisions, ICL undertook, among other things, to assure that Rotem meets its existing obligations to rehabilitate its mining and plants areas according to outlined requirements attached to the new concession, as well as by means of a bank guarantee in the amount of \$19 million.

In the fourth quarter of 2023, Rotem Israel submitted a bid in the tender for a new mining concession held by the Ministry of Energy. In addition, it was granted an exploration license for all the Company's phosphate sites, included in the existing concession.

As part of ICL's efforts to locate phosphate rock resources in Israel, in January 2022, the Ministry of Energy granted Rotem Israel an exploration license for phosphate in an area of 263 acres, north of the Oron Concession. In December 2022, following the completion of a geological survey, ICL received a discovery certificate, which gives it the exclusive right to request a mining license in that area. ICL is working to apply for a concession for approximately 76.6 acres and activity thereon is expected to continue at least until 2025.

Lease agreements:

Rotem Israel has two lease agreements in effect until 2024 and 2041 as well as an additional lease agreement for the Oron plant, which expired in 2017. As of the reporting date, ICL has an agreement in principle, with the Israel Land Authority – Southern Region, regarding the receipt of a license agreement for Oron plant until the end of 2025.

Mining royalties:

According to the terms of the concession, Rotem Israel is required to pay royalties to the State of Israel for Phosphate mining. In accordance with the Mines Ordinance (Third Addendum A), the royalty rate for production of phosphates is 5% of the value of the quarried material. In 2021, the Ministry of Energy issued an amendment to the Third Addendum A, which anchors and clarifies the basis for calculating the royalties and its components.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions (Cont.)

2. Rotem Amfert Negev Ltd. (hereinafter – “Rotem”) (Cont.)

Zoning:

The mining and quarrying activities require a zoning approval of the site based on a plan in accordance with the Israeli Planning and Building Law, 1965. These plans are updated, as needed, from time to time. As of the reporting date, there are various requests at different stages of deliberations pending before the planning authorities.

Oren–Zin area – in 2016, the District Board for the Southern District approved a detailed site plan for mining phosphates in the Zin-Oron area. This plan, which covers an area of about 350 square kilometers, will permit the continued mining of phosphate located in the Zin valley and in the Oron valley for a period of 25 years or until the exhaustion of the raw material – whichever occurs first, with the possibility for extension (under the authority of the District Planning Board).

Barir Field – ICL is working to promote the plan for mining phosphates in Barir field, located in the southern part of the South Zohar deposit in the Negev Desert. In 2015, the National Planning and Building Council (hereinafter – the National Council) approved the Policy Document regarding Mining and Quarrying of Industrial Minerals, which included a recommendation to permit phosphate mining in the South Zohar deposit and to advance a detailed National Outline Plan for the Barir field mining site. According to the recommendation of the National Council, the government’s Housing Cabinet approved the National Outline Plan (hereinafter – NOP 14B).

In 2018, the Minister of Health filed an appeal of the said approval, requiring compliance with the Ministry of Health’s recommendation to conduct a survey regarding the health impact in each site included in NOP 14B. As part of a discussion in the Housing Cabinet regarding the appeal, it was decided, with the consent of the Ministries of Health, Finance and Energy, to remove the appeal and to approve the NOP 14B, which was formally published later. In addition, it was decided to establish a team with representatives from Treasury, Health, Transportation, Environmental Protection and Energy ministries (hereinafter – The Inter-ministerial team), which will present to the Housing Cabinet a report that includes health aspects for NOP 14B.

In 2018 and 2019, petitions were submitted to the Israeli Supreme Court of Justice by the municipality of Arad and by residents of the Bedouin diaspora in the "Arad Valley" against the National Council, the Government of Israel and Rotem Israel, to revoke the approval of NOP 14B and to order the National Council to discuss the NOP directives, while giving proper weight to the health risk.

In 2020, the inter-ministerial team reached an outline agreement regarding the examination of the health aspects of the NOP 14B, which, according to the state, constitutes an appropriate response for the review of potential health hazards on which the petitions focus.

In 2021, the Israeli Supreme Court of Justice decided to reject the petitions following a preliminary decision by the National Planning and Building Council to incorporate the main points of the outline agreement in the provisions of NOP 14B.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions (Cont.)

2. Rotem Amfert Negev Ltd. (hereinafter – “Rotem”) (Cont.)

At the end of 2021, the Housing Cabinet, approved once again the amended NOP 14B, following which the (former) Minister for Environmental Protection submitted a request for a government review of past decisions prior to promoting the Barir Detailed NOP. In accordance with the decision of the Ministry of the Interior, a deliberation of the matter should have been held by July 2022. As of the reporting date, the deliberation has not yet occurred. ICL is continuing its discussions with the relevant regulators to ensure the deliberation will be held as soon as possible.

According to ICL's assessment, the estimated useful life of Rotem's phosphate rock reserves in its existing mining areas is limited to a few years. ICL is working to promote suitable alternatives for future phosphate operations at Rotem Israel and to obtain required permits and approvals, including by conducting pilots to adapt various potential types of phosphate rock for ICL's products as part of an effort to utilize and increase existing phosphate reserves.

ICL estimates that it is more likely than not that it will be able to continue its phosphate operations at Rotem Israel, by obtaining the approvals and permits required to ensure its future phosphate operations within a time frame that is not expected to materially impact ICL's results. Nevertheless, there is no certainty as to the success of receiving such approvals and permits, nor is there certainty regarding future phosphate rock resources and/or by what date they will be received. Failure to obtain them, or a significant delay in obtaining them, can lead to a material impact on ICL's business, financial position and results of operations.

Other regulations

- **Emissions permit** – in January 2024, a new emission permit was issued to Rotem Israel under the Israeli Clean Air Act (hereinafter - the Law) valid until January 2031. ICL is in active discussions with the Israeli Ministry of Environmental Protection (MoEP) to assure adherence to all stipulations outlined in the permit, including the conditions specified in an administrative order under Section 45 of the Law, and to achieve satisfactory resolutions to notable timeline execution challenges for a limited number of projects.
- **Phosphogypsum storage** – in 2021, a new Urban Building Plan was approved, the main objectives of which are to regulate areas for phosphogypsum storage reservoirs. Due to the ambiguity of the guidelines regarding the calculation of building permit fees, ICL signed a settlement agreement with the Tamar Regional Council, in August 2023, which had no material impact on the ICL's financial results.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions (Cont.)

3. ICL Iberia – subsidiary of ICL in Spain

ICL Iberia was granted mining rights based on legislation of Spain's Government from 1973 and the regulations accompanying this legislation. Pursuant to the special mining regulations, ICL Iberia received individual licenses for each of the 126 different sites that are relevant to current and future mining activities. Some of the licenses are valid until 2037 and the remainder are effective until 2067.

4. United Kingdom

- a. ICL Boulby, ICL's subsidiary in the UK, holds onshore and offshore mineral leases and licenses, allowing for the extraction of diverse minerals, in addition to numerous easements and rights of way from private landowners. The offshore mineral field is leased from The Crown Estate on a production royalty basis and includes provisions to explore and exploit all targeted and known polyhalite and salt mineral resources of interest to ICL Boulby.

ICL Boulby has actively engaged in negotiations with the private property owners and has successfully secured the recent renewals of most of the existing lease agreements, as well as purchased the minerals of one lease area on a freehold basis.

- b. The renewal of part of the remaining leases was referred to the High Court of Justice in London for a decision regarding the calculation mechanism. ICL estimates that the proceedings will be concluded by the end of 2024. Additional leases, which are still being negotiated, will continue to operate under the terms of the previous leases.

Historically, the renewal of leases has not been problematic. ICL Boulby is confident in the renewal of all land and mineral leases, as required, and expects to have or obtain all government approvals and permits necessary for exploiting all targeted mineral resources.

In 2022, the North York Moor National Planning Authorities (hereinafter - NYMNPA) granted planning permission for Polyhalite and Salt extraction until 2048. To comply, ICL Boulby was required to produce management plans for NYMNPA approval. As of the reporting date, all required plans are completed, except for one pending dual approval from both Redcar and Cleveland Borough Council and NYMNPA.

With respect to the mining royalties, ICL Boulby pays royalties of 2.3% which in 2023, amounted to \$2.6 million.

- c. A UK subsidiary within the Growing Solutions segment (hereinafter – Everris Limited) operates peat mines in the UK (Creca, Nutberry and Douglas Water). Peat is used as a component in the production of professional growing media. All sites are owned by Everris Limited. The extraction permits for Creca was granted until the end of 2051. Mining activity in Nutberry and Douglas Water will cease at the end of 2024, following the expiration of their permits.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 18 – Contingent Liabilities, Commitments and Concessions (Cont.)

D. Concessions (Cont.)

5. YPH – China

Mining rights

YPH, ICL's subsidiary in China, which is equally owned with Yunnan Phosphate Chemicals Group Corporation Ltd. ("YYTH"), holds a phosphate mining license that was issued in 2015 by the Division of Land and Resources of the Yunnan district in China for the Haikou Mine (hereinafter – Haikou) which ICL operates, and which is valid until January 2043. In addition, ICL held an unutilized mining license for the Baitacun mining site which expired in April 2023. In 2022, ICL completed a risk survey to assess the feasibility and profitability of this mining site and is currently working to renew its license for an additional ten years.

Grant of mining rights to Lindo

In 2016, a subsidiary of YYTH (hereinafter – YPC) issued a statement whereby in 2010 it entered into agreements with the local authority of Jinning County, Yunnan Province, and Jinning Lindu Mining Development and Construction Co. Ltd. (hereinafter - Lindu Company), according to which Lindu Company is permitted to mine up to two million tons of phosphate rock from a certain area measuring 0.414 square kilometers within the area of the Haikou mine (hereinafter – the Daqing Area) and to sell such phosphate rock to any third party at its own discretion. YPC has undertaken that YPH's mining right in the Haikou mine will not be adversely affected by the above-mentioned arrangements. It was decided that YPH should conduct further communications with YPC and Lindu Company for the purpose of protecting its legal rights and to urge the parties to reach a fair, just, and reasonable solution to this issue as soon as possible.

Natural Resources Royalties

With respect to the mining rights, in accordance with China "Natural Resources Tax Law", YPH pays royalties of 8% on the selling price based on the market price of the rock prior to its processing. The total royalties for 2023 are about \$4.7 million.

Israel Corporation Ltd.
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Note 19 – Share-Based Payments

A. Non-marketable options

Company	Issuance date	Entitled employees	Number of instruments (thousands)	Issuance details	Terms of the instrument	Vesting terms	Expiration date
Israel Corporation	December 3, 2020	5 employees of the Corporation including officers of the Corporation.	10	An issuance of non-marketable and non-transferrable options, for no consideration, under the 2020 Equity Compensation Plan of the Corporation.	Upon exercise, each option may be converted into one ordinary share of NIS 1 par value of the Corporation.	3 equal tranches: (1) one third at the end of one year from the date of the grant (2) one third at the end of two years from the date of the grant (3) one third at the end of three years from the date of the grant.	At the end of five years from the date of the grant.
ICL	June 30, 2016	Officers and senior employees of ICL.	3,035	An issuance of non-marketable and non-transferrable options, for no consideration, under the 2014 Equity Compensation Plan that was amended in June 2016 (hereinafter – “the 2014 Equity Compensation Plan as Amended”).	Upon exercise of each option, it may be converted into one ordinary share of NIS 1 par value of ICL.	3 equal tranches: (1) one third at the end of 12 months after the grant date	June 30, 2023
	September 5, 2016	Former Chairman of the Board of ICL	186			(2) one third at the end of 24 months after the grant date (3) one third at the end of 36 months after the grant date	June 30, 2023

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 19 – Share-Based Payments (Cont.)

A. Non-marketable options (Cont.)

Company	Issuance date	Entitled employees	Number of instruments (thousands)	Issuance details	Terms of the instrument	Vesting terms	Expiration date
ICL	February 14, 2017	Former CEO of ICL	114	An issuance of non-marketable and non-transferrable options, for no consideration, under the 2014 Equity Compensation Plan that was amended in June 2016 (hereinafter – “the 2014 Equity Compensation Plan as Amended”).	Upon exercise of each option, it may be converted into one ordinary share of NIS 1 par value of ICL.	3 equal tranches: (1) one third at the end of 12 months after the grant date (2) one third at the end of 24 months after the grant date (3) one third at the end of 36 months after the grant date	February 14, 2024
	June 20, 2017	Officers and senior employees of ICL.	6,868				June 20, 2024
	August 2, 2017	Former Chairman of the Board of Directors of ICL	165				June 20, 2024
ICL	March 6, 2018	Officers and senior employees of ICL.	5,554	An issuance of non-marketable and non-transferrable options, for no consideration, under the 2014 Equity Compensation Plan that was amended in June 2016 (hereinafter – “the 2014 Equity Compensation Plan as Amended”).	Upon exercise of each option, it may be converted into one ordinary share of NIS 1 par value of ICL.	3 equal tranches: (1) one third at the end of 12 months after the grant date (2) one third at the end of 24 months after the grant date (3) one third at the end of 36 months after the grant date	March 6, 2025
	May 14, 2018	CEO of ICL	385				May 14, 2025
	August 20, 2018	Former Chairman of the Board of ICL	403				August 20, 2025

Israel Corporation Ltd.
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Note 19 – Share-Based Payments (Cont.)

A. Non-marketable options (Cont.)

Company	Issuance date	Entitled employees	Number of instruments (thousands)	Issuance details	Terms of the instrument	Vesting terms	Expiration date
ICL	April 15, 2019	Officers and senior employees of ICL	13,242	An issuance of non-marketable and non-transferrable options, for no consideration, under the 2014 Equity Compensation Plan that was amended in June 2016 (hereinafter – “the 2014 Equity Compensation Plan as Amended”).	Upon exercise of each option, it may be converted into one ordinary share of NIS 1 par value of ICL.	2 equal tranches: (1) one third at the end of 24 months after the grant date (2) one third at the end of 36 months after the grant date	5 years after the grant date
	June 27, 2019	CEO of ICL	3,512				5 years after the grant date
	May 29, 2019*	Chairman of the Board of Directors of ICL	2,169				5 years after the issuance date
	June 30, 2021	Senior employees of ICL	647				5 years after the issuance date
ICL	February 8, 2022	Senior employees of ICL	9,294	An issuance of non-marketable and non-transferrable options, for no consideration, under the 2014 Equity Compensation Plan that was amended in June 2016 (hereinafter – “the 2014 Equity Compensation Plan as Amended”).	Upon exercise of each option, it may be converted into one ordinary share of NIS 1 par value of ICL.	3 equal tranches: (1) one third at the end of 12 months after the grant date (2) one third at the end of 24 months after the grant date (3) one third at the end of 36 months after the grant date	5 years after the issuance date
	March 30, 2022	CEO of ICL	1,941				
	March 30, 2022	Chairman of the Board of Directors of ICL	1,055				
	February 14, 2023	Senior managers	461				

* The options were issued upon entry of Mr. Doppelt into his position on July 1, 2019.

Israel Corporation Ltd.
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Note 19 – Share-Based Payments (Cont.)

B. Additional details regarding non-marketable options

1. Israel Corporation

The options issued to the employees are covered by the provisions of Section 102 of the Israeli Income Tax Ordinance. The issuance will be performed through a trustee under the Capital Gains Track. The exercise price is linked to the CPI that is known as of the date of payment, which is the exercise date. In a case of distribution of a dividend by the Corporation, the exercise price is reduced on the “ex dividend” date, by the amount of the dividend per share (gross), based on the amount thereof in NIS on the effective date. In addition, the exercise premium will be subject to additional adjustments: consolidation / split-up of shares and issuance of rights. The fair value of the options granted was estimated using the Black & Scholes model for pricing options. The parameters used in applying the models are as follows (translated based on the rate of exchange known on the grant date):

	<u>2020 Plan</u> <u>2020 Grant</u>
Price of share on the grant date (in \$)	160.2
CPI-linked exercise premium (in \$)	179.9
Expected volatility	41.14%
Life of the options (in years)	5
Risk free interest rate	(0.76%)
Fair value (in millions of \$)	0.508
Fair value on the grant date (in \$)	50

The cost of the benefit embedded in the options is recognized in the statement of income over the vesting period of each tranche. Accordingly, in 2023, 2022 and 2021 the Corporation recorded an immaterial amount. In December 2022, 6,778 options were exercised by employees and senior officers. 3,389 options remain outstanding that have not yet been exercised.

Subsequent to the date of the report, on January 25, 2024, the Corporation’s Board of Directors approved (further to approval by the Audit Committee and the Remuneration Committee), a grant of 10,811 options (non-marketable) that may be converted into 10,811 ordinary shares of NIS 1 par value of the Company to 8 employees including officers of the Corporation. The vesting period of the options will be in three equal tranches, at the end of 12 months, 24 months and 36 months from the grant date. The fair value of the options granted was estimated using the Black & Scholes model for pricing options. The parameters used in applying the models are as follows (translated based on the rate of exchange known on the grant date):

	<u>2020 Plan</u> <u>2024 Grant</u>
Price of share on the grant date (in \$)	225.22
CPI-linked exercise premium (in \$)	266.90
Expected volatility	43.5%
Life of the options (in years)	5
Risk free interest rate	1.33%
Fair value (in millions of \$)	0.831
Fair value on the grant date (in \$)	76.84

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 19 – Share-Based Payments (Cont.)

B. Additional details regarding non-marketable options (Cont.)

2. ICL

The options issued to the employees in Israel are covered by the provisions of Section 102 of the Israeli Income Tax Ordinance. The issuance will be performed through a trustee under the Capital Gains Track. The exercise price is linked to the CPI that is known as of the date of payment, which is the exercise date. In a case of distribution of a dividend by ICL, the exercise price is reduced on the “ex dividend” date, by the amount of the dividend per share (gross), based on the amount thereof in NIS on the effective date.

The fair value of the options granted in 2014, as part of 2014 equity compensation plan, was estimated using the binomial model for pricing options. The fair of the rest of the options granted was estimated using the Black & Scholes model for pricing options. The parameters used in applying the models are as follows:

	Under the 2014 plan						
	Granted						
	2016	2017	2018	2019	2021	2022	2023
Share price (in \$)	3.9	4.5	4.4	5.4	6.8	10.0	7.7
CPI-linked exercise price (in \$)	4.3	4.3	4.3	5.3	7.1	10.1	7.6
Expected volatility:							
First increment	30.51%	31.88%	28.86%	27.85%	31.70%	31.80%	35.84%
Second increment	30.51%	31.88%	28.86%	27.85%	31.70%	30.88%	34.15%
Third increment	30.51%	31.88%	28.86%	-	-	30.52%	33.77%
Life of options (in years):							
First increment	7.0	7.0	7.0	4.4	4.4	3.2	3.1
Second increment	7.0	7.0	7.0	4.4	4.4	3.8	3.7
Third increment	7.0	7.0	7.0	-	-	4.0	3.9
Risk-free interest rate:							
First increment	0.01%	0.37%	0.03%	(0.67%)	0.43%	(1.46%)	1.49%
Second increment	0.01%	0.37%	0.03%	(0.67%)	0.43%	(1.29%)	1.43%
Third increment	0.01%	0.37%	0.03%	-	-	(1.21%)	1.43%
Fair value (in \$ millions)	4.0	11.3	8.8	7.5	0.6	24.9	0.9
Weighted-average fair value on the grant date of the option (\$)	1.1	1.6	1.4	1.2	1.3	2.0	2.0

The expected volatility was determined on the basis of the historical volatility in ICL’s share prices on the Tel-Aviv Stock Exchange.

The expected life of the options was determined on the basis of Management’s estimate of the period the employees will hold the options.

The risk-free interest rate was determined on the basis of the yield to maturity of shekel-denominated Israeli Government debentures, with a remaining life equal or similar to the anticipated life of the options.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 19 – Share-Based Payments (Cont.)

B. Additional details regarding non-marketable options (Cont.)

ICL (Cont.)

The cost of the benefit embedded in the options and shares from the Equity Compensation Plan 2014 is recognized in the statement of income over the vesting period of each portion. Accordingly, in 2023, 2022 and 2021, ICL recorded expenses of \$7 million, \$12 million and \$6 million, respectively.

The movement in the options during 2023 and 2022 are as follows (in millions):

	<u>Number of options</u>
Balance as at January 1, 2022	12
Movement in 2022:	
Granted during the year	12
Forfeited during the year	(2)
Exercised during the year	<u>(7)</u>
Balance outstanding as at December 31, 2022	15
Movement in 2023:	
Exercised during the year	<u>(1)</u>
Options outstanding as at December 31, 2023	<u>14</u>

The exercise prices of exercisable options at the beginning and the end of each period are shown below

	<u>December 31 2023</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Granted 2016	–	3.41	4.61
Granted 2017	2.79	3.14	4.19
Granted 2018	2.70	3.06	4.11
Granted 2019	4.27	4.57	5.77
Granted 2021	5.64	6.00	7.39
Granted 2022	8.56	8.91	–
Granted 2023	7.23	–	–

Israel Corporation Ltd.
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Note 19 – Share-Based Payments (Cont.)

B. Additional details regarding non-marketable options (Cont.)

ICL (Cont.)

The number of shares that vested at the end of each period and the weighted-average exercise price of these options are shown below:

	<u>December 31 2023</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Number of exercisable options (in millions)	7	5	4
Average exercise price (in NIS)	22.57	15.67	14.29
Average exercise price (in US\$)	6.22	4.45	4.59

* ICL's share price as of December 31, 2023: NIS 18.18 (\$5.01).

The range of the exercise prices for options outstanding at the end of the period is shown below:

	<u>December 31 2023</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Range of exercise price (in NIS)	9.46–34.3	10.77–30.06	12.77–18.06
Range of exercise price (in \$)	2.7–9.81	3.06–8.54	4.11–5.81

The average remaining life of vested options at the end of each period is shown below:

	<u>December 31 2023</u>	<u>December 31 2022</u>	<u>December 31 2021</u>
Average remaining life of vested	2.59	3.42	2.83

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 19 – Share-Based Payments (Cont.)

C. Restricted shares

Company	Issuance date	Entitled employees	Number of instruments (thousands)	Vesting terms (1)	Instrument terms	Additional information	Fair value on grant date (\$ millions)
ICL	January 10, 2018	Directors of ICL (not including the CEO and Chairman of the Board of ICL).	137	3 equal tranches: (1) one-third at the end of 12 months after the grant date (2) one-third at the end of 24 months after the grant date (3) one-third at the end of 36 months after the grant date.	An issuance for no consideration, under the 2014 Equity Compensation Plan, as amended.	The value of the restricted shares was determined according to the closing price on the Tel Aviv Stock Exchange on the most recent trading day preceding the grant date (the date of approval of the Board of Directors and/or the date of the approval of the General Meeting).	0.6
	March 6, 2018	Officers and senior employees of ICL.	1,726				8
	May 14, 2018	CEO of ICL	121				0.6
	August 20, 2018	Former Chairman of ICL's Board of Directors	47				0.2
	April 23, 2020	Directors of ICL (not including directors serving as officers or directors in Israel Corporation Ltd.)	177			The value of the restricted shares was determined according to the closing price on the Tel Aviv Stock Exchange on the most recent trading day preceding the grant date (the date of the approval of the Annual General Meeting of the Shareholders).	0.6

- (1) The vesting date is subject to the entitled employee continuing to be employed by ICL and the directors continuing to serve in their positions on the vesting date, unless they ceased to hold office due to certain circumstances set forth in Sections 231-232a and 233(2) of the Israeli Companies Law.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 20 – Share Capital and Reserves

A. Share Capital and Premium

	Ordinary shares	
	2023	2022
	Thousands of shares of NIS 1 par value	
Issued and paid-up share capital as at December 31 (1)	<u>7,702</u>	<u>7,702</u>
Authorized share capital	<u>160,000</u>	<u>160,000</u>

- (1) As at the date of the report, a wholly-owned subsidiary of the Corporation holds 72,322 ordinary shares of NIS 1 par value each of the Corporation, constituting about 0.94% of the Corporation's issued share capital.

In December 2022, employees and senior officers exercised 6,778 options and as a result of the exercise the Corporation's share capital increased by 3,923 shares of NIS 1 par value each.

Each ordinary share from the Corporation's share capital has the right to dividends, to bonus shares and to distribution of the Corporation's assets upon liquidation, in proportion to the par value of each share, without taking any premium paid in respect thereof, all subject to the Corporation's Articles of Association. Each of the shares entitles its holder to participate in the Corporation's General Meetings and to one vote.

The Corporation's shares are registered for trading on the Tel-Aviv Stock Exchange.

Repurchase

On November 16, 2023, the Corporation's Board of Directors approved a 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. As at the date of the report, the Corporation had acquired 50,676 ordinary shares of NIS 1 par value each, for a total amount of about \$13 million. (As at March 26, 2024, the Corporation had acquired 128,160 shares of NIS 1 par value each, for a total amount of about \$32 million).

B. Translation reserve of foreign operations

The translation reserve includes all the foreign currency differences stemming from translation of financial statements of foreign activities.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 20 – Share Capital and Reserves (Cont.)

C. Capital reserves

Capital reserves include:

A hedge reserve, which includes the effective part of the accrued net change in the fair value of instruments hedging the cash flows and that relate to hedged transactions not yet realized that have not yet been recorded in the statement of income.

A capital reserve including charge of salaries expenses against a corresponding increase in capital in connection with share-based payments to employees.

A capital reserve including the change in the fair value of investments measured at fair value through other comprehensive income.

D. Regarding issuance of options to employees – see Note 19 regarding Share-Based Payments.

E. Dividend

1. Subsequent to the date of the report, on March 27, 2024, the Corporation's Board of Directors decided to distribute a cash dividend to the shareholders, in the amount of about NIS 37 million – this being in accordance with the approved dividend policy, as stated in Section I., below. The effective date is April 9, 2024 and the payment date is April 17, 2024.
2. On September 15, 2022, the Corporation's Board of Directors decided to distribute a cash dividend to the Corporation's shareholders, in the amount of about NIS 276,888 thousand (about \$80 million on the declaration date), which constitutes half of the amount of the consideration from sale of Bazan's shares, as stated in Note 7. The dividend was distributed on October 19, 2022.

Israel Corporation Ltd.
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Note 20 – Share Capital and Reserves (Cont.)

F. Other comprehensive income

	Attributable to the Corporation's shareholders				Non-controlling interests	Total other comprehensive other income (loss), net of tax
	Translation reserve for foreign activities	Capital reserves	Retained earnings	Total		
				\$ millions		
2023						
Foreign currency translation differences in respect of foreign activities	39	–	–	39	41	80
Effective portion of the change in fair value of cash flow hedges	–	(42)	–	(42)	(23)	(65)
Net change in fair value of cash flow hedges transferred to the statement of income	–	52	–	52	34	86
Actuarial gains from defined benefit plans	–	–	15	15	18	33
Net change in investments measured at fair value through other comprehensive income	–	2	–	2	–	2
taxes in respect of components of other comprehensive income	<u>–</u>	<u>(2)</u>	<u>(4)</u>	<u>(6)</u>	<u>(6)</u>	<u>(12)</u>
Total other comprehensive income for the year, net of tax	<u>39</u>	<u>10</u>	<u>11</u>	<u>60</u>	<u>64</u>	<u>124</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 20 – Share Capital and Reserves (Cont.)

F. Other comprehensive income (Cont.)

	<u>Attributable to the Corporation's shareholders</u>					
	<u>Translation reserve for foreign activities</u>	<u>Capital reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non- controlling interests</u>	<u>Total other comprehensive other income (loss), net of tax</u>
	<u>\$ millions</u>					
2022						
Foreign currency translation differences in respect of foreign activities	(55)	–	–	(55)	(91)	(146)
Effective portion of the change in fair value of cash flow hedges	–	(136)	–	(136)	(67)	(203)
Net change in fair value of cash flow hedges transferred to the statement of income	–	128	–	128	57	185
Group's share in other comprehensive loss of equity-based investee companies transferred to the statement of income	(5)	(14)	–	(19)	–	(19)
Group's share in other comprehensive income (loss) from discontinued operations	(1)	11	–	10	–	10
Actuarial gains from defined benefit plans	–	–	37	37	46	83
Net change in investments measured at fair value through other comprehensive income	–	(28)	–	(28)	–	(28)
Net change in fair value of financial assets measured at fair value through other comprehensive income	–	7	–	7	–	7
taxes in respect of components of other comprehensive income	<u>(1)</u>	<u>3</u>	<u>(5)</u>	<u>(3)</u>	<u>(5)</u>	<u>(8)</u>
Total other comprehensive income (loss) for the year, net of tax	<u>(62)</u>	<u>(29)</u>	<u>32</u>	<u>(59)</u>	<u>(60)</u>	<u>(119)</u>

Israel Corporation Ltd.
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Note 20 – Share Capital and Reserves (Cont.)

F. Other comprehensive income (Cont.)

	Attributable to the Corporation's shareholders					Total other comprehensive other income (loss), net of tax
	Translation reserve for foreign activities	Capital reserves	Retained earnings	Total	Non-controlling interests	
	\$ millions					
2021						
Foreign currency translation differences in respect of foreign activities	(48)	—	—	(48)	(56)	(104)
Effective portion of the change in fair value of cash flow hedges	—	33	—	33	7	40
Net change in fair value of cash flow hedges transferred to the statement of income	—	(22)	—	(22)	(8)	(30)
Group's share in other comprehensive income from discontinued operations	—	11	—	11	—	11
Actuarial gains from defined benefit plans	—	—	39	39	46	85
Net change in investments measured at fair value through other comprehensive income	—	60	—	60	84	144
Net change in fair value of financial assets measured at fair value through other comprehensive income	—	4	—	4	—	4
taxes in respect of components of other comprehensive income	<u>—</u>	<u>(10)</u>	<u>(10)</u>	<u>(20)</u>	<u>(24)</u>	<u>(44)</u>
Total other comprehensive income (loss) for the year, net of tax	(48)	76	29	57	49	106

Israel Corporation Ltd.
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Note 21 – Sales and Cost of Sales

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Sales*	<u>7,536</u>	<u>10,015</u>	<u>6,955</u>
Cost of sales			
Materials consumed	2,547	3,152	2,342
Cost of labor	875	937	906
Depreciation and amortization	454	414	418
Energy and fuel	402	433	343
Other	<u>591</u>	<u>52</u>	<u>340</u>
	<u>4,869</u>	<u>4,988</u>	<u>4,349</u>

* For details regarding information based on geographical regions – see Note 29, below.

Note 22 – Research and Development Expenses, Net

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Cost of labor	56	55	52
Other	<u>15</u>	<u>13</u>	<u>12</u>
	<u>71</u>	<u>68</u>	<u>64</u>

Note 23 – Selling, Transport and Marketing Expenses

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Land and marine transportation	714	792	742
Cost of labor	176	188	171
Other	<u>203</u>	<u>201</u>	<u>154</u>
	<u>1,093</u>	<u>1,181</u>	<u>1,067</u>

Israel Corporation Ltd.
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Note 24 – General and Administrative Expenses

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Cost of labor	151	173	172
Professional services	44	45	45
Other expenses	<u>75</u>	<u>83</u>	<u>70</u>
	<u>270</u>	<u>301</u>	<u>287</u>

Note 25 – Other Income and Expenses

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Other income			
Past service costs	–	–	12
Gain on sale of holdings	–	22	14
Capital gains	1	9	16
Revenues from rents	3	3	–
Reversal of provision for early retirement of employees	–	2	–
Reversal of provision for impairment	–	–	9
Reversal of provision for legal claims and contingent consideration	8	–	11
Insurance indemnification	–	15	–
Other	<u>10</u>	<u>8</u>	<u>–</u>
	<u>22</u>	<u>59</u>	<u>62</u>
Other expenses			
Provision for legal claims	1	17	17
Financial instruments at fair value	65	–	–
Provision for site closure costs, historical waste removal and efficiency plan	45	6	14
Impairment in value of property, plant and equipment and other assets	–	–	11
Transaction costs	–	–	8
Other	<u>17</u>	<u>7</u>	<u>10</u>
	<u>128</u>	<u>30</u>	<u>60</u>

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Note 26 – Financing Income and Expenses

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Financing income			
Net change in fair value of derivative financial instruments serving as an accounting hedge	–	–	(31)
Net change in fair value of derivative financial instruments serving as an economic hedge	–	–	(57)
Net gain from change in the exchange rates	(56)	(202)	–
Interest income from bank deposits and other	(103)	(47)	(22)
Financing income in respect of employee benefits	<u>(7)</u>	<u>(44)</u>	<u>–</u>
Financing income recorded in the statement of income	<u>(166)</u>	<u>(293)</u>	<u>(110)</u>
Financing expenses			
Interest expenses to banks	210	202	193
Net loss from change in exchange rates	–	–	96
Net change in fair value of derivative financial instruments serving as an accounting hedge	55	159	–
Net change in fair value of derivative financial instruments serving as an economic hedge	54	100	–
Other and commissions	7	11	7
Financing expenses in respect of employee benefits	<u>13</u>	<u>7</u>	<u>23</u>
Financing expenses	339	479	319
Less – capitalized borrowing costs	<u>7</u>	<u>10</u>	<u>18</u>
Financing expenses recorded in the statement of income	<u>332</u>	<u>469</u>	<u>301</u>
Net financing expenses recorded in the statement of income	<u>166</u>	<u>176</u>	<u>191</u>

Note 27 – Taxes on Income

A. Taxes on income included in the statement of income

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Taxes on income (tax benefit)			
Current taxes	252	872	145
Taxes (tax benefit) in respect of prior years	(11)	281	93
Deferred taxes	<u>46</u>	<u>14</u>	<u>22</u>
Total taxes on income	<u>287</u>	<u>1,167</u>	<u>260</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 27 – Taxes on Income (Cont.)

B. Reconciliation between the theoretical tax on the pre-tax income and the tax expenses

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Income before taxes on income	962	3,331	1,003
Statutory tax rate	<u>23%</u>	<u>23%</u>	<u>23%</u>
Tax computed at the principal tax rate applicable to the Corporation	221	766	231
Increase (decrease) in tax in respect of:			
Surplus Profit Levy	62	265	–
Reduced tax rate deriving from tax benefits	(17)	(95)	(64)
Tax losses and temporary differences with respect to which deferred taxes were not recorded and non-deductible expenses	58	14	7
Use of losses from prior years in respect of which deferred taxes were not recorded	–	(44)	–
Differences deriving from additional deduction and different tax rates for subsidiaries outside of Israel	(32)	1	(10)
Tax in respect of dividends	6	8	3
Taxes in respect of prior years*	(11)	281	93
Differences in measurement basis (mainly NIS vs US\$)	(2)	(35)	(4)
Other differences	<u>2</u>	<u>6</u>	<u>4</u>
Taxes on income included in the statement of income	<u>287</u>	<u>1,167</u>	<u>260</u>

* In 2022, assessments agreement attributed to imposition of Surplus Profits Levy, as described above.

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

C. Deferred tax assets and liabilities

1. Deferred tax assets and liabilities recognized

The deferred tax assets and liabilities are allocated to the following items:

	Property, plant and equipment and intangible assets	Provisions for employee benefits	Inventory	Carryforward of losses for tax purposes	Other	Total
	\$ millions					
Balance of deferred tax asset (liability) as at December 31, 2021	(425)	73	39	88	(22)	(247)
Changes recorded in the statement of income	(126)	4	33	35	31	(23)
Changes recorded to equity	–	(12)	–	–	4	(8)
Changes in translation reserves	<u>1</u>	<u>(1)</u>	<u>–</u>	<u>(4)</u>	<u>–</u>	<u>(4)</u>
Balance of deferred tax asset (liability) as at December 31, 2022	(550)	64	72	119	13	(282)
Changes recorded in the statement of income	(45)	(5)	(22)	19	(4)	(57)
Changes recorded to equity	–	(8)	–	–	(4)	(12)
Changes in translation reserves	<u>(3)</u>	<u>1</u>	<u>–</u>	<u>4</u>	<u>4</u>	<u>6</u>
Balance of deferred tax asset (liability) as at December 31, 2023	<u>(598)</u>	<u>52</u>	<u>50</u>	<u>142</u>	<u>9</u>	<u>(345)</u>

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

C. Deferred tax assets and liabilities

2. Currencies in which the deferred tax balances are denominated:

	As at December 31	
	2023	2022
	\$ millions	
Dollar	1	(8)
Euro	38	51
NIS	(428)	(377)
British pound	11	16
Brazilian real	24	28
Other	9	8
	<u>(345)</u>	<u>(282)</u>

3. Taxes on income relating to equity categories:

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Actuarial gains from defined benefit plans	(8)	(12)	(22)
Changes in investments measured at fair value through other comprehensive income	–	–	(21)
Changes in fair value of hedging derivatives	(4)	4	–
Taxes in respect of exchange rate differences on equity loan to subsidiary that includes translation differences	<u>(9)</u>	<u>(11)</u>	<u>(1)</u>
	<u>(21)</u>	<u>(19)</u>	<u>(44)</u>

The current taxes for the periods reported are calculated in accordance with the tax rates shown below:

D. Taxation of companies in Israel

1. The statutory tax rate in Israel is 23%.
2. Tax benefits under the Law for Encouragement of Capital Investments, 1959 (hereinafter – “the Encouragement Law”)

a. Beneficiary Enterprise

The production facilities of some of ICL’s subsidiaries in Israel (hereinafter – “the Companies”) have been granted “Benefited Enterprise” status under the Encouragement Law, including Amendment No. 60 to the Law enacted in April 2005. The benefit granted to ICL is mainly reduced tax rates.

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

The current taxes for the periods reported are calculated in accordance with the tax rates shown below:
(Cont.)

D. Taxation of companies in Israel (Cont.)

2. Tax benefits under the Law for Encouragement of Capital Investments, 1959 (hereinafter – “the Encouragement Law”) (Cont.)

a. Beneficiary Enterprise (Cont.)

Under the “Ireland” track, ICL paid a reduced tax rate of 11.5% as of 2008 on parts of its income. The benefit deriving from the “Ireland” track ended in 2017, other than with respect to a single entity in Israel for which entitlement will end in 2021.

The part of the taxable income entitled to benefits at reduced tax rates is calculated based on the ratio of the turnover of the “Beneficiary Enterprise” to ICL’s total turnover. The turnover attributed to the “Beneficiary Enterprise” is generally calculated according to the increase in the turnover compared to a “base” turnover, which is the average turnover in the three years prior to the year of election of the “Beneficiary Enterprise”.

A company having a “Beneficiary Enterprise” that distributes a dividend out of exempt income, will be subject to corporate tax in the year in which the dividend was distributed on the amount distributed (including corporate tax applicable amount due to the distribution) at the tax rate applicable under the Encouragement Law in the year in which the income was generated, had it not been exempt from tax.

In November 2021, the Israeli Economic Efficiency Law for the years 2021 and 2022 was published, which consists of numerous legislative amendments and arrangements, including an amendment to Section 74 of the Encouragement Law, (hereinafter – the amendment).

The amendment stipulates that in any dividend distribution from companies holding accumulated profits that were exempt from tax until their distribution as a dividend (“trapped earnings”), a certain part of the distribution will be considered a distribution of those trapped earnings, which will be fully taxed upon release.

In addition, a temporary provision to the Encouragement Law was published, which was valid until November 14, 2022, offered a reduced tax payment arrangement to companies that have trapped earnings. The eligibility for beneficiary tax rate provided, among others, making investments in the companies' industrial plants over five years, in accordance with the formula set forth in the amendment.

In December 2021, ICL recognized a tax provision for the release of trapped earnings in the total amount of \$47 million. No additional tax provision is required in respect of the unreleased trapped earnings which as of December 31, 2023, amounted to about NIS 950 million (\$262 million).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 27 – Taxes on Income (Cont.)

D. Taxation of companies in Israel (Cont.)

2. Tax benefits under the Law for Encouragement of Capital Investments, 1959 (hereinafter – “the Encouragement Law”) (Cont.)

b. Preferred Enterprise

In December 2010, the Israeli Knesset approved the Economic Policy Law for 2011-2012, whereby the Encouragement law, was amended (hereinafter – the Amendment). The Amendment is effective from January 1, 2011 and its provisions apply to preferred income, derived or accrued by a Preferred Enterprise, as defined in the Amendment, in 2011 and thereafter.

The Amendment does not apply to an Industrial Enterprise that is a mine, or any other facility for production of minerals or a facility for exploration of fuel. Therefore, ICL plants that are defined as mining plants and mineral producers will not be able to take advantage of the tax rates included as part of the Amendment.

The tax rates applicable to Preferred Income in Israel are:

- 1) Preferred Enterprises located in Development Area A – 7.5%.
- 2) Preferred Enterprises located in the rest of the country – 16%.

In November 2015, the Knesset passed the Economic Efficiency Law, which expanded the exception to all of the Enterprise’s activities up to the time of the first marketable product (for additional details – see Section 4 below). However, tax benefits to which a Beneficiary Plant was entitled were not cancelled in respect of investments made up to December 31, 2012. Therefore, such plants are able to utilize the tax benefits in respect of such investments, in accordance with the provisions of the old law.

It is further provided in the Amendment that tax will not apply to a dividend distributed out of preferred income to a shareholder that is an Israeli-resident company. A dividend distributed out of preferred income to a shareholder that is an individual or a foreign resident is subject to tax at a rate of 20%, unless a lower tax rate applies under a relevant treaty for prevention of double taxation.

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

D. Taxation of companies in Israel (Cont.)

3. The Law for Encouragement of Industry (Taxes), 1969

- a. Some of ICL's Israeli subsidiaries are "Industrial Enterprise", as defined in the above-mentioned law. In respect of buildings, machinery and equipment owned and used by any "Industrial Enterprise", ICL is entitled to claim accelerated depreciation as provided by the Income Tax Regulations – Adjustments for Inflation (Depreciation Rates), 1986 which allow accelerated depreciation to any "Industrial Enterprise" as of the tax year in which each asset is first placed in service.
- b. The Industrial Enterprises owned by some of ICL's Israeli subsidiaries have a common line of production and, therefore, they file, together with ICL, a consolidated tax return in accordance with Section 23 of the Law for the Encouragement of Industry. Accordingly, each of the said companies is entitled to offset its tax losses against the taxable income of the other companies.

4. The Law for Taxation of Profits from Natural Resources

The government take on natural resources in Israel includes three elements: Royalties, Corporate Income Tax and Surplus Profit Levy. The highlights of the Law are set forth below:

Royalties

In accordance with the Mines Ordinance, the rate of the royalties, in connection with resources produced from the quarries, will be 5%. For production of phosphates, the royalty rate is 5% of the value of the quantity produced.

In accordance with the Israeli Dead Sea Concession Law, 1961, the royalty rate for potash, bromine and magnesium is 5% of the value of the sold quantity.

Imposition on Excess Profits from Natural Resources

The Law for Taxation of Profits from Natural Resources (hereinafter – the Law), is effective since January 1, 2016. The law is applied for the bromine, phosphate and magnesium minerals from 2016 and for potash from 2017. The tax base, which will be calculated for every mineral separately, is the mineral's operating income, in accordance with the accounting statement of income, to which certain adjustments will be made. The taxable profit is based on the first traded product mineral operating income, as adjusted, after a deduction of 5% of the mineral's year end working capital, and an amount that reflects a yield of 14% on the value of property, plant and equipment used for production and sale of the quarried material (hereinafter – Yield). On the tax base, as stated, a progressive tax will be imposed at a rate to be determined based on the Yield in that year. For a Yield between 14% and 20%, Natural Resources Tax will be imposed at the rate of 25%, while a Yield in excess of 20% will be subject to Natural Resources Tax at the rate of 42%. In years in which the Natural Resources Tax base is negative, the negative amount will be carried forward from year to year and will constitute a tax shield in the succeeding tax year. The above computations, including the right to use prior years' losses, are made separately, without considering setoffs, for each natural resource production and sale activity.

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

D. Taxation of companies in Israel (Cont.)

4. The Law for Taxation of Profits from Natural Resources (Cont.)

Imposition of Natural Resources Tax (Cont.)

Application of the Natural Resources Tax – the Natural Resources Tax will only apply to profits deriving from the actual production and sale of each of the following resources: potash, bromine, magnesium and phosphates, and not to the profits deriving from the downstream industrial activities. Calculation of the Natural Resources Tax will be made separately for every mineral mining concession. Nonetheless, regarding magnesium, it was provided that commencing from 2017, upon sale of Carnalite by DSW to magnesium and reacquisition of a Sylvinite by-product by DSW, magnesium will charge DSW \$100 per ton of potash, which is produced from the Sylvinite (linked to the CPI).

A mechanism was provided for determination of the market price with respect to transactions in natural resources executed between related parties in Israel, as well as a mechanism for calculation of the manner for allocation of the expenses between the production and sale of the natural resource, on the one hand, and the downstream activities, on the other hand.

Regarding the bromine resource, the sale price of bromine sold to related parties, in and outside of Israel, who use the bromine for bromine compounds manufacturing activities, shall be, in each tax year, the higher of:

- a. The actual price in the sale transaction to the related party, as stated above.
- b. A price which will keep an operating profit with the bromine compounds manufacturer of 12% out of the revenue it generates from bromine compounds sales.

Regarding the phosphate resource, the sale price of phosphate sold to related parties for purposes of downstream manufacturing activities in every tax year, shall be the higher of:

- a. The actual price in the sale transaction to the related party, as stated above.
- b. A price which will keep an operating profit with the downstream products manufacturer of 12% out of the revenue it generates from downstream phosphate made of products sales.
- c. The production and operating costs attributable to a unit of phosphate.

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

D. Taxation of companies in Israel (Cont.)

4. The Law for Taxation of Profits from Natural Resources (Cont.)

Amendment No. 3 to the Law

In November 2021, Amendment No. 3 to the Law was approved by the Israeli Knesset, according to which the arrangement of tax collection will be altered so that companies will be required to pay 75% of the disputed tax, after objecting to a tax assessment by appeal to the district court, and prior to a court ruling. Prior to this amendment, the full payment of the Surplus Profit Levy in dispute was not required until a Court ruling is rendered.

Assessment agreement – Surplus Profit Levy

In June 2022, a settlement agreement was signed with the Israeli Tax Authority which provides final assessments for the tax years 2016-2020, as well as outlines understandings for the calculation of the surplus profit levy for the years from 2021 onwards. As a result, in 2022 ICL recorded tax expenses for prior years in the amount of about \$188 million.

Companies Tax

The Law for Encouragement of Capital Investments was revised such that the definition of a “Plant for Production of Quarries” will include all the plant’s activities up to production of the first marketable natural resource, of potash, bromine, magnesium and phosphates. Accordingly, activities involved with production of the resource will not be entitled to tax benefits under the Law, whereas activities relating to downstream products, such as bromine compounds, acids and fertilizers, will be entitled to tax benefits under the Law.

The imposition on excess profits from natural resources will be deductible from ICL’s taxable income and ICL will pay the Companies Tax on the balance as is customary in Israel.

Israel Corporation Ltd.
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Note 27 – Taxes on Income (Cont.)

E. Taxation of consolidated companies outside of Israel

The subsidiaries that are incorporated outside of Israel are assessed based on the tax laws in their resident countries. The main tax rates applicable to the primary subsidiaries outside of Israel are as follows:

<u>Country</u>	<u>Tax Rate</u>	<u>Reference</u>
Brazil	34%	
Germany	29%	
United States	26%	(1)
Netherlands	25.8%	
Spain	25%	
China	25%	
United Kingdom	25%	(2)

- (1) The above tax rate is an estimated average and includes federal and state tax. A different rate may apply in each specific year, as a result of different allocation of income between the different countries (states).
- (2) Commencing from April 1, 2023, tax rate in the UK was increased from 19% to 25%.

F. Tax loss carryforwards

As at December 31, 2023, the balances of the carryforward tax losses to future years of the Group and for which deferred taxes were recorded, amount to about \$476 million, in the Corporation no tax assets were recognized as at December 31, 2023 (December 31, 2022 – about \$384 million of deferred taxes was recognized in the Group and in the Corporation no tax assets were recognized).

As at December 31, 2023, the balances of the carryforward tax losses to future years of the Group and of the Corporation for which deferred taxes were not recorded, amount to about \$411 million and about \$93 million, respectively (December 31, 2022 – about \$467 million and about \$246 million, respectively).

As at the date of the report, the capital losses for tax purposes available for carryforward to future years, of the Group and of the Corporation, for which deferred taxes were not recorded, amount to about \$2,557 million and about \$2,358 million, respectively (December 31, 2022 – about \$2,393 million and about \$2,204 million, respectively).

G. Tax assessments

- The Corporation has final tax assessments up to and including the 2016 tax year, and most of the Headquarters Companies have final tax assessments up to and including the 2020 tax year – this being based on an assessments' agreement signed with the Taxes Authority in Israel. In December 2022, the Taxes Authority in Israel submitted an assessment in respect of 2017, which includes a demand for payment of additional tax, in the amount of about NIS 34 million (about \$10 million). In March 2023, the Corporation filed an appeal with the Taxes Authority in respect of the assessment for 2017. In the Corporation's estimation, the provision in the financial statements is sufficient.
- ICL and the main operational companies in Israel (DSW, Rotem, Bromine, DSM, and BCL), have received final tax assessments up to and including 2019. Other companies in Israel received final tax assessments up to and including 2018. The main subsidiaries outside of Israel have final tax assessments up to and including 2015 - 2019.

Israel Corporation Ltd.
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Note 28 – Earnings per Share

Data used in calculation of the basic and diluted earnings per share

A. Income from continuing operations allocated to the holders of the ordinary shares

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Income for the year attributable to the owners of the Corporation (basic)	<u>273</u>	<u>953</u>	<u>88</u>
Basic earnings per share attributable to the owners of the Corporation	<u>35.80</u>	<u>124.96</u>	<u>11.54</u>
Diluted earnings per share attributable to the owners of the Corporation	<u>35.79</u>	<u>124.93</u>	<u>11.53</u>

B. Weighted-average number of ordinary shares

	For the year ended December 31		
	2023	2022	2021
	Thousands of ordinary shares		
Weighted-average number of shares used in calculation of:			
The basic earnings per share	<u>7,627</u>	<u>7,626</u>	<u>7,626</u>
The diluted earnings per share	<u>7,628</u>	<u>7,628</u>	<u>7,629</u>

* For details regarding basic and diluted earnings (loss) per share relating to the discontinued operations for the years 2022 and 2021 – see Note 7.

Israel Corporation Ltd.
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Note 29 – Information on the Basis of Geographic Regions

- A. The following table presents the breakdown of the Group's revenues on the basis of the geographic location of the main production sites where they were produced:

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Israel	3,595	5,611	3,526
Europe	2,610	3,361	2,437
North America	999	1,038	897
Asia	788	1,123	861
South America	1,482	1,994	1,095
Other	<u>52</u>	<u>61</u>	<u>56</u>
	9,526	13,188	8,872
Intercompany sales in ICL	(1,990)	<u>(3,173)</u>	<u>(1,917)</u>
Total revenues	<u>7,536</u>	<u>10,015</u>	<u>6,955</u>

- B. The following table presents the non-current assets based on geographic location (*):

	As at December 31	
	2023	2022
	\$ millions	
Israel	4,677	4,435
Europe	1,581	1,474
Asia	441	461
South America	456	407
North America	369	346
Other	<u>5</u>	<u>4</u>
Total assets	<u>7,529</u>	<u>7,127</u>

* Composed mainly of property, plant and equipment, intangible assets and non-current inventory.

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Note 29 – Information on the Basis of Geographic Regions (Cont.)

- C. The following table presents a breakdown of the Group's sales based on the geographical location of the customer:

	For the year ended					
	2023		2022		2021	
	<u>\$ millions</u>	<u>%</u>	<u>\$ millions</u>	<u>%</u>	<u>\$ millions</u>	<u>%</u>
Brazil	1,530	20	2,200	22	1,178	17
China	1,059	14	1,495	15	1,060	15
United States	1,262	17	1,457	15	1,091	16
India	196	3	505	5	213	3
United Kingdom	428	6	448	4	386	6
Germany	340	5	417	4	345	5
Spain	348	5	365	4	280	4
Israel	274	4	344	3	291	4
France	254	3	305	3	270	4
The Netherlands	171	2	264	3	127	2
Other	1,674	21	2,215	22	1,714	24
Total	<u>7,536</u>	<u>100</u>	<u>10,015</u>	<u>100</u>	<u>6,955</u>	<u>100</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 29 – Information on the Basis of Geographic Regions (Cont.)

D. The following table presents a breakdown of the sales of ICL's activity segments based on the geographical location of the customer

	<u>Industrial products</u>	<u>Potash</u>	<u>Phosphate solutions</u>	<u>Growing solutions</u>	<u>Other activities</u>	<u>Adjustments to the consolidated</u>	<u>Total consolidated</u>
	<u>\$ millions</u>						
For the year ended December 31, 2023							
Europe	432	624	719	746	20	(209)	2,332
Asia	361	539	603	257	14	(30)	1,744
South America	25	524	368	753	–	(5)	1,665
North America	349	260	614	138	2	(12)	1,351
Rest of the world	60	235	179	179	3	(212)	444
Total	<u>1,227</u>	<u>2,182</u>	<u>2,483</u>	<u>2,073</u>	<u>39</u>	<u>(468)</u>	<u>7,536</u>
For the year ended December 31, 2022							
Europe	574	698	881	880	18	(242)	2,809
Asia	664	1,008	817	286	–	(32)	2,743
South America	40	938	496	849	–	(8)	2,315
North America	401	365	654	166	1	(10)	1,577
Rest of the world	87	304	258	241	4	(323)	571
Total	<u>1,766</u>	<u>3,313</u>	<u>3,106</u>	<u>2,422</u>	<u>23</u>	<u>(615)</u>	<u>10,015</u>
For the year ended December 31, 2021							
Europe	530	430	611	727	23	(162)	2,159
Asia	597	478	617	206	1	(23)	1,876
South America	64	467	343	436	–	(5)	1,305
North America	363	209	491	127	1	(5)	1,186
Rest of the world	63	192	192	174	3	(195)	429
Total	<u>1,617</u>	<u>1,776</u>	<u>2,254</u>	<u>1,670</u>	<u>28</u>	<u>(390)</u>	<u>6,955</u>

Israel Corporation Ltd.
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Note 30 – Related and Interested Parties

A. Benefits to key management personnel (including directors)

Benefits in respect of employment of key management personnel (including directors) include:

	For the year ended December 31					
	2023		2022		2021	
	No. of persons	\$ millions	No. of persons	\$ millions	No. of persons	\$ millions
Remuneration and short-term employee benefits (1)	1	1.6	1	2.2	1	2.2
Share-based payments (2)	1	<u>1.1</u>	1	<u>1.9</u>	1	<u>1.7</u>
		<u>2.7</u>		<u>4.1</u>		<u>3.9</u>

- (1) For additional details – see Section I below.
- (2) Regarding options that were granted by ICL to Yoav Doppelt, the CEO of the Corporation who also serves as the Chairman of the Board of Directors of ICL – see Note 19 above. Regarding options for shares of AKVA held by the Corporation that were granted to Yoav Doppelt, the CEO of the Corporation – see Note 17I, above.

Benefits in respect of directors not employed by the Corporation:

	For the year ended December 31					
	2023		2022		2021	
	No. of persons	\$ millions	No. of persons	\$ millions	No. of persons	\$ millions
Directors that are not employed	8	<u>0.6</u>	8	<u>0.9</u>	7	<u>0.6</u>

B. Transactions with interested and related parties:

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Sales	<u>1</u>	<u>2</u>	<u>1</u>
Operating expenses	<u>7</u>	<u>16</u>	<u>13</u>
Administrative and general expenses	<u>1</u>	<u>1</u>	<u>1</u>
Other income	<u>–</u>	<u>1</u>	<u>–</u>
Financing expenses (income), net	<u>(8)</u>	<u>6</u>	<u>(4)</u>

Israel Corporation Ltd.
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Note 30 – Related and Interested Parties (Cont.)

C. Balances with interested and related parties:

	December 31			
	2023			2022
	Companies related to the controlling shareholder	Bank Mizrahi group	Other interested and related parties	Total interested and related parties
	\$ millions			
Cash and cash equivalents	<u>=</u>	<u>13</u>	<u>=</u>	<u>13</u>
Short-term deposits and loans	<u>=</u>	<u>213</u>	<u>=</u>	<u>213</u>
Other short-term receivables	<u>=</u>	<u>1</u>	<u>=</u>	<u>1</u>
Other current liabilities	<u>1</u>	<u>=</u>	<u>=</u>	<u>1</u>

D. Transactions and balances with associated companies

	As at December 31	
	2023	2022
	\$ millions	
Trade receivables	<u>=</u>	<u>2</u>

	For the year ended December 31		
	2023	2022	2021
	\$ millions		
Sales	<u>=</u>	<u>5</u>	<u>6</u>
Operating expenses	<u>=</u>	<u>12</u>	<u>6</u>
Administrative and general	<u>=</u>	<u>*</u>	<u>*</u>
Financing income, net	<u>=</u>	<u>*</u>	<u>*</u>

* Amount less than \$1 million.

Israel Corporation Ltd.
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Note 30 – Related and Interested Parties (Cont.)

- E.** Regarding indemnification and liability insurance of officers – see Note 18.C.1.
- F.** In December 2017, Bazan (up to September 2022 an associated company) and OPC (a public company controlled by the Corporation's controlling shareholder) and ICL each signed an agreement for supply of natural gas with Energean. Pursuant to the agreement between ICL and Energean, ICL will be entitled to acquire a quantity of up to 13 billion cubic meters of natural gas, over a period of 15 years, with a value of about \$1.8 billion. For additional details – see Note 18C(2).
- G.** In October 2020, ICL and Bazan (up to September 2022 an associated company) signed, each one separately, an agreement for supply of natural gas for a “bridge” period with the Tamar reservoir, after joint negotiations with the supplier and approval of the shareholders of ICL. For additional details – see Note 18C(2).
- H.** From time to time, the Group contracts, in the ordinary course of business and on market terms, with Mizrahi Bank for execution of a range of bank transactions.
- I.** Up to July 1, 2022, the Corporation and ICL were parties to a management services agreement, in consideration of annual management fees of \$1 million plus VAT. Commencing from July 1, 2022, the management agreement was discontinued by the parties. As part of conclusion of the agreement, as stated, the remuneration of the Corporation's CEO was updated and commencing from July 2022, the CEO is entitled to about half of the remuneration from ICL in respect of his service as Chairman of the Board of Directors of ICL (prior to the change the Corporation bore most of the remuneration condition). Starting from July 2022 and thereafter, directors that are officers of the Corporation (except for Mr. Yoav Doppelt, the Corporation's CEO) will be paid the remuneration in cash that is paid to directors. The Corporation's CFO requested that the cash directors' fees to which he is entitled shall be assigned and paid to the Corporation, or shall be paid to him directly, based on the Corporation's instructions.

Israel Corporation Ltd.
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Note 31 – Financial Instruments

A. General

The Group has extensive international activity wherein it is exposed to credit, liquidity and market risks (including currency, interest, inflation and other price risks). In order to reduce the exposure to these risks, the Group holds derivative financial instruments, (including forward transactions, SWAP transactions, and options) for the purpose of reducing the exposure to foreign currency risks, commodity price, energy and marine transport risks, and interest risks. The Group holds derivative financial instruments to hedge the risk in respect of changes in the cash flows of loans and debentures issued, where part of such instruments constitutes accounting hedges. In addition, the Group holds derivative financial instruments to reduce the exposure to currency risk that are accounted for as hedge instruments as part of application of fair value hedge accounting.

The transactions in derivatives are executed with large Israeli and non-Israeli financial institutions, and therefore the Group's management believes the credit risk in respect thereof is low.

This Note presents information regarding the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing the risk.

In order to cope with these risks and as detailed below, the Group enters into transactions in derivative financial instruments. Set forth below is the composition of the derivatives:

	As at December 31	
	2023	2022
	\$ millions	
Derivatives presented as part of current assets		
Derivatives on interest and currencies used for hedging	10	8
Derivatives on interest and currencies used for economic hedging	<u>43</u>	<u>3</u>
Total	<u>53</u>	<u>11</u>
Derivatives presented as part of non-current assets		
Derivatives on interest and currencies used for hedging	<u>1</u>	<u>24</u>
Total	<u>1</u>	<u>24</u>
Derivatives presented as part of current liabilities		
Derivatives on interest and currencies used for hedging	11	23
Derivatives on interest and currencies used for economic hedging	4	28
Call options on Bazan shares	<u>–</u>	<u>19</u>
Total	<u>15</u>	<u>70</u>
Derivatives presented as part of non-current liabilities		
Derivatives on interest and currencies used for hedging	<u>26</u>	<u>10</u>
Total	<u>26</u>	<u>10</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 31 – Financial Instruments (Cont.)

B. Risk management process

The risk management of the Group companies is executed by them as part of the ongoing current management of the companies. The Group companies monitor the extent of the exposure on a regular basis and protection (hedging) against the various risks described below. The hedge policies with respect to all the different types of exposures are discussed by the boards of directors of the companies.

The comprehensive responsibility for establishing the base for the Group's risk management and for supervising its implementation lies with the boards of directors of the companies. The Board of Directors appointed the Corporation's CFO to manage the risks of the Corporation and of the headquarters companies. The Finance Committees of the Corporation and of ICL receive reports every quarter and discuss the risk management of the companies, as part of the discussion of the quarterly results, as a control over application of the policies and for purposes of updating them, if necessary. The managements of the companies apply the policies determined while making reference to the actual developments and the expectations in the market.

The Audit Committee of the Board of Directors, in accordance with the work plan determined from time to time, also supervises Management's monitoring of compliance with the Corporation's risk management policies and procedures.

C. Credit risk

(1) General

(a) Customer credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial asset fails to meet its contractual obligations, and it arises mainly from the Group's receivables from customers and other receivables as well as from investments in securities.

ICL sells to a wide variety and a large number of customers, including customers with materials credit balances. On the other hand, ICL does not have a concentration of sales to individual customers.

ICL has a fixed policy of insuring the credit risk of its customers by means of purchasing credit insurance from insurance companies, except for sales to governmental bodies and sales in small amounts. Most of all other sales are executed only after receiving of approval of coverage in a sufficient scope from an insurance company or other collaterals of a similar level. Some of the Brazilian companies use an uninsured model based on self-disclosure underwriting, with a local collateral structure and Credit Committee policy.

The use of credit insurance companies, as stated, provides professional and objective risk management by an outside expert party and transfers most of the credit risk to a third party. Nonetheless, the customary self-participation (insurance deductible) with respect to credit insurance is 10% (and in a small number of cases at an even higher rate), which effectively leaves part of the risk with ICL out of the total insured amount.

In addition, ICL has an additional self-participation (insurance deductible), in the cumulative annual amount of about \$6 million through a wholly owned captive re-insurance company.

Israel Corporation Ltd.
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Note 31 – Financial Instruments (Cont.)

C. Credit risk (Cont.)

(1) General (Cont.)

(a) Customer credit risk (Cont.)

ICL has dealt with most of its customers for many years and in only rare cases has it sustained credit losses. The financial statements include specific provisions for doubtful debts, which properly reflect, based on the estimates of ICL's management, the loss embedded in debts the collection of which is doubtful.

(b) Credit risks in respect of deposits

The Group companies deposit the balance of their liquid financial assets in bank deposits and in securities. All the deposits are with a diversified group of leading banks, with an appropriate spread among them, preferably with banks that provide loans to the group companies.

(2) Exposure to credit risk

The carrying value in the books of the financial assets represents the maximum credit exposure. The maximum exposure to the credit risk as at the date of the report is as follows:

	As at December 31	
	2023	2022
	\$ millions	
Cash and cash equivalents	537	762
Short-term investments and deposits	1,030	728
Trade receivables	1,376	1,583
Other receivables and debit balances, including derivatives	163	71
Derivative instruments and long-term debit balances	<u>23</u>	<u>55</u>
	<u>3,129</u>	<u>3,199</u>

The maximum exposure to credit risk for trade receivables, as at the date of the report, by geographic region was as follows:

	As at December 31	
	2023	2022
	\$ millions	
Europe	352	457
North America	196	242
South America	409	434
Asia	313	317
Israel	80	104
Other	<u>26</u>	<u>31</u>
	<u>1,376</u>	<u>1,585</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 31 – Financial Instruments (Cont.)

C. Credit risk (Cont.)

(2) Aging of debts and impairment losses

Set forth below is an aging of the trade receivables:

	As at December 31, 2023		As at December 31, 2022	
	For which impairment was not recorded	Impairment	For which impairment was not recorded	Impairment
	\$ millions			
Not past due	1,258	(3)	1,485	(3)
Past due up to 3 months	102	(1)	97	–
Past due 3–12 months	27	(7)	10	(4)
Past due more than one year	2	(2)	1	(1)
	<u>1,389</u>	<u>(13)</u>	<u>1,593</u>	<u>(8)</u>

The movement in the provision for impairment in respect of trade receivables was as follows:

	2023	2022
	\$ millions	
Balance as at January 1	8	9
Additional provision	5	1
Cancellation of provision	–	(2)
Balance as at December 31	<u>13</u>	<u>8</u>

D. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and pressure conditions, without incurring unwanted losses.

The Group manages the liquidity risk by holding cash balances, short-term deposits and secured bank credit facilities.

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Note 31 – Financial Instruments (Cont.)

D. Liquidity risk (Cont.)

Set forth below are the anticipated repayment dates of the financial liabilities in undiscounted amounts – this being on the basis of the anticipated future rates as at the date of the report, including an estimate of the interest payments.

As at December 31, 2023						
Book value	Projected cash flows	Up to 1 year	1–2 years	3–5 years	More than 5 years	
\$ millions						
Non-derivative financial liabilities						
Credit from banks and others*	333	352	352	–	–	–
Trade payables	912	912	912	–	–	–
Other current liabilities	187	187	187	–	–	–
Debentures**	2,123	2,889	673	292	551	1,373
Long-term loans and others**	1,150	1,290	167	501	549	73
Financial liabilities – derivative instruments						
Interest and foreign currency derivatives	41	61	15	17	21	8
	<u>4,746</u>	<u>5,691</u>	<u>2,306</u>	<u>810</u>	<u>1,121</u>	<u>1,454</u>

* Not including current maturities.

** Including current maturities.

As at December 31, 2022						
Book value	Projected cash flows	Up to 1 year	1–2 years	3–5 years	More than 5 years	
\$ millions						
Non-derivative financial liabilities						
Credit from banks and others*	313	322	322	–	–	–
Trade payables	1,006	1,006	1,006	–	–	–
Other current liabilities	213	213	213	–	–	–
Debentures**	2,503	3,520	407	783	622	1,708
Long-term loans and others**	1,184	1,134	161	522	451	–
Financial liabilities – derivative instruments						
Interest and foreign currency derivatives	44	68	35	7	17	9
Call options for Bazan shares	19	19	19	–	–	–
	<u>5,282</u>	<u>6,282</u>	<u>2,163</u>	<u>1,312</u>	<u>1,090</u>	<u>1,717</u>

* Not including current maturities.

** Including current maturities.

Israel Corporation Ltd.
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Note 31 – Financial Instruments (Cont.)

E. Market risks

Market risk is the risk that changes in the market price, such as exchange rates of foreign currency, interest rates and prices of equity instruments will impact the fair value of the future cash flows of a financial instrument. In the ordinary course of business, the Group companies buy and sell derivative instruments for purposes of managing market risks. All such transactions are carried out within the guidelines set by the Boards of Directors of the companies. For the most part, the Group companies enter into hedging transactions for purposes of avoiding economic exposures created by their activities. Part of the transactions entered into do not meet the conditions for recognition as an accounting hedge and, therefore, differences in their fair values are recorded on the statement of income.

(1) Foreign currency risk

The Group's functional currency is the U.S. dollar. The exposures of the Group companies are measured with reference to the changes in the exchange rate of the dollar vis-à-vis the other currencies in which it transacts business.

The Group is exposed to currency risk with respect to sales, purchases, assets and liabilities that are denominated in a currency other than the respective functional currencies of the Group entities. The primary exposure is to the shekel, euro, pound, Chinese yuan, Norwegian krone, Brazilian real and the Turkish lira.

The Group uses foreign currency derivatives, forward exchange contracts and currency options, all in order to hedge against the risk that the final cash flows deriving from the existing assets and liabilities and sales and purchases of goods and services within the framework of firm or anticipated commitments (based on a budget of up to one year), which are denominated in foreign currency, will be impacted by changes in the currency exchange rate.

The Corporation is exposed to changes in the exchange rate of the dollar against the Norwegian krone in respect of its investment in AKVA and NOAP. From time to time, the Corporation examines execution of hedging transactions for purposes of reducing the exposure to the risk of a change in the exchange rate of the dollar against the Norwegian krone. The Corporation enters into forward transactions from time to time for purposes of hedging the exposure, where the said transactions are accounted for using fair value hedge accounting rules.

The Group is exposed to changes in the rate of exchange of the shekel against the dollar in respect of the principal and interest of debentures and certain loans, labor costs and other operating expenses. The Group's risk management strategy is to hedge the changes in the cash flows deriving from liabilities labor costs and other operating expenses denominated in Israeli Shekel by using derivatives. These exposures are hedged, from time to time, based on an evaluation of the embedded exposure and risks, against which the Group chooses to hedge – this being in accordance with the Group's risk management strategy.

In view of the above, ICL designated several forward contracts and options transactions for cash flow hedge and applied hedge accounting. These transactions, which include a portion of labor costs and other operational costs denominated in Israeli shekel and sales denominated in euro, are intended to secure the effect of the change in the exchange rate of the dollar against the hedged portion, thereby protecting ICL's operating income from currency fluctuation. ICL applies a 1:1 hedging ratio. The main source of potential ineffectiveness in these hedging ratios is negligible schedule differences between the hedged item and the hedging instrument. As of the date of the hedge transaction, the total balance of the hedged instruments amounted to about \$390 million.

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(1) CPI and foreign currency risk (Cont.)

(A) Exposure to CPI and foreign currency risks

Details regarding linkage:

	As at December 31, 2023							
	Dollar	Unlinked shekel	Euro	British pound	Norwegian krone	Chinese yuan	Brazilian real	Other
	\$ millions							
Non-derivative instruments								
Cash and cash equivalents	191	6	10	15	–	230	65	20
Short-term investments and deposits	823	198	1	–	–	5	–	3
Investments measured at fair value through the statement of income	–	–	–	–	–	–	–	–
Trade receivables	523	66	261	58	–	78	355	35
Receivables and debit balances	63	17	22	1	–	1	1	5
Investments measured at fair value through other comprehensive income	–	–	–	–	50	–	–	–
Other non-current assets	<u>10</u>	<u>1</u>	<u>4</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7</u>	<u>–</u>
Total financial assets	<u>1,610</u>	<u>288</u>	<u>298</u>	<u>74</u>	<u>50</u>	<u>314</u>	<u>428</u>	<u>63</u>
Credit from banks and others	632	245	143	24	–	3	6	–
Trade payables	194	308	225	33	–	57	91	4
Other current liabilities	44	32	82	3	–	11	14	1
Debentures and long-term loans	938	822	689	12	–	28	19	4
Other non-current liabilities	<u>1</u>	<u>–</u>	<u>39</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1</u>	<u>–</u>
Total financial liabilities	<u>1,809</u>	<u>1,407</u>	<u>1,178</u>	<u>72</u>	<u>–</u>	<u>99</u>	<u>131</u>	<u>9</u>
Total non-derivative financial instruments, net	<u>(199)</u>	<u>(1,119)</u>	<u>(880)</u>	<u>2</u>	<u>50</u>	<u>215</u>	<u>297</u>	<u>54</u>
Derivative instruments								
Forward transactions	–	735	12	8	–	–	14	136
Forward transactions – accounting hedge	–	345	–	–	–	–	–	–
Cylinder	–	–	45	12	–	–	–	5
Dollar-shekel swaps	<u>–</u>	<u>753</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total derivative instruments	<u>–</u>	<u>1,833</u>	<u>57</u>	<u>20</u>	<u>–</u>	<u>–</u>	<u>14</u>	<u>141</u>
Net exposure	<u>(199)</u>	<u>714</u>	<u>(823)</u>	<u>22</u>	<u>50</u>	<u>215</u>	<u>311</u>	<u>195</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
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Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(1) CPI and foreign currency risk (Cont.)

(A) Exposure to CPI and foreign currency risks (Cont.)

Details regarding linkage: (Cont.)

	As at December 31, 2022							
	Dollar	Unlinked shekel	Euro	British pound	Norwegian krone	Chinese yuan	Brazilian real	Other
	\$ millions							
Non-derivative instruments								
Cash and cash equivalents	236	151	17	7	–	306	30	15
Short-term investments and deposits	646	75	2	–	–	2	–	3
Investments measured at fair value through the statement of income	–	82	–	–	–	–	–	–
Trade receivables	659	89	329	73	–	78	308	47
Receivables and debit balances	17	16	18	1	–	–	1	8
Investments measured at fair value through other comprehensive income	–	–	–	–	38	–	–	–
Other non-current assets	<u>25</u>	<u>1</u>	<u>2</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7</u>	<u>1</u>
Total financial assets	<u>1,583</u>	<u>414</u>	<u>368</u>	<u>81</u>	<u>38</u>	<u>386</u>	<u>346</u>	<u>74</u>
Credit from banks and others	293	284	137	18	–	10	7	1
Trade payables	202	372	229	27	–	69	103	4
Other current liabilities	52	38	91	1	–	15	15	–
Debentures and long-term loans	1,371	1,117	659	14	–	34	8	3
Other non-current liabilities	–	–	44	–	–	–	1	–
Total financial liabilities	<u>1,918</u>	<u>1,811</u>	<u>1,160</u>	<u>60</u>	<u>–</u>	<u>128</u>	<u>134</u>	<u>8</u>
Total non-derivative financial instruments, net	<u>(335)</u>	<u>(1,397)</u>	<u>(792)</u>	<u>21</u>	<u>38</u>	<u>258</u>	<u>212</u>	<u>66</u>
Derivative instruments								
Forward transactions	–	746	146	11	–	–	111	17
Forward transactions – accounting hedge	–	360	–	–	–	–	–	–
Cylinder	–	240	47	12	–	–	–	3
Call options on Bazan shares	–	(19)	–	–	–	–	–	–
Dollar-shekel swaps	<u>–</u>	<u>1,018</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total derivative instruments	<u>–</u>	<u>2,345</u>	<u>193</u>	<u>23</u>	<u>–</u>	<u>–</u>	<u>111</u>	<u>20</u>
Net exposure	<u>(335)</u>	<u>948</u>	<u>(599)</u>	<u>44</u>	<u>38</u>	<u>258</u>	<u>323</u>	<u>86</u>

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Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(1) CPI and foreign currency risk (Cont.)

(B) Terms of derivative instruments used for foreign currency risk

	As at December 31, 2023		
	Book value	Denominated value	Average exchange rate
	\$ millions		
Forward transactions			
Dollar / NIS	35	735	3.7
Euro / dollar	5	12	1.1
Dollar / Brazilian real	–	14	5.0
Dollar / pound	–	8	1.2
Euro / Chinese yuan	(1)	82	7.7
Other	–	54	293.9
Forward transactions – accounting hedge			
Dollar / NIS	6	345	3.7
Currency and interest SWAPs			
Dollar / NIS	(32)	753	3.6
Put options			
Dollar / NIS	–	–	3.7
Euro / dollar	–	45	1.1
Dollar / yen	–	5	140.7
Dollar / pound	–	12	1.2
Call options			
Dollar / NIS	–	–	3.7
Euro / dollar	–	45	1.1
Dollar / yen	–	5	140.7
Dollar / pound	–	12	1.2

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(1) CPI and foreign currency risk (Cont.)

(B) Terms of derivative instruments used for foreign currency risk (Cont.)

	As at December 31, 2022		
	Book value	Denominated value	Average exchange rate
		\$ millions	
Forward transactions			
Dollar / NIS	(12)	746	3.4
Euro / dollar	(4)	146	1.1
Dollar / Brazilian real	2	111	5.2
Euro / pound	–	(17)	1.2
Dollar / pound	–	11	1.2
Other	(1)	35	–
Forward transactions – accounting hedge			
Dollar / NIS	(14)	360	3.4
Currency and interest SWAPs			
Dollar / NIS	23	462	3.4
Put options			
Dollar / NIS	(11)	240	3.4
Euro / dollar	1	47	1.1
Dollar / yen	–	3	130.4
Dollar / pound	–	12	1.2
Call options			
Dollar / NIS	1	240	3.4
Euro / dollar	(1)	47	1.1
Dollar / yen	–	3	130.4
Dollar / pound	–	12	1.2

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 33 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(1) CPI and foreign currency risk (Cont.)

(C) Sensitivity analysis

A change at the rate of 5%–10% of the dollar exchange rate against the following currencies would have increased (decreased) the income or loss and the capital by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2022 is performed on the same basis.

	As at December 31, 2023			
	10% increase	5% increase	5% decrease	10% decrease
	\$ millions			
<u>Non-derivative financial instruments</u>				
Shekel/dollar	104	53	(54)	111
Dollar/euro	(82)	(41)	41	82
Dollar/Brazilian real	31	16	(16)	(31)
Dollar/Japanese yen	21	11	(11)	(21)
Dollar/Norwegian kroner	(5)	(2)	3	6

	As at December 31, 2022			
	10% increase	5% increase	5% decrease	10% decrease
	\$ millions			
<u>Non-derivative financial instruments</u>				
Shekel/dollar	198	100	(102)	(208)
Dollar/euro	(131)	(66)	66	131
Dollar/Norwegian kroner	(4)	(2)	2	4
Other	(1)	—	—	1

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 33 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(1) CPI and foreign currency risk (Cont.)

(C) Sensitivity analysis (Cont.)

A change at the rate of 5%–10% of the dollar exchange rate against the following currencies would have increased (decreased) the income or loss and the capital by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2022 is performed on the same basis.

	As at December 31, 2023			
	10% increase	5% increase	5% decrease	10% decrease
	\$ millions			
<u>Derivative financial instruments</u>				
Shekel/dollar	(157)	(81)	95	198
Dollar/euro	9	4	(5)	(9)
Other	(1)	1	(1)	(4)

	As at December 31, 2022			
	10% increase	5% increase	5% decrease	10% decrease
	\$ millions			
<u>Derivative financial instruments</u>				
Shekel/dollar	(207)	(109)	119	253
Dollar/euro	17	8	(10)	(20)
Dollar/ Brazilian real	10	5	(6)	(12)
Dollar/Norwegian kroner	2	1	(1)	(2)

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(2) Interest rate risk

The Group has loans bearing variable interests and therefore its financial results and cash flows are exposed to fluctuations in the market interest rates.

From time to time, the Group makes use of financial instruments, including derivatives, in order to hedge exposure. The Group makes use of interest rate swap and cross currency swaps contracts, mainly in order to reduce the exposure to cash flow risk in respect of changes in interest rates.

As part of the global reform in interest rate benchmarks, the USD Libor and the Libor GBP settings ceased from July 1, 2023 and January 1, 2022, respectively and were replaced by SOFR (USD) and SONIA (GBP) Benchmark.

(a) Type of interest

Set forth below is detail of the type of interest borne by the Group's interest-bearing financial instruments, except for derivative financial instruments:

	As at December 31	
	2023	2022
	Carrying amount	
	\$ millions	
Fixed rate instruments		
Financial assets	1,354	1,313
Financial liabilities	(2,796)	(3,172)
	(1,442)	(1,859)
Variable rate instruments		
Financial assets	57	46
Financial liabilities	(781)	(796)
	(724)	(750)

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(2) Interest rate risk

(b) Fair value sensitivity analysis for fixed-rate instruments

Most of the Group's instruments bearing fixed interest are not measured at fair value through the statement of income. Therefore, a change in the interest rates as at the date of the report would not be expected to affect the income or loss in respect of changes in the value of fixed-interest assets and liabilities.

(c) Cash flow sensitivity analysis for variable rate instruments

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis for 2022 is performed on the same basis.

	As at December 31, 2023			
	Impact on income or loss and capital			
	1% decrease in interest	0.5% decrease in interest	0.5% increase in interest	1% increase in interest
	\$ millions			
Non-derivative instruments	1	1	(1)	(1)
Derivative instruments	<u>17</u>	<u>8</u>	<u>(8)</u>	<u>(15)</u>
	<u>18</u>	<u>9</u>	<u>(9)</u>	<u>(16)</u>

	As at December 31, 2022			
	Impact on income or loss and capital			
	1% decrease in interest	0.5% decrease in interest	0.5% increase in interest	1% increase in interest
	\$ millions			
Non-derivative instruments	1	1	(1)	(1)
Derivative instruments	<u>23</u>	<u>11</u>	<u>(10)</u>	<u>(19)</u>
	<u>24</u>	<u>12</u>	<u>(11)</u>	<u>(20)</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

E. Market risks (Cont.)

(2) Interest rate risk (Cont.)

(d) Terms of derivative instruments used to hedge dollar interest risks

	As at December 31, 2023			
	Book value (fair value)	Par value	Range of expiration years	Range of interest rate
	\$ millions	\$ millions	Years	%
Shekel				
Fixed shekel interest to fixed dollar interest exchange contracts	(32)	753	2024–2034	2.2%–5.5%

	As at December 31, 2022			
	Book value (fair value)	Par value	Range of expiration years	Range of interest rate
	\$ millions	\$ millions	Years	%
Shekel				
Fixed shekel interest to fixed dollar interest exchange contracts	23	462	2024–2034	2.4%–4.74%

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

F. Fair value

(1) Financial instruments measured at fair value for disclosure purposes only

The carrying value in the books of financial assets and financial liabilities, such as: cash and cash equivalents, investments, deposits and short-term loans, receivables and debit balances, investments and long-term receivables; short-term credit, payables and credit balances, long-term loans bearing variable interest and other liabilities; as well as derivative financial instruments, corresponds to or approximates their fair values.

The following table shows in detail the stated value and the fair value of financial instrument groups presented in the financial statements not in accordance with their fair value.

	As at December 31, 2023		
	Carrying amount	Fair value	Fair value
		Level 1	Level 2
		\$ millions	
<u>Liabilities</u>			
Marketable debentures (1)	1,941	1,821	–
Non-marketable debentures (2)	196	–	194
Long-term loans from financial institutions and others (3)	387	–	356
	<u>2,524</u>	<u>1,821</u>	<u>550</u>
	As at December 31, 2022		
	Carrying amount	Fair value	Fair value
		Level 1	Level 2
		\$ millions	
<u>Liabilities</u>			
Marketable debentures (1)	2,328	2,211	–
Non-marketable debentures (2)	195	–	191
Long-term loans from financial institutions and others (3)	389	–	352
	<u>2,912</u>	<u>2,211</u>	<u>543</u>

- (1) The fair value of the marketable debentures is based on the stock market price on the date of the report and on classification as Level 1 in the fair value hierarchy.
- (2) The fair value of the non-marketable debentures is based on calculation of the present value of the cash flows in respect of the principal and the interest and is discounted at the SOFR rate customary in the market for similar loans having similar characteristics and is classified as Level 2 in the fair value hierarchy. The average discount interest as of December 31, 2023, was 8.1% (December 31, 2022 – 7%).
- (3) The fair value of the Israeli Shekel and Euro loans issued bearing fixed interest is based on calculation of the present value of the cash flows in respect of the principal and the interest and is discounted at the market interest rates on the measurement date for similar loans having similar characteristics and is classified as Level 2 in the fair value hierarchy. The average discount interest as of December 31, 2023, for the dollar, Israeli shekel and euro loans was 5.5%–6.9%, 5.5% and 5.3%, respectively (December 31, 2022 – the average discount interest for the dollar, Israeli shekel and euro loans was 6.8%–7.3%, 5.2% and 4.9%, respectively).

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

F. Fair value (Cont.)

(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.
- Level 3: Data not based on observed market data.

As at December 31, 2023				
	Level 1	Level 2	Level 3	Total
	\$ millions			
Assets				
Derivatives used for accounting hedge	–	11	–	11
Derivatives used for economic hedge	–	43	–	43
Investments measured at fair value through other comprehensive income	<u>50</u>	<u>–</u>	<u>–</u>	<u>50</u>
	<u>50</u>	<u>54</u>	<u>–</u>	<u>104</u>
Liabilities				
Derivatives used for accounting hedge	–	37	–	37
Derivatives used for economic hedge	<u>–</u>	<u>4</u>	<u>–</u>	<u>4</u>
	<u>–</u>	<u>41</u>	<u>–</u>	<u>41</u>
As at December 31, 2022				
	Level 1	Level 2	Level 3	Total
	\$ millions			
Assets				
Derivatives used for accounting hedge	–	32	–	32
Derivatives used for economic hedge	–	3	–	3
Investments measured at fair value through the statement of income	82	–	–	82
Investments measured at fair value through other comprehensive income	<u>38</u>	<u>–</u>	<u>–</u>	<u>38</u>
	<u>120</u>	<u>35</u>	<u>–</u>	<u>155</u>
Liabilities				
Derivatives used for accounting hedge	–	33	–	33
Derivatives used for economic hedge	–	28	–	28
Call options on Bazan shares	<u>–</u>	<u>–</u>	<u>19</u>	<u>19</u>
	<u>–</u>	<u>61</u>	<u>19</u>	<u>80</u>

Israel Corporation Ltd.
Notes to the Consolidated Financial Statements
As at December 31, 2023

Note 31 – Financial Instruments (Cont.)

G. Fair value (Cont.)

(3) Data regarding measurement of the fair value of financial instruments at Level 2 and Level 3

Level 2

The fair value of forward contracts on foreign currency is determined using trading programs that are based on their market prices. The market price is determined based on a weighting of the exchange rate and the appropriate interest coefficient for the period of the transaction along with an index of the relevant currencies.

The fair value of currency options and options on fuel prices is determined using trading programs that take into account the internal value, standard deviation, interest and period of the option.

The fair value of contracts for exchange of interest rates (SWAP) is determined using trading programs and is based on the market prices, period up to settlement of the contract and the credit risks of the parties to the contract.

The fair value of currency and interest exchange (SWAP) transactions is based on the market interest rates for discounting the future cash flows on the basis of the terms and length of the period up to maturity of each transaction and using market interest rates.

Level 3

The fair value of derivatives as Level 3 was measured by an external appraiser using a multi-period binomial model that is used for measuring options. Measurement of the fair value is examined by professional parties in the Corporation.

Israel Corporation Ltd.

**Separate information provided in
accordance with Regulation 9C of the
Securities Regulations (Periodic and
Immediate Reports), 1970**

**Financial data from the consolidated
financial statements relating to the
Corporation on a separate-company basis
as at December 31, 2023**

Israel Corporation Ltd.
Separate information provided in accordance with Regulation 9C of the Securities Regulations
(Periodic and Immediate Reports), 1970
As at December 31, 2023

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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.

Re: Special Report of the Auditors with respect to Separate-Company Financial Data presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the separate-company financial data presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970 of Israel Corporation Ltd. (hereinafter – “the Corporation”), as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023. This separate-company financial data is the responsibility of the Corporation’s Board of Directors and its Management. Our responsibility is to express an opinion on the separate-company financial data based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel. Such standards require that we plan and perform the audits to obtain reasonable assurance that the separate-company financial data is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate-company financial data. An audit also includes assessing the accounting principles used in preparation of the separate-company financial data and significant estimates made by the Corporation’s Board of Directors and by its Management, as well as evaluating the presentation of the separate-company financial data. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, the separate-company financial data is prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

March 27, 2024

Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Data with respect to Financial Position

	As at December 31	
	2023	2022
	\$ millions	
Current assets		
Cash and cash equivalents	117	312
Short-term deposits	807	617
Investment measured at fair value through the statement of income	–	82
Receivables and other debit balances	15	6
Derivative instruments	<u>–</u>	<u>1</u>
Total current assets	<u>939</u>	<u>1,018</u>
Non-current assets		
Investments in investee companies	2,399	2,253
Investment measured at fair value through other comprehensive income	50	38
Loans to wholly-owned subsidiaries	263	283
Other assets	–	1
Derivative instruments	–	5
Property, plant and equipment	<u>1</u>	<u>1</u>
Total non-current assets	<u>2,713</u>	<u>2,581</u>
Total assets	<u>3,652</u>	<u>3,599</u>

The additional information attached to the separate-company data is an integral part thereof.

This English Version of the Report is for the Convenience of the Reader. The Hebrew Version of the Report is the Binding Version.

Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Data with respect to Financial Position

	As at December 31	
	2023	2022
	\$ millions	
Current liabilities		
Current maturities of non-current liabilities	145	188
Payables and other credit balances	19	24
Derivative instruments	8	26
Total current liabilities	172	238
Non-current liabilities		
Long-term loans and debentures	683	894
Derivative instruments	19	9
Long-term balances	2	2
Total non-current liabilities	704	905
Total liabilities	876	1,143
Equity		
Share capital and premium	326	326
Capital reserves	(168)	(217)
Capital reserve in respect of transactions with controlling shareholder	190	190
Treasury shares	(13)	—
Retained earnings	2,441	2,157
Total equity attributable to the Corporation's shareholders	2,776	2,456
Total liabilities and equity	3,652	3,599

Aviad Kaufman
Chairman of the Board of
Directors

Yoav Doppelt
CEO

Sagi Kabla
CFO

Date of approval of the separate-company information: March 27, 2024

The additional information attached to the separate-company data is an integral part thereof.

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Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Data with respect to Income

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Administrative and general expenses	10	11	12
Other expenses (income), net	<u>—</u>	<u>(6)</u>	<u>3</u>
Operating loss	<u>(10)</u>	<u>(5)</u>	<u>(15)</u>
Financing expenses	70	139	80
Financing income	<u>(72)</u>	<u>(79)</u>	<u>(18)</u>
Financing expenses (income), net	<u>(2)</u>	<u>60</u>	<u>62</u>
Share in income of investee companies, net	<u>282</u>	<u>954</u>	<u>346</u>
Income before taxes on income	274	889	269
Taxes on income (tax benefit)	<u>1</u>	<u>(14)</u>	<u>—</u>
Income for the year from continuing operations	273	903	269
Income (loss) from discontinued operations, after tax*	<u>—</u>	<u>50</u>	<u>(181)</u>
Income for the year attributable to the Corporation's shareholders	<u>273</u>	<u>953</u>	<u>88</u>

* For details – see Note 7 to the consolidated financial statements.

The additional information attached to the separate-company data is an integral part thereof.

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Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Data with respect to Comprehensive Income (Loss)

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Income for the year attributable to the Corporation's shareholders	<u>273</u>	<u>953</u>	<u>88</u>
Components of other comprehensive income (loss) that after their initial recognition in comprehensive income were or will be transferred to the statement of income			
Effective portion of the change in fair value of cash flow hedges	(24)	(82)	27
Net change in fair value of cash flow hedges transferred to the statement of income	27	85	(15)
Company's share of other comprehensive income of investee companies recorded to the statement of income	—	(19)	—
Company's share of comprehensive income from discontinued operations	—	8	9
Other comprehensive income (loss) in respect of investee companies, net	<u>44</u>	<u>(62)</u>	<u>(50)</u>
Total	<u>47</u>	<u>(70)</u>	<u>(29)</u>
Components of other comprehensive income (loss) that will not be transferred to the statement of income			
Net change in investment measured at fair value through other comprehensive income	2	(28)	(11)
Net change in fair value of fair-value hedge in respect of in respect of investments measured at fair value through other comprehensive income	—	7	4
Company's share of comprehensive income from discontinued operations	—	2	2
Other comprehensive income in respect of investee companies, net	<u>11</u>	<u>30</u>	<u>91</u>
Total	<u>13</u>	<u>11</u>	<u>86</u>
Total other comprehensive income (loss) for the year, net of tax	<u>60</u>	<u>(59)</u>	<u>57</u>
Total comprehensive income for the year attributable to the Corporation's owners	<u>333</u>	<u>894</u>	<u>145</u>

The additional information attached to the separate-company data is an integral part thereof.

This English Version of the Report is for the Convenience of the Reader. The Hebrew Version of the Report is the Binding Version.

Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Data with respect to Cash Flows

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Cash flows from operating activities			
Income for the year attributable to the Corporation's shareholders	273	953	88
Adjustments:			
Financing expenses (income), net*	(2)	56	62
Share in income of investee companies, net*	(282)	(1,018)	(420)
Impairment in value of associated company*	—	36	262
Capital gains	—	(19)	—
Other	—	(4)	(1)
Taxes on income (tax benefit)	1	(14)	—
	(10)	(10)	(9)
Change in receivables and payables	1	(1)	1
	(9)	(11)	(8)
Income tax paid, net	(1)	(4)	—
Dividend received from investee companies	200	492	111
Net cash provided by operating activities	190	477	103
	-----	-----	-----
Cash flows from investing activities			
Short-term deposits, net	(192)	(107)	(304)
Other investments	(10)	—	(81)
Net proceeds from sale of shares of associated companies*	2	163	89
Provision of long-term loans to investee companies, net	—	(62)	(17)
Collection of long-term loans from investee companies, net	11	—	—
Proceeds from sale of investments	64	—	—
Interest received	42	13	2
Receipt (payment) in respect of settlement of derivatives used for an economic hedge, net	(3)	16	9
Net cash provided by (used in) investing activities	(86)	23	(302)
	-----	-----	-----
Cash flows from financing activities			
Proceeds from sale of holding in subsidiary	—	200	—
Receipt of long-term loans and issuance of debentures	—	50	229
Repayment of long-term loans and debentures	(231)	(329)	(348)
Dividend paid	—	(78)	—
Treasury shares	(13)	—	—
Interest paid	(44)	(46)	(57)
Receipt (payment) in respect of settlement of derivatives used for hedging, net	(9)	5	7
Net cash used in financing activities	(297)	(198)	(169)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	(193)	302	(368)
Cash and cash equivalents at the beginning of the year	312	32	402
Effect of exchange rate fluctuations on balances of cash and cash equivalents	(2)	(22)	(2)
Cash and cash equivalents at the end of the year	117	312	32

* In 2022 and 2021, includes in respect of discontinued operations. For details – see Note 7 to the consolidated financial statements.

The additional information attached to the separate-company data is an integral part thereof.

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Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Additional Information

Note 1 – General

Set forth below is financial data taken from the consolidated financial statements of Israel Corporation Ltd. (hereinafter – “the Corporation”) as at December 31, 2023 (hereinafter – “the Consolidated Financial Statements”), which are published as part of the Periodic Reports relating to the Corporation on a separate-company basis (hereinafter – “the Separate-Company Financial Data”) and presented in accordance with Regulation 9C (hereinafter – “the Regulation”) and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter – “the Tenth Addendum”) regarding separate-company financial data of a company. The Separate-Company Financial Data should be read together with the consolidated financial statements.

In this separate-company financial data –

- (1) The Corporation – Israel Corporation Ltd.
- (2) ICL – I.C.L. Group Ltd. and its subsidiaries.
- (3) Bazan – Oil Refineries Ltd. and its subsidiaries.
- (4) Subsidiaries – Companies, the financial statements of which are fully consolidated, directly or indirectly, with those of the Corporation.
- (5) Investee companies – Companies, where the Corporation’s investment therein is included, directly or indirectly, in the financial statements using the equity basis of accounting.

Note 2 – Significant Accounting Principles Applied in the Financial Data on a Separate-Company Basis

The Material Accounting Policies detailed in the consolidated financial statements were applied consistently to all periods presented by the Corporation in the financial data on a separate-company basis, including the manner of classification of the financial data in the consolidated financial statements with the required changes as stated below:

A. Presentation of the financial data

(1) Data on the statement of financial position

This data includes information regarding the amounts of the assets and liabilities included in the financial statements relating to the Corporation itself (not including investee companies), while providing detail based on the types of the assets and liabilities. In addition, as part of this data, information is included regarding a net amount, based on the consolidated financial statements, relating to the Corporation’s shareholders itself, of the total assets less the total liabilities, in respect of investee companies, including goodwill.

Israel Corporation Ltd.
Financial Data on a Separate-Company Basis as at December 31, 2023
Additional Information

Note 2 – Significant Accounting Principles Applied in the Financial Data on a Separate-Company Basis (Cont.)

A. Presentation of the financial data (Cont.)

(2) Data on the statement of income and other comprehensive income

This data includes information regarding the amounts of the income and expenses included in the consolidated financial statements, broken down between income or expense and other comprehensive income, relating to the Corporation itself (not including investee companies), while providing detail based on the types of the revenues and expenses. In addition, as part of this data, information is included based on the consolidated financial statements relating to the Corporation's shareholders itself, of the total revenues less the total expenses in respect of the results of operations of investee companies.

(3) Data on the statement of cash flows

This data includes information regarding the amounts of the cash flow included in the consolidated financial statements relating to the Corporation itself (not including investee companies), taken from the consolidated statement of cash flows, broken down by cash flows from current operating activities, cash flows from investing activities and cash flows from financing activities along with detail of their components. Cash flows in respect of current operating activities, investing activities and financing activities in respect of transactions with investee companies are presented separately on a net basis, as part of the related activities, in accordance with the nature of the transaction.

B. Transactions between the Corporation and Investee Companies

(1) Presentation

Intercompany balances within the Group and revenue and expenses deriving from intercompany transactions, which were eliminated as part of preparation of the consolidated financial statements, were presented separately from the balance in respect of the investee companies and the income in respect of the investee companies, together with similar balances with third parties.

(2) Measurement

Transactions executed between the Corporation and its subsidiaries are measured in accordance with the recognition and measurement principles provided in the International Financial Reporting Standards (IFRS), which outline the accounting treatment of these types of transactions executed with third parties.

Israel Corporation Ltd.
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Note 3 – Financial Instruments

A. Foreign currency risk

(1) Details with respect to linkage

	As at December 31, 2023			
	New Israeli shekels		Norwegian	
	Unlinked	Dollar	krone	Total
		\$ millions		
Financial assets:				
Cash and cash equivalents	4	113	–	117
Short-term deposits	198	609	–	807
Other short-term receivables	3	12	–	15
Investment measured at fair value through other comprehensive income	–	–	50	50
Total financial assets	205	734	50	989
Financial liabilities:				
Current maturities of non-current liabilities	46	99	–	145
Other payables and credit balances	5	2	–	7
Debentures and long-term loans	553	130	–	683
Total financial liabilities	604	231	–	835
Derivative instruments:				
Dollar/shekel SWAP	409	–	–	409
Total derivative instruments	409	–	–	409
Net exposure	10	503	50	563
Loans to wholly-owned subsidiaries*	263	–	–	263

* The repayment dates of the loans to wholly-owned subsidiaries have not yet been determined.

Israel Corporation Ltd.
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Additional Information

Note 3 – Financial Instruments (Cont.)

A. Foreign currency risk (Cont.)

(1) Details with respect to linkage (Cont.)

	As at December 31, 2022			
	New Israeli shekels		Norwegian	
	Unlinked	Dollar	krone	Total
		\$ millions		
Financial assets:				
Cash and cash equivalents	150	162	—	312
Short-term deposits	75	542	—	617
Other short-term receivables	4	2	—	6
Investment measured at fair value through the statement of income	82	—	—	82
Investment measured at fair value through other comprehensive income	—	—	38	38
Other long-term assets	<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>
Total financial assets	<u>312</u>	<u>706</u>	<u>38</u>	<u>1,056</u>
Financial liabilities:				
Current maturities of non-current liabilities	106	82	—	188
Other payables and credit balances	11	2	1	14
Debentures and long-term loans	<u>664</u>	<u>230</u>	<u>—</u>	<u>894</u>
Total financial liabilities	<u>781</u>	<u>314</u>	<u>1</u>	<u>1,096</u>
Derivative instruments:				
Dollar/shekel SWAP	556	—	—	556
Call option on Bazan shares	<u>(19)</u>	<u>—</u>	<u>—</u>	<u>(19)</u>
Total derivative instruments	<u>537</u>	<u>—</u>	<u>—</u>	<u>537</u>
Net exposure	<u>68</u>	<u>392</u>	<u>37</u>	<u>497</u>
Loans to wholly-owned subsidiaries*	<u>283</u>	<u>—</u>	<u>—</u>	<u>283</u>

* The repayment dates of the loans to wholly-owned subsidiaries have not yet been determined.

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Note 3 – Financial Instruments (Cont.)

B. Non-derivative financial liabilities

(1) Composition

Current liabilities

	December 31	
	2023	2022
	\$ millions	
Current maturities of long-term liabilities:		
Debentures	<u>145</u>	<u>188</u>
Total current maturities	<u>145</u>	<u>188</u>

Non-current liabilities

	December 31	
	2023	2022
	\$ millions	
Debentures	729	983
Loans from financial institutions	<u>99</u>	<u>99</u>
Total long-term liabilities	828	1,082
Less current maturities	<u>145</u>	<u>188</u>
Total non-current liabilities	<u>683</u>	<u>894</u>

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Note 3 – Financial Instruments (Cont.)

B. Non-derivative financial liabilities

(2) Classification based on currencies and interest rates

	Weighted average interest rate	As at December 31	
	31/12/2023	2023	2022
	%	\$ millions	
Non-current liabilities (including current maturities)			
Debentures			
In unlinked shekels	2.6	599	770
In shekels linked to the dollar	5.7	130	213
		729	983
Loans from financial institutions			
Dollar loans bearing variable interest (1)	8.8	99	99
		99	99
		828	1,082

- (1) The average interest in respect of the dollar liabilities bearing variable interest is determined on the basis of the three-month CME Term SOFR + an average margin of 3.4%.

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Note 3 – Financial Instruments (Cont.)

C. Liquidity risk

Set forth below are the contractual repayment dates of financial liabilities in immaterial amounts, this being on the basis of the future rates projected as at the date of the report, including an estimate of the interest payments. This disclosure does not include amounts with respect to which there are offset agreements.

As at December 31, 2023						
	Book value	Projected cash flows	Up to 1 year	1–2 years	2–5 years	More than 5 years
	\$ millions					
Non-derivative financial liabilities						
Payables and other credit balances	7	7	7	–	–	–
Debentures	729	803	166	137	393	107
Loans from banks	99	119	8	57	54	–
Derivative instruments						
Derivatives on interest and currency	27	47	8	10	21	8
Total	862	976	189	204	468	115

As at December 31, 2022						
	Book value	Projected cash flows	Up to 1 year	1–2 years	2–5 years	More than 5 years
	\$ millions					
Non-derivative financial liabilities						
Payables and other credit balances	14	14	14	–	–	–
Debentures	983	1,092	220	217	415	240
Loans from banks	99	127	8	8	11	–
Derivative instruments						
Derivatives on interest and currency	16	40	7	7	17	9
Call options on Bazan shares	19	19	19	–	–	–
Total	1,131	1,292	268	232	443	249

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Note 3 – Financial Instruments (Cont.)

D. Foreign currency risk

Sensitivity analysis

A change at the rate of 5%–10% of the dollar exchange rate and for 2023 also at the rate of the CPI of the following currencies against the dollar would have increased (decreased) the capital and the income or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

	As at December 31, 2023			
	Impact on income or loss and capital			
	10% increase	5% increase	5% decrease	10% decrease
	\$ millions			
<u>Non-derivative financial instruments</u>				
Dollar/shekel	10	5	(6)	(12)
Dollar/Norwegian krone	(5)	(2)	3	6
<u>Derivative financial instruments</u>				
Dollar/shekel	(35)	(18)	21	44

	As at December 31, 2023			
	Impact on income or loss and capital			
	10% increase	5% increase	5% decrease	10% decrease
	\$ millions			
<u>Non-derivative financial instruments</u>				
Dollar/shekel	20	10	(11)	(24)
Dollar/Norwegian krone	(4)	(2)	2	4
<u>Derivative financial instruments</u>				
Dollar/shekel	(46)	(24)	27	57

- E. The Corporation does not have significant exposure to CPI risk. For details regarding the Group's exposure to interest risk – see Note 31E to the consolidated financial statements.

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Note 4 – Significant Contracts, Undertakings and Transactions with Investee Companies

Income (loss) from investee companies, net, includes the Corporation's share in the income (loss) of subsidiaries and associated companies.

(A)

	For the Year Ended December 31		
	2023	2022	2021
	\$ millions		
Dividends from investee companies	<u>200</u>	<u>492</u>	<u>111</u>

Subsequent to the date of the report, 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 will be distributed subsequent to the date of the report on March 26, 2024. The share of the Corporation and the investee companies in the dividend is about \$27 million.

- (B) Wholly-owned investee companies have issued capital notes to the Corporation. As at the date of the report, the capital notes, in the amount of about \$263 million, are unlinked shekel capital notes that do not bear interest.
- (C) The Corporation receives a dollar dividend declared by ICL and that is paid partly in NIS, according to the exchange rate on the effective date. Occasionally, the Corporation enters into a short-term hedging transaction with ICL in order to hedge the exposure to changes in the dollar/shekel exchange rate. The dividend is paid to the Corporation based on the exchange rate on the effective date.
- (D) Up to July 1, 2022, the Corporation and ICL were parties to a management services agreement, for a consideration of an annual management fee of \$1 million plus VAT. For 2022, ICL paid the Corporation management fees of about \$500 thousand for the period January–July 2022. As of July 1, 2022, the management agreement was terminated by the parties, and thereafter, directors who are officers or directors of the Corporation (other than Mr. Yoav Doppelt) will be paid the same cash compensation as is paid to all the other directors. The Corporation's CFO requested that the cash directors' fee to which he is entitled shall be assigned directly to the Corporation, or paid directly to him, based on the instructions of Israel Corporation.
- (E) For additional information regarding investee companies and other investments – see Notes 7, 8 and 9 to the consolidated financial statements.