Delek Group

FINANCIAL STATEMENTS

UNAUDITED

AS OF JUNE 30, 2023

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the June 30, 2023, financial report of Delek Group Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on August 23, 2023.

The Hebrew version submitted to the TASE and the Israeli Securities Authority shall be the sole legally binding version.

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Chapter A

Corporate Description

Update to Chapter A (Description of Company Operations) of the Periodic Report for 2022[1] of Delek Group Ltd. (hereinafter - the "Company")

Part One – Description of the General Development of the Company's Business:

A. **Referring to Section 1.2 to the Periodic Report - the Group's Operating Segments**

On August 17, 2023, a transaction was finalized under which the Company acquired all Discount Investment Corporation Ltd.'s holdings in Mehadrin Ltd. (hereinafter - "**Mehadrin**"), which constitutes 44.48% of Mehadrin's issued and paid up share capital, for a total consideration of NIS 249,088,000. Mehadrin is a public company whose shares are listed on the Tel Aviv Stock Exchange Ltd., and through companies which it controls, it holds (by ownership and lease), among other things, extensive land reserves (in an estimated scope of 1,110 hectares), as well as logistics assets, including cold storage warehouses, packing houses and logistics centers in Israel and abroad. As at the reporting date, Mehadrin operates in four main operating segments: 1) Agriculture; 2) cold storage warehouses; 3) water segment; and 4) income-generating assets segment. For more information, see the Company's immediate reports dated July 17, 2023 (Ref. No. 2023-01-080964), August 10, 2023 (Ref. No. 2023-1-074371) and August 17, 2023 (Ref. No. 2023-01-095361), the details of which are included herein by way of reference.

B. **Referring to Section 1.3 of the Periodic Report - Investments in Company Equity**

1. In the second quarter of 2023 through the publication date of the report, 636,379 Options (Series 11, 12 and 14) (including exercise by interested parties) were exercised for Company shares for a total consideration of NIS 88 million.
2. For information concerning securities transactions executed by interested parties in the Company, see the Company's immediate report dated June 4, 2023 (Ref. No. 2023-01-051892), the details of which are included herein by way of reference.

C. **Referring to Section 1.4 to the Periodic Report - Dividends**

On May 31, 2023, the Company announced a profit distribution totaling NIS 200 million (NIS 10.8744 per share), which was paid in June 2023.

Part Three – Description of the Corporation's Business by Operating Segment:

A. **The Energy in Israel Segment**

1. **Referring to Section 1.7.1(a) to the Periodic Report - The Company's Holdings in NewMed Energy - Limited Partnership**

(a) On August 21, 2023, NewMed Energy - Limited Partnership (hereinafter - the "**Partnership**") announced the distribution of profits amounting to 50 million United States dollar (hereinafter - "**USD**"); the record date for the distribution is August 30, 2023. In accordance with the Partnership's announcement, the profits will be distributed on September 14, 2023; the Company's share in the distribution is USD 27 million.

(b) On May 29, 2023, the general and special meeting of holders of participation units of the Partnership (hereinafter - the "**Units**" or "**Participation Units**"), resolved to appoint Fahn Kanne & Co, CPAs together with Kedar Supervision and Management as the supervisor for the Partnership, from the approval date by the general meeting, for a period of 18 months or until the closure date of the transaction for the acquisition of all Units held by the public and some of the Units held by the Company, as specified in Section 1.7.1(F) of the Periodic Report (hereinafter - the "**Transaction**"), whichever is earlier, and to approve the supervisor's salary. On July 24, 2023, the special meeting of holders of the Participation Units resolved to approve an additional salary on top of its monthly salary in connection with supervision of the Transaction and guidance of the committee appointed by the Board of Directors of the Partnership's general partner, NewMed Energy Management Ltd. (hereinafter - the "**General Partner**") to examine and decide on any issue related to the acquisition of the Units held by the public under the Transaction and take any

[1] The update contains material changes or developments in the Company's business in the second quarter of 2023 and up to immediately prior to the date of this report, in any matter requiring disclosure in the Periodic Report and which was not updated in the quarterly report for the first quarter of 2023, as published on May 31, 2023 (Ref. No. 2023-01-058623) (hereinafter - the "**First Quarter 2023 Report**"). The update refers to the section numbers in Chapter A (Description of the Corporation's Business) in the Periodic Report for 2022, as published on March 30, 2023 (Ref. No. 2023-01-035043) (hereinafter - the "**Periodic Report**") and supplements the content disclosed therein.

measures necessary to exercise its authority, as specified in Section 1.7.1(F) of the Periodic Report, and to approve an additional salary on top of its annual salary for the purpose of taking measures as part of closure of the Transaction.

2. **Referring to Section 1.7.4(e) to the Periodic Report - Plan for Development of the Leviathan Reservoir**

   (a) Further to Section 1.7.4(E)(2) of the Periodic Report, regarding completion of the Leviathan 8 development and production drilling in the area of the 14/I Leviathan South lease (hereinafter in this section - the "**Drilling**") and regarding finalization of completion measures, it should be noted that in June 2023, the Drilling was connected to the Leviathan project's existing subsea production system and production from it started, according to the schedules and within the budget.

   (b) Further to Section 1.7.4(E)(3) of the Periodic Report, regarding a project mainly for the laying of a third subsea transmission pipeline from the production wells in the Leviathan field to the platform (hereinafter - the "**Third Pipeline Project**"), it should be noted that on June 29, 2023, the Leviathan project partners made a final investment decision (FID) to execute the Third Pipeline Project at a total budget of USD 568 million (100%, the Partnership's share - USD 258 million). For further information see the immediate reports issued by the Company on July 2, 2023 (Ref. No.: 2023-01-073107), where the information appearing in said report is included herein by way of reference.

   (c) Further to Section 1.7.4(E)(4) of the Periodic Report, regarding Phase 1B of the Leviathan project development plan, it should be noted that on June 21, 2023, the Leviathan project partners applied to the Petroleum Commissioner for approval to export natural gas from the Leviathan project through the regional pipeline - existing and future and through the floating liquefied natural gas (FLNG) facility which is in the initial planning stage, together with increasing the volumes of natural gas to be transmitted from the Leviathan project to the domestic market (hereinafter in this section - the "**Application**"). As at the approval date of the report, the Ministry of Energy and Infrastructures' response to the Application has not yet been received and it is uncertain whether it will be accepted, and if accepted, under which conditions.

3. **Referring to Sections 1.7.5(f) and 1.7.5(k) to the Periodic Report - Plan for Development of the Aphrodite Reservoir**

   (a) Further to Section A.3 in Part Three of Chapter A (Description of the Company's Business) in the report for the first quarter of 2023, about the start of A-3 (Aphrodite 3) appraisal drilling (hereinafter in this section - the "**Drilling**)"), it should be noted that in July 2023, the drilling was completed, according to the schedules and within the budget.

   (b) For information about the updated development and production plan of the Aphrodite reservoir in Block 12 in the EEZ of the Republic of Cyprus (hereinafter - the "**Aphrodite Reservoir**", respectively) filed by its partners for Cypriot government approval, see the immediate report issued by the Company on May 31, 2023 (Ref. No.: 2023-01-058911), the details of which are included herein by way of reference. In this context, it should be noted that as at the approval date of the report, the Aphrodite Reservoir partners are negotiating with the owners of the infrastructure connected to the facilities of West Delta Deep Marine in Egypt (hereinafter - "**WDDM**"), for the purpose of connecting and integrating the Aphrodite Reservoir's subsea production system to WDDM's existing infrastructure and systems.

4. **Referring to Section 1.7.9D of the Periodic Report - Ofek Hadash License**

   To the best of the Partnership's knowledge, as reported to it by the operator of the 405/New Ofek onshore license, the well and site decommissioning measures have not yet started. It is noted that, on August 15, 2023, the partners to said license received a letter from the Petroleum Commissioner that it must complete the well and site decommissioning by the end of 2023.

5. **Referring to Section 1.7.12C to the Periodic Report - Agreements for the Supply of Natural Gas from the Leviathan Project**

   (a) Further to Section 1.7.12C(1) to the Periodic Report about agreements for the sale of natural gas from the Leviathan project to independent power producers (IPPs) and industrial customers in the domestic market, it should be noted that in the second quarter of 2023 and up to the approval date of the report, the Partnership signed several more agreements for the sale of natural gas with various customers in the Israeli market, from the Leviathan project, on a spot basis and in non-material volumes.

   (b) Further to Section 1.7.12C(2) to the Periodic Report about an agreement for the sale of natural gas to Jordan's National Electricity Power Company (hereinafter - "**NEPCO**"), it should be noted that on July 3, 2023, it was agreed between the parties to increase the quantities of natural gas to be supplied to NEPCO on a firm basis, temporarily, in respect of several months of 2023-2024, and that the minimum annual quantity that NEPCO undertook to take or pay in 2023-2024 will be increased accordingly. For avoidance of doubt, it is clarified that the aforesaid does not change the total supply volume under the said export agreement (45 BCM).

6. **Referring to Section 1.7.13(B) to the Periodic Report - Export**

   (a) Further to Section 1.7.13(B)(2) of the Periodic Report, regarding examination by the Leviathan Project partners of additional possibilities for increasing the export quantities of natural gas, it should be noted that in July 2023, the Leviathan project partners approved preliminary budgets for the purpose of engineering planning and reserving supply dates, prior to a final investment decision (FID), if any, as detailed below:

   (1) A total of USD 3.5 million (100%) in connection with the construction of a new onshore connection between the Israeli transmission system and the Egyptian transmission system in the Nitzana area, which is expected to increase the total natural gas export capacity by another 6 BCM (hereinafter - the "**Nitzana Pipeline**"). It should be noted that the Nitzana Pipeline will be constructed and operated by Israel Natural Gas Lines Ltd. (hereinafter - "**INGL**" and will include, among other things, the construction of a compressor station in the Ramat Hovav region.

   (2) A total of USD 10.2 million (100%) in connection with the construction of a compressor station and other related work in the Jordanian transmission system, which is operated by FAJR Ltd. and used to transmit natural gas to Jordan and to Egypt via Jordan, which is expected to increase the transmission capacity of natural gas from 6.5 BCM to 10.5 BCM.

7. **Referring to Section 1.7.15(B) to the Periodic Report - Oil and Gas Exploration in Israel in Recent Years**

   For information about the bid filed by the Partnership under the fourth natural gas exploration tender in Israel's EEZ, see the immediate report issued by the Company on July 17, 2023 (Ref. No.: 2023-01-081042), the details of which are included herein by way of reference.

8. **Referring to Section 1.7.17(C) to the Periodic Report - Leviathan Bonds Debentures**

   Further to Section A.4 in the update of Part Three of Chapter A (Description of the Company's Business) in the report for the first quarter of 2023, about partial early repayment of the first series of Leviathan Bond debentures, it should be noted that on June 30, 2023, the balance of the first series of debentures was repaid in full on the scheduled date, according to the terms of the debentures.-

9. **Section 1.7.19(E) - Environmental Risk Management Policies**

   Chevron Mediterranean Limited, which operates the Leviathan Project (hereinafter - "**Chevron**"), informed the Partnership that the validity of the poisons permit in the Leviathan Project was extended until June 3, 2024, in accordance with the requirements of the law.

10. **Section 1.7.19(g) to the Periodic Report - Material Legal or Administrative Proceedings Relating to Environmental Protection**

    (a) Further to a hearing held for Chevron before the Ministry of Environmental Protection on January 6, 2022, on August 2, 2023 Chevron received notice from the Ministry of Environmental Protection of its intention to charge a monetary sanction of NIS 2.9 million (100%), for an alleged violation of the Leviathan Project's discharge permit into the sea, and pursuant to the Prevention of Pollution from Land-Based Sources Law, 1988 (hereinafter - the "**Sea Pollution Prevention Law**"). Chevron is required to file its allegations to the said notice within 30 days of receipt thereof.

    (b) On August 6, 2023, Chevron received a warning letter and summons to a hearing before the Ministry of Environmental Protection for alleged violations of the Leviathan Project's discharge permit into the sea and poisons permit, and pursuant to the Sea Pollution Prevention Law and the Hazardous Materials Law, 1993. The hearing has been set for October 8, 2023.

11. **Referring to Section 1.7.20 of the Periodic Report - Restrictions and Supervision of the Partnership's Operations**

    (a) Further to Section 1.7.20(D) of the Periodic Report and Section A.5(a) of the Update of Part Thee of Chapter A (Description of the Company's Business) in the report for the first quarter of 2023, regarding the Natural Gas Market Council's decisions in connection with the financing of export projects via the national transmission system, it should be noted that on August 9, 2023, the Natural Gas Market Council (hereinafter - the "**Council**") published Resolution No. 3/2023 on Financing and Allocation of Space in the Export Pipelines (hereinafter - the "**Decision**"), the main points of which are as follows:

1) Space will be allocated to each exporter based on percentages calculated according to parameters such as the exporter's annual production capacity and the existing and possible export volumes of that exporter. According to the initial allocation, 54% of the total export space will be allocated to the Leviathan Reservoir, 33% to the Tamar Reservoir and 13% to the Karish Reservoir. For removal of doubt, it is clarified that the existing transmission agreements will not be affected.
2) If export infrastructure is constructed not by the transmission licensees, each exporter's share of such infrastructure will be taken into account as part of the export allocation.
3) The Council will re-examine and set the allocation upon occurrence of a significant event in the natural gas market, discovery of further significant reserves, entry of a new exporter, construction of additional natural gas export infrastructure or any other material change in the natural gas market, as decided by the Council.
4) The Council may decide that part or all of the export pipelines will be used to import natural gas if it is decided that the local market demand must be supplied.
5) With respect to the Ramat Hovav-Nitzana pipeline, it was determined as follows:
    a) The space allocation will be equal between the existing exporters, so that each exporter may request a third of the pipeline's capacity and choose whether to exercise its allocation. The remainder of the capacity of an exporter that decides not to exercise its allocation, or part thereof, will be divided equally between the other exporters, subject to the total allocation limit of each exporter.
    b) An exporter who finances the pipeline will be entitled to reimbursement pro rata to its allocation, for use of this pipeline by another party during the term of the transmission agreement.
    c) An exporter who fails to sign a transmission agreement within two months of receipt of the allocation in the pipeline, or who fails to pay its share of the financing in accordance with the provisions of the transmission agreement, will be considered an exporter that waived its allocation. Accordingly, the allocation will be transferred to another exporter and it will receive a refund for costs paid.
    d) The pipeline construction costs (CAPEX) include the compressor costs and are estimated at more than NIS 1 billion; the construction period is estimated at 36 months. It is noted that, the operation of the compressor is expected to impose higher annual operating costs than operating the rest of the national transmission system, which are estimated at NIS 20 million per year.
6) With respect to the North Jordan pipeline, it was determined that once payment has been transferred to parties that financed the construction of the pipeline (NBL Jordan Marketing Limited and INGL), an exporter may sign a transmission agreement to use the pipeline, based on the quantity available over and above the existing continuous transmission agreements, as at August 1, 2023.
7) The continuous transmission agreements in the Ramat Hovav-Nitzana pipeline and North Jordan Pipeline of each exporter will not exceed 70% of the exporter's allocation in the pipeline, with the remaining space reserved for interruptible transmission.
8) The actual pipeline financing cost, and as a result, the cost of use per MMBTU, will be determined by the Director General of the Natural Gas Authority once the construction of the export pipeline is complete.
9) If a new natural gas reservoir is discovered, from which natural gas is intended to be exported, the new exporter will receive its full allocation in the Ramat Hovav-Nitzana pipeline and the balance of its allocation in the North Jordan Pipeline, provided that its allocation does not exceed 20% of the space in each pipeline. Such allocation will be made on account of the interruptible transmission agreements, subject to signing of a transmission agreement within 24 months before start of flow in the pipeline.
10) An export by secondary trade mechanism will be enabled through interruptible transmission agreements, in a quantity of up to 5% of the space in each export pipeline.

    It should be noted that the Partnership is studying the decision and its expected impact on implementation of the projects specified in Section 6 above.

(a) On May 8, 2023, the Ministry of Energy and Infrastructures announced that the government approved the plan to increase the scope of the natural gas supply infrastructure to Egypt, including an integrated infrastructure section and infrastructure facilities in the Ashalim-Nitzana segment.

(b) On May 15, 2023, the Ministry of Energy and Infrastructures published a statement of principles on the integration of hydrogen in the Israeli energy market, for public comment. The document reviews the hydrogen export, transport, and storage characteristics, and examines how to use hydrogen, its integration in the world, and possibilities of integrating in Israel. Furthermore, the letter proposes, in the immediate term, by 2030, formulating policy measures that will lay the initial infrastructure for hydrogen use, including mapping of areas suitable for storing hydrogen, promoting experimental areas, establishment of hydrogen valleys, project guidance and pilots in the market, promotion of safety standardization and of regulatory guidelines for experiments.

(c) On July 3, 2023, the Natural Gas Authority announced the average quarterly natural gas price for the local market in the first quarter of 2023, which is USD 4.65 per MMBTU.

(d) On July 10, 2023, the Knesset Research and Information Center published a review on compliance with government targets for the generation of electricity from renewable energy in 2023. The review shows that as at the end of 2022, the installed capacity of renewable energy facilities was 4.7 gigawatts. Accordingly, the review notes that, in the estimation of the Ministry of Energy and Infrastructures, in order to meet the government targets, as at the end of 2022, the installed capacity of renewable energy must be multiplied by 3.5 by 2030.

(e) On July 16, 2023, the Ministry of Energy and Infrastructures published a work plan and targets for 2023. The said plan sets a target for increasing generation from renewable energies from 4,792 MW at the end of 2022 to 5,800 MW at the end of 2023 in installed capacity. In terms of natural gas production, the Ministry of Energy and Infrastructures expects an increase from 2,128 MMSCF per day for 2022 to 2,800 MMSCF per day in 2023.

(f) On May 15, 2023 and July 30, 2023, the Ministry of Energy and Infrastructures published reports summarizing its activity for 2022, noting, among other things: (1) To date, a natural gas pipeline transmission system has been installed along 900 km, which is connected to more than 40 consumers; (2) in 2022, 11.5 BCM was produced from the Leviathan Reservoir, 10.3 BCM from the Tamar Reservoir and 0.3 BCM from the Karish Reservoir. Natural gas exports in 2022 were 5.8 BCM to Egypt and 3.4 BCM to Jordan, and the export revenue in 2022 amounted to NIS 888 million. Some 80% of the total local market demand for natural gas (12.7 BCM) was from the electricity market (10.1 BCM) and the remainder from transmission and distribution consumers in the industrial sector; (3) in 2022, the Israeli government signed 4 MOUs under international projects, including the MOU with Egypt and the European Union to promote natural gas export to Europe, and the MOU to promote the purchase of 600 MW electricity per year from renewable sources in Jordan.

12. **<u>Referring to Section 1.7.22 to the Periodic Report - Legal Proceedings</u>**

Further to Section 1.7.22(C) to the Periodic Report and Section A6(a) of the Update of Part Three of Chapter A (Description of the Company's Business) in the report for the first quarter of 2023, regarding dismissal of a motion for certification of a class action in respect of the merger between the Partnership and Avner Oil Explorations - Limited Partnership (hereinafter - "**Avner**"), filed by the holders of participation units in Avner (hereinafter - the "**Petitioners**" and the "**Motion for Certification**", respectively), against Avner, the general partner in Avner and member of its board, the Company as Avner's controlling shareholder (indirectly) and PricewaterhouseCoopers Consulting Ltd. (PWC) (hereinafter in this section - the "Respondents"); it should be noted that on July 6, 2023, the Petitioners filed with the Supreme Court an appeal against the judgment dismissing the Motion for Certification. For further information see the immediate reports issued by the Company on July 9, 2023 (Ref. No.: 2023-01-077490), where the information appearing in said report is included herein by way of reference. It is further noted that, as per the court's decision, the Respondents are required to file their response to the appeal by November 13, 2023, and a hearing on the appeal was set for April 15, 2024.

13. **Natural gas and condensate production data from the Leviathan Project for the first and second quarters of 2023:**[2,3]

		Q1	Q2
		Natural gas	**Natural gas**
Total output (attributable to the equity holders of the Company) in the period (in MMCF for natural gas and MBBL for condensate)		24,752	21,891
Average price per output unit attributable to equity holders of the Company (USD per MCF and per barrel)		6.21	6.26
Average royalties (any payment derived from the output of the producing asset, including the gross income arising from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per MCF and BBL)	The State	0.67	0.67
	Third parties	0.16	0.16
	Interested parties	0.08	0.08
Average proceeds for royalties (all compensation arising from the output of the producing asset, including from the gross income from the oil asset) received per production unit (attributable to the Company's share) (USD per MCF)		0.15	0.15
Average production costs per output unit (attributable to equity holders of the Company) (USD per MCF and BBL)[4,5]		0.82	0.88
Average net proceeds per output unit (attributable to equity holders of the Company) (USD per MCF and BBL)		4.63	4.62

B. The Foreign Energy Segment

1. **Referring to Section 1.8.1 to the Periodic Report - The Company's Holdings in Ithaca Energy Plc (hereinafter - "Ithaca")**

   (a) On August 23, 2023, Ithaca declared a profit distribution amounting to USD 133 million, which will be carried out in September 2023. The Company's share of the distribution is USD 119 million.

   (b) On July 12, 2023, Ithaca announced that it signed an agreement with Spirit Energy Resources Limited (hereinafter - the "**Seller**") to increase Ithaca's interests in the Fotla discovery (hereinafter - "**Fotla**") by acquiring all of the Seller's interests - 40% of the discovery, so that subsequent to finalization of the transaction, Ithaca, who serves as the operator of Fotla, will hold 100% of the interests in Fotla, and to acquire interests in three exploration licenses (P.213 Area C P.345 Area A and P.2536) located in the UK Continental Shelf in the North Sea. For more information, see the Company's immediate report dated July 12, 2023 (Ref. No. 2023-01-078972), the details of which are included herein by way of reference.

2. **Referring to Section 1.8.4 to the Periodic Report - The Oil Assets of Ithaca**[6]

   It is clarified that the information detailed below with respect to the oil assets is based on information provided by Ithaca and the oil assets' operators.

   (a) Referring to Section 1.8.4(D)(4) of the Periodic Report - further to the description of the scheduled work plan in the Harrier field, Ithaca announced that it decided not to continue the engineering planning for the drilling of another well in the field.

2 The data in the table concerning the percentage attributable to holders of the Company's equity rights in the average cost per output unit, royalty payments, production costs and net proceeds have been rounded to two decimal digits.

3 As the total costs involved in the production of condensate in the second quarter of 2023 exceeded the total revenue received for it, and as condensate is a by-product of natural gas production, no separate data relating to condensate output were presented in the table above, and all costs and expenses relating to condensate production were attributed to natural gas production.

4 Data only include current production costs, and do not include the reservoir's exploration and development costs or the Partnership's future tax payments.

5 It is noted that the average production costs per output unit include natural gas transmission costs using INGL's pipeline to EMG's connection point in Ashkelon as well as the delivery point in Aqaba, Jordan, for supplying gas to Egypt; in the first quarter of 2023, these costs totaled USD 38.1 million and USD 38.3 million in the second quarter of 2023 (100%).

6 The oil assets are held by Ithaca Oil and Gas Limited, a wholly owned subsidiary (indirectly held) of Ithaca.

(b) Referring to Section 1.8.4(G)(5) of the Periodic Report - further to the description of the scheduled work plan in the Montrose and Shaw fields, Ithaca announced that it decided to suspend the planning of the required measures for drilling of another well in the Montrose field and not to complete the development of well no. 3 in the Shaw field.

(c) Referring to Section 1.8.4(I)(5) of the Periodic Report - further to the description of the scheduled work plan in the Elgin Franklin field, Ithaca announced that it decided to postpone the date of drilling of the additional well (EIH well) in the field.

(d) Referring to Section 1.8.4(Q) of the Periodic Report - for information regarding the signs of significant petroleum discovered in the exploration drilling in the K2 oil asset, and the decision to carry out verification drilling in the K2 oil asset, see the Company's immediate report dated July 30, 2023 (Ref. No. 2023-01-070858), the details of which are included herein by way of reference.

3. **Referring to Sections 1.8.8 and 1.8.23(E) of the Periodic Report - Customers and Material Agreements**

In July 2023, Ithaca signed agreements with BP Group companies to extend the offtake agreement Agreement signed with BP, and for the provision of a credit facility of USD 100 million for a five-year term. The said credit facility has not yet been withdrawn.

4. **Referring to Section 1.8.18(B) - Financing - RBL Loan**

As at June 30, 2023 and the approval date of the report, Ithaca is in compliance with the financial covenants and operational conditions set out in the reserve-based lending (RBL) agreements, as set out in Section 1.8.18(B)(5) to the Periodic Report.

5. **Production data for Ithaca's producing oil assets:**[7]

(a) Production data attributable to the Company's share in Captain Area assets for the first and second quarters of 2023:

	Q1			Q2		
	Oil	**Natural gas**	**Condensate**	**Oil**	**Natural gas**	**Condensate**
Total output in the period	1,414,711 BBL	-	-	1,402,218 BBL	-	-
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	82.5	-	-	82.3	-	-
Average production costs per output unit (USD per BOE)	23.8	-	-	21.6	-	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	58.7	-	-	60.7	-	-

[7] The total output figures in the tables are adjusted to the share of the Company's holding in Ithaca (89%), subsequent and due to Ithaca's issuance on the London Stock Exchange.

(b) Production data attributable to the Company's share in the GSA Area for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	368,538 BBL	2,977 MMCF	87,333 BBL	597,604 BBL	3,346 MMCF	102,928 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	75.7	100.0	53.9	105.1	65.9	45.1
Average production costs per output unit (USD per BOE)	15.3	15.3	15.3	9.8	9.8	9.8
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	1.7	1.7	1.7	0.9	0.9	0.9
Net proceeds per output unit (USD per BOE)	58.7	83.0	36.9	94.4	55.2	34.4

(c) Production data attributable to the Company's share in the Schiehallion reservoir for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	429,171 BBL	189 MMCF	-	365,357 BBL	138 MMCF	-
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	86.0	80.2	-	86.8	55.3	-
Average production costs per output unit (USD per BOE)	10.6	10.6	-	16.7	16.7	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	75.4	69.6	-	70.1	38.6	-

(d) Production data attributable to the Company's share in the GBA Area for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	201,234 BBL	2,871 MMCF	42,716 BBL	205,886 BBL	3,133 MMCF	36,954 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	76.1	102.2	32.9	66.1	64.2	31.2
Average production costs per output unit (USD per BOE)	13.7	13.7	13.7	13.8	13.8	13.8
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	62.4	88.5	19.2	52.3	50.4	17.4

(e) Production data attributable to the Company's share in the MonArb Area for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	415,866 BBL	1,022 MMCF	17,595 BBL	394,540 BBL	888 MMCF	13,911BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	82.3	99.3	63.7	80.4	65.0	40.4
Average production costs per output unit (USD per BOE)	20.7	20.7	20.7	24.3	24.3	24.3
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	61.6	78.6	43.0	56.1	40.7	16.1

(f) Production data attributable to the Company's share in the Mariner Area for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	191,883 BBL	-	-	93,253 BBL	-	-
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	65.2	-	-	65.6	-	-
Average production costs per output unit (USD per BOE)	22.2	-	-	57.0	-	-
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	43.0	-	-	8.6	-	-

(g) Production data attributable to the Company's share in Other Non-Operated Assets for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	344,587 BBL	3,137 MMCF	83,256 BBL	364,460 BBL	3,058 MMCF	90,669 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	82.1	94.8	53.8	77.8	64.7	41.3
Average production costs per output unit (USD per BOE)	12.7	12.7	12.7	13.5	13.5	13.5
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-	-	-	-
Net proceeds per output unit (USD per BOE)	69.4	82.1	41.1	64.3	51.2	27.8

(h) Production data attributable to the Company's share in (including the Other Non-Operated Assets group, and the Other Operated Assets group) for the first and second quarters of 2023:

	Q1			Q2		
	Oil	Natural gas	Condensate	Oil	Natural gas	Condensate
Total output in the period	400,123 BBL	1,483 MMCF	38,509 BBL	389,189 BBL	1,650 MMCF	34,776 BBL
Average price per output unit (attributable to equity holders of the Company) (USD per BOE)	91.1	116.8	98.8	73.3	65.1	42.1
Average production costs per output unit (USD per BOE)	41.5	41.5	41.5	39.3	39.3	39.3
Average royalties to third parties (every payment derived from the output of the producing asset, including from the gross income from the oil asset) paid per output unit (attributable to equity holders of the Company) (USD per BOE)	-	-	-			
Net proceeds per output unit (USD per BOE)	49.6	75.3	57.3	34.0	25.8	2.8

Part Four – Matters Relating to the Company as a Whole

A. **Referring to Section 1.11 of the Periodic Report - Human Capital; Regulation 29A(4) in Chapter D of the Periodic Report - Insurance and Indemnification Exemption to Senior Officers**

On June 29, 2023, the Company's Compensation Committee approved the renewal of the officers' insurance policy from July 1, 2023 to June 30, 2024, with a liability limit of USD 60 million per claim and cumulatively, plus reasonable legal expenses, at an annual premium of USD 1.59 million and a deductible of USD 500 thousand per claim, all according to the Company's revised compensation policy dated February 1, 2021 and according to Regulation 1B1 of the Companies Regulations (Relief in Transactions with Interested Parties, 2000.

B. **Referring to Section 1.14 to the Periodic Report - Financing**

1. **Referring to Sections 1.14.6 to the Periodic Report - Debentures**

On August 6, 2023, the Company announced that it is exploring the possibility of an IPO of a new series of debentures (Series B38). For more information, see the Company's immediate reports of August 6, 2023 (Ref. No.: 2023-01-072739), included here by way of reference. On August 7, 2023, the rating agency Midroog Ltd. (hereinafter - "**Midroog**") announced it was setting an A3.il rating with a stable outlook for Debentures (Series B38) in an amount of up to NIS 250 million par value to be issued by the Company, if issued. For more information, see the Company's immediate reports of August 7, 2023 (Ref. No.: 2023-01-073135), included here by way of reference.

2. **Referring to Section 1.14.9 to the Periodic Report - Credit rating**

On July 18, 2023, Midroog announced that it is upgrading the rating of Debentures (Series B37) issued by the Company, from Baa1.il to A3.il with a stable outlook. For more information, see the Company's immediate report dated July 18, 2023 (Ref. No. 2023-01-081723), the details of which are included herein by way of reference.

C. **Referring to Section 1.19 of the Periodic Report - Legal Proceedings; Note 21A2(6) to the Financial Statements for 2022**

Further to Note 21A2(6) of the Company's Annual Financial Statements, in Chapter C of the Periodic Report, regarding a motion for certification of a class action, claiming that the Company (allegedly) refrained from reporting material information to its debenture holders, including changes in the volumes and terms of hedging transactions for the price of oil and gas executed by Ithaca, on June 4, 2023 the district court handed a judgment ordering dismissal of the motion, and approving withdrawal of the applicant from the motion without any order of costs.

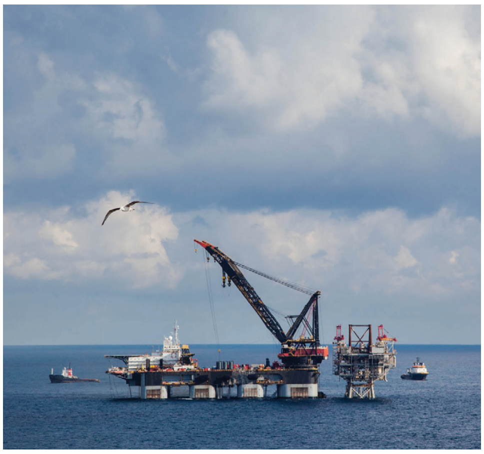
Delek Group Ltd.
Date: August 22, 2023

Names and titles of the signatories:
Ehud Erez, Chairman of the Board
Idan Wallace, Chief Executive Officer

Chapter

B

Board of Directors Report on the State of the Company's Affairs



August 22, 2023

Delek Group Ltd.

Board of Directors' Report on the State of the Company's Affairs For the three-month and six-month periods ended June 30, 2023

The Board of Directors of the Delek Group Ltd. (hereinafter - the “Company" and/or the “Group"), hereby presents the Company's Report of the Board of Directors for the six- and three-month periods ended June 30, 2023.

A. The Board of Directors’ explanations on the state of the Company's affairs

1. Description of the Company and its business environment

The Company operates mainly through investees engaged in oil and gas exploration and production in Israel and abroad. In addition, the Company holds 100% of Delek Overriding Royalties Leviathan, 25% in Delek Israel and 24% in Delek Israel Properties, which operate in the gas stations, convenience stores and real estate properties segment. Subsequent to the balance sheet date, the Company acquired 44% of the shares of Mehadrin Ltd.

The Company’s key strategy is to continue developing its core assets in the field of gas and oil exploration and production (Upstream Energy), by, among other things, improving the Group’s assets in the Mediterranean Sea (East Med) and in the North Sea, and maximizing their potential, as well as by assessing business opportunities that may unlock value in the Company's activity and constitute a growth engine for the Company’s continued activity.

The Group's financial data and its operating results are affected, among other things, by the financial data and operating results of its investees, and by the sale or acquisition of holdings by the Company. The Company's cash flow is affected, among other things, by dividends received from its investees, by inflows from the disposal of its holdings therein, by its ability to raise financing in Israel and abroad which depends, among other things, by the value of its holdings, by the condition of the financial market in Israel and abroad, by oil and natural gas prices.

2. Principal operations

Oil and gas operations in and around Israel

- The Group's gas and oil operations in Israel are carried out mainly through NewMed Energy - Limited Partnership (hereinafter - "NewMed Energy" or the "Partnership").
  As of approval date of the report, the Partnership engages mainly in exploration, development, and production of natural gas, condensate, and oil in Israel and Cyprus, and in the promotion of various natural gas-based projects, with the aim of increasing sales of natural gas produced by the Partnership. At the same time, the Partnership is assessing business opportunities for exploration, development, production, and marketing of natural gas, condensate, and oil in other countries, and is also assessing and promoting options for investments in renewable energy project as part of the collaboration with Enlight Renewable Energy Ltd. (hereinafter - "Enlight"), and options for entry into the sectors of hydrogen, including blue hydrogen, which is produced from natural gas, as a low-carbon alternative for energy consumers.

- On March 27, 2023, the general partner received a non-binding indicative offer (hereinafter - the "Offer") from Abu Dhabi National Oil Company (ADNOC) PJSC and BP Exploration Operating Company, two global companies (hereinafter jointly - the "Consortium"), regarding a possible transaction under which the Consortium will acquire for cash all the Partnership's participation units held by the public (45% of the Partnership's capital) and 5% of the issued units held by the Group, subject to certain conditions, so that on completion of the transaction, the Consortium and the Group will each hold 50% of the equity and controlling interests in the Partnership.
  The Consortium's offer, which as noted is non-binding and subject to conditions, is to pay NIS 12.05 per unit acquired. This price reflects a premium of 72% compared with the closing price of the units on the TASE on March 26, 2023 (NIS 6.996) or a premium of 76% and 60% compared with the average closing price of the units on the TASE in the 30 and 90 trading days preceding the date of the offer, respectively.
  The offer sets out terms which the Consortium seeks to regulate with the Company the joint control of the Partnership following completion of the transaction as well as other terms of the transaction, including completion of due diligence, reaching detailed agreements with the Company on all relevant issues, and receipt of all other agreements and approvals required. It should be clarified that the Consortium may withdraw and cancel the Offer at any time and for any reason.
  The board of directors of the general partner appointed the audit committee to review the transaction. As at the approval date of the Financial Statements, the committee holds regular meetings with the aim of advancing the transaction, and in this context, it appointed legal, economic, and financial advisors.
  Concurrently, and as part of the formation of the transaction, the Company and the Consortium work towards a partners' agreement that will regulate the parties' joint control subsequent to the completion of the transaction, to the extent that it is completed.
  Insofar as the Transaction is completed, Delek Group is expected to record a significant gain in its financial statements, at an estimated range of NIS 2.7 billion to NIS 3.2 billion, depending, among other things, on the exchange rate, the capital of the Partnership, its profits and the dividend distributions it shall make, if any, until the completion date.
  It is noted that as at the approval date of the Financial Statements, it is uncertain whether all of the said the agreements and approvals needed to complete the transaction can be obtained and, in any event, there is no certainty of the likelihood that the transaction will be finalized (for further details - see Note 3B(2) to the consolidated interim financial statements).

- In August 2022, the Partnership signed a memorandum of understanding on the matter entering into the renewable energy domain with Enlight. On March 13, 2023, the parties signed detailed agreements based on the principles of the said MOUs and regulating the exclusive collaboration between the parties for a limited period, to identify, initiate, develop, finance, construct, and operate renewable energy projects, including in the following segments: solar, wind, and energy storage projects, and other renewable energy segments that may be relevant in the target countries (for additional details, see Section 1.7.10 to the Description of the Corporation's Business for 2022).

- In the reporting period, completion works in the Leviathan 8 well in the area of the I/14 Leviathan South lease were completed, and in June 2023, the well was connected to the subsea production system of the Leviathan Project and production began. In addition, in June 2023, the partners in the Leviathan Project made a final investment decision (FID) to install a third subsea transmission pipeline in the Leviathan Project, which will allow increased supply capacity from the reservoir.

- In July 2023, appraisal/development operations were completed in the A-3 (Aphrodite 3) well in the area of Block 12 in the exclusive economic zone of the Republic of Cyprus, according to the schedules and within the budget. (For further information, see Note 4D to the consolidated interim financial statements).

- In January 2023, NewMed Energy distributed profits in the amount of USD 50 million. The Group's share in this amount is USD 27 million.

  On March 27, 2023, NewMed Energy declared a profit distribution in the amount of USD 60 million, which was distributed in April 2023. The Group's share in this distribution is USD 33 million.

  On May 10, 2023, NewMed Energy declared a profit distribution in the amount of USD 50 million, was distributed in June 2023. The Group's share in this distribution is USD 27 million.

  Subsequent to the balance sheet date, on August 20, 2023, NewMed declared an additional distribution of profits in the amount of USD 50 million, which will be distributed in September 2023. The Group's share in this distribution is USD 27 million.

Oil and gas operations in the North Sea

- The Group's operations in this segment are carried out through Ithaca Energy Plc (hereinafter - "Ithaca"), a subsidiary in which the Group holds 89.2% (indirectly), dealing in oil and gas exploration, production and sale in the North Sea, and holding the rights to oil assets located in the North Sea in territorial waters off the coast of the UK; furthermore, Ithaca serves as the operator in most of its assets.

- In March 2023, Ithaca distributed a dividend of USD 133 million, as part of the dividend distribution policy Ithaca adopted under its IPO. The Company’s share of this distribution is USD 119 million (NIS 433 million).

  In addition, subsequent to the balance sheet date, in August 2023, Ithaca announced another dividend distribution under its distribution policy as described above, in the amount of USD 133 million. The dividend is expected to be paid in September 2023. The Group's share in this distribution amounts to USD 119 million (NIS 440 million).

- In May 2023, Ithaca entered into an agreement with Shell to regulate the sale of the rights of Shell (30%) in the Cambo reservoir (for further information see Note 4K to the consolidated interim financial statements).

- Subsequent to the balance sheet date, in July 2023, Ithaca entered into an agreement for the acquisition of an additional 40% in the Fotla reservoir, together with rights in another three exploration licenses. Subsequent to completion of the transaction (subject to fulfillment of the preconditions), Ithaca, which also serves as the operator in the Fotla reservoir, will hold 100% of the rights in the reservoir. For further information about the transaction, see Note 4P to the Consolidated Interim Financial Statements.

- In the reporting period, Ithaca carried out exploration drilling in the K2 license (held by Ithaca at a rate of 50%), in which it serves as the operator, where significant indications of petroleum were discovered. Following the discovery, a decision was made to carry out verification drilling using a side-track well in the drilling area.

- In addition, Ithaca continues to advance Stage B of the EOR project in the Captain field, which is intended to improve the flow rate of oil by injecting polymers into the wells, while applying it to other wells in the field. Ithaca is also continuing technical-economic feasibility tests, including the FEED, to transition the field to the use of electrical energy.

- Ithaca is continuing the pre-FID works in various reservoirs. Such decisions regarding FID shall be made, if any, while considering all the relevant data as of the decision-making date with regard to each and every project, noting the price environment, the situation in the market, fiscal conditions, etc.

Additional Activities

As part of the expansion of the Group's activities to other areas, subsequent to the balance sheet date, in July 2023, the Group entered into an agreement for the acquisition of the entire holdings of Discount Investments Ltd. in Mehadrin Ltd. (hereinafter - "**Mehadrin**"), representing 44.48% of the issued and paid-up share capital of Mehadrin, for a consideration of NIS 249 million.
Mehadrin is a public company listed on the Tel Aviv Stock Exchange Ltd., which, through companies under its control, holds (owns and leases), among other things, extensive land reserves (covering an estimated 1,110 hectare), and logistics assets, including refrigeration, packing houses, and logistics centers, in Israel and other countries. Mehadrin operates in four main operating segments: 1) agriculture; 2) refrigeration; 3) water; and 4) income generating assets.

The transaction was completed subsequent to the balance sheet date, on August 17, 2023.

Issuance of shares and warrants

A. In the reporting period, 250,072 Options (Series 12), 403,448 Options (Series 11), and 20 Options (Series 14) were exercised for 653,540 shares of NIS 1 par value each of the Company for a total consideration of NIS 92 million.

B. As at February 20, 2023, the subsidiary partnership, Delek Financial Investments - Limited Partnership transferred 586,422 Company shares of NIS 1 par value that it held and the shares were canceled.

C. As at June 30, 2023, after these exercises and the cancellation of the treasury shares as set out in Section B above, the issued and paid-up share capital of the Company amounted to 18,429,309 shares of NIS 1 par value each. Warrants currently in circulation are as follows: 77,446 warrants (Series 11); and 82,240 warrants (Series 14).

D. Subsequent to balance sheet date and through the approval date of the financial statements, 77,446 warrants (Series 11) were exercised into 77,446 ordinary shares of NIS 1 par value of the Company. The total consideration received amounts to NIS 10 million. After the said exercise, Company's issued and paid-up share capital totaled 18,506,755 shares of NIS 1 par value, each. 82,240 Options (Series 14) are in circulation.

Dividend

- On February 20, 2023, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 450 million. The dividend was paid in March 2023.

- On May 30, 2023, the Company's Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 200 million. The dividend was paid in June 2023.

- Subsequent to the balance sheet date, on August 22, 2023, the Company's Board of Directors decided to distribute a dividend to the Company's shareholders in the amount of NIS 200 million. The dividend will be paid in September 2023.

Debentures

- In February 2023, the Company completed an exchange purchase offer under which NIS 834,923,664 par value Debentures (Series B31) and NIS 834,923,664 par value Debentures (Series B34) were exchanged for NIS 1,750,000,000 par value Debentures (Series B37), a new series issued by the Company. Debentures (Series B37) bear annual interest of 6.75%, which will be paid in six-monthly installments as from July 31, 2023. The principal of these debentures is payable in five annual payments starting January 31, 2025.

  Subsequent to completion of the above exchange tender offer, the Company carried out full early redemption of Debentures (Series B31 and B34), in consideration for payment of NIS 1,022 million, and all the Debentures underlying the outline of 2021 were redeemed in full and all the provisions of the outline expired and were canceled.

- Subsequent to the balance sheet date, on July 18, 2023, Midroog announced a rating upgrade for Debentures (Series B37) to A3.il with stable outlook.

- It should be noted that as at the approval date of the financial statements, the Company is assessing the issuance of a new series of Debentures (Series B38); in this context, the Company published a draft deed of trust and ancillary documents.

For further information about the debentures issued by the Company see Note 5A to the consolidated interim financial statements and Chapter D to this report.

3. Results of Operations

A) The net profit attributable to the Company's shareholders in the first half of 2023 amounted to NIS 967 million compared with a profit (net of profits from bargain purchases as set out below) in the amount of NIS 724 million in the corresponding period last year. In the second quarter of 2023, the net profit amounted to NIS 406 million compared with a profit (net of profits from bargain purchases recognized in the second quarter of 2022) in the amount of NIS 164 million in the corresponding quarter last year. It should be noted that the statutory net profit in the corresponding periods last year and in the corresponding quarter included profits from the bargain purchases of Marubeni and Siccar Point operations amounting to NIS 4.4 billion in the first half of 2022 and NIS 2.5 billion in the second quarter of 2022, without deducting profits from bargain purchases as set out above, the net profit attributable to the Company’s shareholders in the second half of 2022 amounted to NIS 5,168 million and in the second quarter of 2022, to NIS 2,629 million.

It should be further noted that following the issuance of Ithaca's shares on the London Stock Exchange in November 2022, the Group's holding in Ithaca fell to 89.2% and therefore there was a proportionate decrease in Ithaca's contribution to the net profit attributable to the Company's shareholders (in the corresponding period last year, the Group held 100% of the capital of Ithaca).

Contribution to net profit attributable to Company shareholders from principal operations (NIS million):

	Q1 2023	Q2 2023	H1 2023		Q1 2022	Q2 2022	H1 2022		2022
Oil and gas exploration and production in and around Israel 1)	217	183	400		130	215	345		897
Oil and gas exploration and production in the North Sea 1)	390	363	753		615	372	987		2,173
Contribution of continuing operations before discontinued operations and capital and other gains	**607**	**546**	**1,153**		**745**	**587**	**1,332**		**3,070**
Other profits, net, in the oil and gas sector 2)	176	(63)	113		1,901	2,141	4,042		1,268
Finance, tax, and other income (expenses) 3)	(222)	(77)	(299)		(107)	(99)	(206)		(361)
Net profit attributable to Company shareholders	**561**	**406**	**967**		**2,539 (*)**	**2,629 (*)**	**5,168 (*)**		**3,977**

(*) Including the profit from the bargain purchase that was recognized in the first and second quarters of 2022 for the Marubeni and Siccar Point transactions, which amounted to NIS 4,445 million in the first half of 2022 and NIS 2,466 million in the second quarter of 2022. After deducting the effect of the accounting treatment as set out above, the net profit in the first half of 2022 amounted to NIS 724 million and NIS 164 million in the second quarter of 2022.

1) Not including profits or losses from impairment of assets, revaluation of royalty rights, profits from bargain purchases, and other non-recurring profits and losses, as set out in Section 2 below.
2) In the reporting period, mainly including revenue from the settlement of a claim in the amount of NIS 160 million and an impairment loss for the North Sea oil and gas assets, net of tax, in the amount of NIS 66 million, while in the corresponding period last year, including mainly profit from bargain purchases for the Marubeni and Siccar Point transactions in the amount of USD 1.3 billion (NIS 4.4 billion), and the amortization of oil and gas assets in Israel and the North Sea in the amount of NIS 178 million. In 2022, including, among other things, profit from a bargain purchase for the Marubeni and Siccar Point transactions, in the amount of USD 1.3 billion (NIS 4.4 billion), a loss of NIS 2.7 billion due to recording of deferred tax expenses after the oil and gas levy in the North Sea came into effect, and depreciation of oil and gas assets in Israel and the North Sea in the amount of NIS 309 million.
3) In the reporting period, including finance expenses related to the exchange and early redemption of Debentures (Series B31 and B34) of the Company amounting to NIS 147 million (in the corresponding period last year and in 2022, finance expenses related to early redemption and exchange of the Company's debentures amounted to NIS 44 million).

B) **EBITDAX** (NIS million) *)

The Group's EBITDAX in the reporting period totaled NIS 4,855 million, as compared to NIS 4,239 million in the same period last year, as detailed in the table below (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Oil and gas exploration and production in and around Israel	1,354	1,266	648	705		2,772
Oil and gas asset development and production in the North Sea	3,516	2,964	1,684	1,449		6,441
Other (income) expenses	(15)	9	(6)	9		21
Total EBITDAX	**4,855**	**4,239**	**2,326**	**2,163**		**9,234**

*) Profit before financing, taxes, depreciation and amortization, exploration and appraisal expenses and before non-recurring expenses and income. It should be noted that EBITDAX includes the Company's share in the results of operating associates, and profits (losses) arising from hedging transactions constituting economic hedging (even if they were not defined as accounting hedging), without premiums.

C. Revenue (NIS million):

The Group's revenues in the reporting period totaled NIS 6,141 million, as compared to NIS 5,902 million in the same period last year, as detailed in the table below (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Oil and gas exploration and production in and around Israel	1,656	1,529	794	845		3,276
Oil and gas asset development and production in the North Sea	4,481	4,365	2,203	1,998		8,707
Other segments including adjustments	4	8	2	7		12
Total revenues	**6,141**	**5,902**	**2,999**	**2,850**		**11,995**

See also Note 11 to the financial statements - Information Regarding Operating Segments.

D) Operating profit (loss) (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Oil and gas exploration and production in and around Israel	1,154	1,009	545	597		2,202
Oil and gas asset development and production in the North Sea	2,128	6,115	699	3,057		8,224
Other segments including adjustments	(14)	22	(5)	26		13
Total operating profit	**3,268**	**7,146**	**1,239**	**3,680**		**10,439**

See also Note 11 to the financial statements - Information Regarding Operating Segments.

E) Highlights from the Company's consolidated income statements (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Revenue	6,141	5,902	2,999	2,850		11,995
Cost of sales	2,546	2,791	1,330	1,318		5,195
Gross profit	**3,595**	**3,111**	**1,669**	**1,532**		**6,800**
General and administrative expenses	125	84	56	30		257
Group share in profits of operating associates, net	3	8	5	7		37
Other income (expenses), net	(205)	4,111	(379)	2,171		3,859
Operating profit	**3,268**	**7,146**	**1,239**	**3,680**		**10,439**
Finance income	326	141	87	73		298
Finance expenses	(1,031)	(855)	(496)	(387)		(1,583)
Profit before taxes on income	**2,563**	**6,432**	**830**	**3,366**		**9,154**
Income tax	1,151	942	244	511		4,623
Profit from continuing operations	**1,412**	**5,490**	**586**	**2,855**		**4,531**
Profit (loss) from discontinued operations, net	**(7)**	**(31)**	**4**	**(48)**		**(14)**
Net profit	**1,405**	**5,459**	**590**	**2,807**		**4,517**
Attributable to -						
Company shareholders	967	5,168	406	2,629		3,977
Non-controlling interests	438	291	184	178		540
	1,405	**5,459**	**590**	**2,807**		**4,517**

F) Movement in comprehensive income (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Net profit	**1,405**	**5,459**	**590**	**2,807**		**4,517**
Other comprehensive income (loss) from continuing operations (post-tax):						
Gain (loss) from cash flow hedges	216	(1,061)	71	180		76
Transfer to profit or loss for cash flow hedges	(142)	569	(71)	204		902
Adjustments from translation of foreign operations (*)	798	1,243	379	1,085		1,333
						2,311
Total other comprehensive income from continuing operations	**872**	**751**	**379**	**1,469**		**2,311**
Total comprehensive income	**2,277**	**6,210**	**969**	**4,276**		**6,828**
Attributable to:						
Company shareholders	1,598	5,572	674	3,806		5,859
Non-controlling interests	679	638	295	470		969
	2,277	**6,210**	**969**	**4,276**		**6,828**

(*) The Group has material investments in investee companies and an investee partnership whose functional currency is NIS the USD; thus, changes in currency exchange rates materially affect the Group's other comprehensive income or loss and the equity attributable to Company shareholders. In the reporting period, the USD gained 5.1% against the NIS, as compared to a gain of 12.5% in the same period last year. It is noted that subsequent to the balance sheet date and until shortly before the approval date of this report, the exchange rate of the USD against the NIS was up by a further 2.1%.

4. Financial Position

The Group's total assets decreased in the reporting period by NIS 0.6 billion, from NIS 43.1 billion as at December 31, 2022 to a total of NIS 42.5 billion as at June 30, 2023).

Principal changes in assets and liabilities as of June 30, 2023, compared with December 31, 2022:

Cash and cash equivalents and short-term investments

As at June 30, 2023, the Group had cash and short-term investment balances of NIS 1.8 billion, consisting mainly of balances of NIS 0.7 billion in the Company and staff companies, NIS 0.7 billion in Ithaca, and NIS 0.3 billion in NewMed Energy. It should be noted that the balance of cash and short-term investments as at December 31, 2022 amounted to NIS 3.7 billion. The decrease in this item in the reporting period is mainly due to the use of the restricted deposits of NewMed Energy to repay Leviathan Bond Debentures in the amount of NIS 1.5 billion in the period.

Current and non-current assets

Total current assets (excluding held-for-sale cash and short-term investments), as of June 30, 2023, amounted to NIS 3.9 billion, similar to the balance as of December 31, 2022.

As at June 30, 2023, the Group's non-current assets totaled NIS 36.8 billion, compared to total non-current assets as at December 31, 2022 of NIS 35.5 billion, a NIS 1.3 billion increase. This increase was mainly due to gains by the USD against the NIS in the reporting period, which increased the NIS value of NewMed Energy's and Ithaca's long-term assets (mainly investments in oil and gas assets). This increase was offset by current depreciation of oil and gas assets, impairment of the oil and gas assets in Ithaca, and a decrease in the balance of Ithaca's deferred tax assets, among other things, due to utilization of tax losses in the reporting period.

Short- and long-term liabilities

The Group's current and non-current liabilities as at June 30, 2023, amounted to NIS 28.1 billion compared with NIS 30.2 billion as at December 31, 2022, a decrease of NIS 2.1 billion. The decrease is mainly due to a decrease in the Group's financial debt, as explained below.

Total financial liabilities (to banks and others and to debenture holders) in the consolidated balance sheet, as at June 30, 2023, amounted to NIS 14.2 billion compared with NIS 16.7 billion as at December 31, 2022, a decrease of USD 2.5 billion. This decrease is mainly due to a decrease in the amount of Ithaca's debt following repayment of RBL loans by Ithaca in the amount of USD 350 million (NIS 1.3 billion), repayment of Leviathan Bond Debentures by NewMed in the amount of USD 425 million (NIS 1.5 billion), partially repaid ahead of the repayment date and partially on the original repayment date. In addition, there is a decrease in the amount of NIS 0.3 billion in the Company's debt. This decrease was offset by an appreciation of the USD rate, which affected the USD obligations of Ithaca and NewMed Energy.

In this context, it should be noted that as of June 30, 2023, Ithaca's net financial debt to EBITDAX ratio was 0.35.

Contingent claims

In their opinion on the financial statements, the Company's independent auditors draw attention to legal actions brought against Group companies; for details, see Note 7 to the consolidated interim financial statements.

5. Sources of Financing and Liquidity

The net financial debt of the Company and the staff companies as of June 30, 2023:[1]

	NIS million
Liabilities	
Debentures	3,279
Loan from a subsidiary for securitization of overriding royalties	338
Loans from banks and others	663
Other liabilities	99
Total liabilities	**4,379**
Assets	
Cash and deposits	646
Restricted deposits	222
Deposits in the accounts of the debentures trustees	110
Seller's loan - The Phoenix transaction	176
Other receivables	62
Investment in a financial asset	4
Total assets	**1,220**
Financial debt, net	**3,159**

As at June 30, 2023, the Company (separate) has a working capital deficit of NIS 371 million, mainly due to current maturities of financial liabilities assumed by the Company.

The Company's management presented to the Company's board of directors all the projected sources that may be used by the Company and its staff companies to fulfill ts obligations in the next two years, including the Company's projected proceeds from distribution of profits and dividends from the Partnership and investees, the options available to it for refinancing for part of the liabilities, the value of its free assets, and the cash balance of the Company intended for operating activities and for repayment of its obligations.

The Company's Board of Directors, having reviewed the forecast sources and uses report presented by the Company’s management, under various scenarios, and after reviewing sensitivity analyses, determined, based the value of the Company’s assets, its financial elasticity, the Company's proven ability to raise capital in recent years and past experience, the said working capital deficit does not indicate a liquidity issue for the Company.

(1) Staff companies: Delek Group, Delek Petroleum, Delek Financial Investments (2012) Limited Partnership, Delek Power Plants Limited Partnership, DKL Energy, DKL Investments, Delek Infrastructure, Delek Hungary Holdings Limited, and Delek Energy.

6. Analysis of Operations by Operating Segment

A) Oil and gas production in and around Israel

As aforesaid, oil and gas exploration and production in and around Israel are carried out mainly through NewMed Energy.

Results of operation of oil and gas exploration and production in and around Israel, as included in the Group's results (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Revenues from gas sales net of royalties	**1,656**	**1,529**	**794**	**845**		**3,276**
Operating profit (adjusted for impairment and losses on disposal of oil and gas assets (100%))	**1,154**	**1,045**	**545**	**597**		**2,334**
Impairment and depreciation of oil and gas assets (100%)	-	(36)	-	-		(132)
EBITDAX	**1,354**	**1,266**	**648**	**705**		**2,772**
Finance expenses, net	(155)	(141)	(90)	(79)		(282)
Net profit attributable to Group shareholders	**419**	**366**	**187**	**225**		**906**

The following table presents gas quantities (100%) sold in the reporting period, from the Leviathan Reservoir, by customer location:

2023. 1-6 - (BCM)	Israel	Jordan	Egypt	Total
Q1	0.6	0.7	1.5	2.8
Q2	0.3	0.6	1.6	2.5
Total	0.9	1.3	3.1	5.3

2022. 1-6 - (BCM)	Israel	Jordan	Egypt	Total
Q1	0.9	0.7	1.1	2.7
Q2	0.8	0.6	1.4	2.8
Total	1.7	1.3	2.5	5.5

2022 - (BCM)	Israel	Jordan	Egypt	Total
	3.8	2.7	4.9	11.4

(*) The figures are rounded to one tenth of one BCM.

Analysis of the Operating Results of Oil and Gas Exploration and Production in and around Israel

In the reporting period, the results of operation of oil and gas exploration and production in and around Israel yielded a profit of NIS 419 million, as compared to a net profit of NIS 366 million in the same period last year.

The increase in profit in the reporting period compared with the corresponding period last year was mainly due to the appreciation of the USD against the NIS in the reporting period compared with the corresponding period last year and due to the decrease in depreciation, depletion and amortization expenses, which arose from the depreciation of the Ofek Hadash project during the corresponding period last year.

In the second quarter of 2023, the operating results of oil and gas exploration in and around Israel amounted to a net profit of NIS 187 million, compared with a net profit of NIS 225 million in the corresponding quarter last year. The decrease in profit was mainly due to a decrease in revenue from the sale of oil and natural gas in the second quarter.

Revenues from gas and oil sales, net of royalties

In the reporting period, revenues from gas and oil sales, net of royalties, totaled NIS 1,656 million, compared with NIS 1,529 million in the same period last year. The increase in revenue is mainly due to the appreciation of the USD as described above.
In the second quarter of 2023, revenues from gas and oil sales net of royalties amounted to NIS 794 million, compared to NIS 845 million in the same quarter last year. The decrease was mainly due to a decrease in the quantities of natural gas sold from the Leviathan Reservoir to the local market as well as a decrease in the average price per thermal unit (MMBTU), which was mainly due to the decrease in the export price of gas, which is partly linked to the Brent price per barrel.

Operating profit (excluding disposal losses and impairment of oil and gas assets)

Operating profit in the reporting period amounted to NIS 1,154 million, compared to NIS 1,045 million in the same period last year. The increase is mainly due to the decrease in depreciation, depletion and amortization expenses.
In the second quarter of 2023, the operating profit amounted to NIS 545 million compared to NIS 597 million in the same quarter last year. The decrease was mainly due to a decrease in the quantities of natural gas sold from the Leviathan reservoir and the average price of gas as described above.

Finance expenses, net

In the reporting period, net finance expenses totaled NIS 155 million, as compared to net finance expenses of NIS 141 million in the same period last year.
The increase in finance expenses, net, is mainly due to a decrease in revenue from revaluation of royalties and debt for the Karish and Tanin leases in the amount of NIS 43 million compared with revaluation of NIS 100 million in the corresponding period last year. The increase was partially offset by the decrease in finance expenses compared with the corresponding period last year, which was mainly due to buyback and partial early repayment of the Leviathan debentures.

In the second quarter of 2023, net finance expenses amounted to NIS 90 million, compared with NIS 79 million in the corresponding quarter last year. Finance costs were up, mainly due to the aforesaid reasons.

Adjustment of the Partnership's results to the Group's share in oil and gas exploration and production in and around Israel (NIS million):

	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Net profit from NewMed Energy's financial statements	**765**	**683**	**338**	**411**		**1,587**
Indirect holdings (%)	54.7%	54.7%	54.7%	54.7%		54.7%
Group's share	**418**	**373**	**185**	**223**		**868**
Income tax	3	5	2	3		40
Revenues from overriding royalties	25	23	12	13		53
Results of direct holdings in Yam Tethys (4.44%)	-	(1)	-	-		(8)
Amortization of excess costs *)	(16)	(18)	(8)	(9)		(37)
General and administrative expenses	(8)	(17)	(5)	(8)		(14)
Finance expenses, net	(3)	1	1	3		4
Contribution to net profit from oil and gas exploration and production operations	**419**	**366**	**187**	**225**		**906**

*) Current amortization of the surplus cost attributable to the Tamar and Leviathan Projects.

For more information on oil and gas exploration and production in and around Israel, see Notes 3B and 4 to the consolidated interim financial statements.

B) Oil and gas exploration and production in the North Sea

Ithaca is an independent oil and gas operator in the North Sea, holding both production and development assets.

Ithaca's financial data as included in the financial statements (including attribution of excess acquisition costs incurred upon assuming control):

Balance sheet (in USD million)

	June 30, 2023	December 31, 2022
Cash and cash equivalents	176	254
Other current assets	702	735
Investments in oil and gas exploration and production	4,039	4,150
Other assets, net (mainly deferred taxes)	546	612
Goodwill	829	829
Total assets	**6,292**	**6,580**
Short-term liability for derivatives	23	137
Current liabilities (trade and other payables)	952	1,114
Loans from banks (RBL) and debentures	866	1,214
Other long-term liabilities (mainly in respect of an asset retirement obligation)	2,012	1,838
Equity attributable to Ithaca's shareholders	**2,439**	**2,277**
Total liabilities and equity	**6,292**	**6,580**
Part of Ithaca's equity attributable to Group shareholders	**2,166**	**2,029**

Income Statement (in USD million)

(USD million)	1-6/2023	1-6/2022	4-6/2023	4-6/2022		2022
Revenue	1,248	1,338	604	598		2,598
Cost of sales (excluding depreciation expenses and inventory movements)	(304)	(269)	(151)	(129)		(560)
Depreciation expenses	(337)	(269)	(171)	(139)		(595)
Change in oil and gas inventory	58	(185)	19	(61)		(130)
Gross profit	**665**	**615**	**301**	**269**		**1,313**
Gain from a bargain purchase	-	1,324	-	705		1,324
Impairment of gas and oil assets	(103)	(85)	(103)	(85)		(107)
General and administrative expenses and other income (expenses), net	34	(15)	(6)	(3)		(77)
Other finance expenses, net	(76)	(112)	(66)	(48)		(195)
Profit before tax	**520**	**1,727**	**126**	**838**		**2,258**
Tax expenses	(255)	(222)	(35)	(118)		(1,249)
Net profit attributable to Ithaca's shareholders	**265**	**1,505**	**91**	**720**		**1,009**
Net profit attributable to Ithaca's shareholders, net of profit from bargain purchase	**265**	**181**	**91**	**15**		**(315)**
Net profit attributable to Group shareholders	**237**	**1,505**	**82**	**15**		**1,053**
Output in the reporting period (in millions) (MBOE)	**13.7**	**12.1**	**6.9**	**5.7**		**26.1**
Average daily output (KBoed)	**75.8**	**67**	**75.8**	**64**		**71.4**

EBITDAX (in USD million)

USD million	1-6/2023	1-6/2022	4-6/2023	4-6/2022	2022
Revenues from the sale of gas and oil *)	**1,228**	**1,344**	**597**	**611**	**2,615**
Movement in gas and oil inventory, royalties and oil tanker costs	**43**	**(203)**	**11**	**(70)**	(158)
Revenues, net from production during the period	**1,271**	**1,141**	**608**	**541**	**2,457**
Operating expenses	(272)	(234)	(135)	(114)	(496)
Current general and administrative expenses and exchange rate differences	(19)	-	(11)	6	(45)
EBITDAX	**980**	**907**	**462**	**433**	**1,916**

*) Including the effect of hedging transactions (including transactions that were not defined as accounting hedging), net of premiums for these transactions.

Additional data concerning Ithaca's results

Revenues

Ithaca's revenues in the reporting period totaled USD 1,248 million, as compared to revenues of USD 1,338 million in the same period last year.

The decrease in revenue is mainly due to the decrease in oil and gas prices in the reporting period compared with prices in 2022. Average selling prices for oil (prior to the hedging) went down to USD 84 per barrel in the reporting period, from USD 107 per barrel in the same period last year; in the corresponding period last year, gas selling prices (prior to the hedging) went down to 108 pence/therm, from 183 pence/therm last year. However, the effect of these price decreases on Ithaca's revenues was partially offset by Ithaca's hedges on gas and oil prices, undertaken by Ithaca as part of its risk management policy. The effect of these transactions on Ithaca's revenues increased revenues in the reporting period by USD 174 million, (revenues were down by USD 295 million in the corresponding period last year).

Output in the reporting period totaled 13.7 mmbbl (75.8 mbbl/day, on average), as compared to 12.1 mmbbl (67 mbbl/day, on average) in the same period last year. The increase in output is mainly due to additional output from the assets acquired in the Marubeni, Siccar Point, and Summit transactions in 2022.

Cost of sales

In the reporting period, cost of sales (excluding depreciation expenses and inventory movements) totaled USD 304 million, as compared to USD 269 million in the same period last year. The increase in the cost of sales is partially due to the acquisition of Marubeni and Siccar Point assets as aforesaid, as well as the increase in fuel prices. The average operating production expenses (OPEX) per barrel in the reporting period was USD 20 (compared to approx. USD 19 per barrel in the corresponding period last year).

Depreciation and amortization in the reporting period amounted to USD 337 million, compared with USD 269 million in the corresponding period last year, with per barrel depreciation costs up in the reporting period to USD 25 per barrel, compared with USD 22 per barrel in the corresponding period last year. The increase in per barrel depreciation is due to revised reserves as at December 31, 2022.

EBITDAX

In the reporting period, Ithaca's EBITDAX increased to USD 980 million compared with USD 907 million in the corresponding period last year (notwithstanding the decrease in revenue). The increase in EBITDAX is due to an increase in activities following acquisition of the companies by Ithaca in 2022, as outlined above, and due to changes in the balances for surplus inventory that was withdrawn.

Hedges on oil and gas prices

As part of its risk management strategy, Ithaca hedges oil and gas prices. As at June 30, 2023, Ithaca had open hedging transactions on oil prices amounting to 6.1 million barrels at a minimum average hedged price of USD 73 per barrel. In addition, as at June 30, 2023, the Company and Ithaca had open hedging transactions on gas prices amounting to 3.8 million BOE oil at an average hedged price of 162 pence/therm. As at June 30, 2023, the value of these hedges reflects an asset of USD 127 million (NIS 470 million).
It should be noted that subsequent to the balance sheet date, in August 2023, Ithaca increased the volume of hedging transactions, such that as at the approval date of the financial statements, Ithaca hedges 11.5 million BOE out of the expected output between 2023 and 2025 (with 66% of the transactions being transactions on the price of oil), at a minimum average hedged price of USD 73 per barrel of oil and 159 pence/therm.

Impairment of gas and oil assets

In view of the decrease in forecasts for natural gas prices as well as the expected changes in the rate of production, the Group assessed the recoverable amount of a number of oil and gas assets in the North Sea region as at June 30, 2023. Following the assessment, in the reporting period, the Group recorded a provision for impairment of the GSA reservoir, before the effect of tax, in the amount of USD 69 million. In addition, in the reporting period, the Group recorded a provision for impairment due to the revised decomissioning liability for non-producing assets in the amount of USD 34 million before the effect of the tax. The effect after tax of the impairment on the net profit attributable to the Company's shareholders amounted to USD 18 million in the reporting period.
It should be noted that in the corresponding period last year, the Group recorded a provision for the impairment of assets in the North Sea amounting to USD 73 million before the effect of the tax (the effect on the profit attributable to the Company's shareholders after the effect of tax amounted to USD 45 million).

General and administrative expenses and other income (expenses), net

In the first quarter of 2023, Ithaca recognized revenue from the settlement of a claim that it filed regarding one of its acquisitions in the past in the amount of USD 51 million.

Finance expenses, net

Net finance expenses in the reporting period amounted to USD 76 million compared with USD 112 million in the corresponding period last year. The decrease in net finance expenses is mainly due to revaluation gains in the reporting period of derivative financial instruments that are not accounted for as an accounting hedge, amounting to a profit of USD 27 million dollars in the reporting period compared with a loss of USD 19 million in the corresponding period.

For more information on oil and gas exploration and production operations in the North Sea, see Note 4 to the consolidated interim financial statements.

As set out in Note 9A(1)(g) to the Annual Financial Statements regarding the business combination of Siccar Point, as at the business combination date, Ithaca recognized the fair value of the assets acquired and the liabilities assumed in the business combination, based on a provisional assessment. This measurement was completed in the reporting period. The valuation was prepared by an external appraiser and it is attached to this report. For further information see Appendix C to this report.

B. Exposure to Market Risks and Management Thereof

The following table details Israeli CPI data and exchange rates for the primary currencies used by the Group:

As of	USD representative exchange rate In NIS	GBP representative exchange rate	Known CPI In points *)
June 30, 2023	3.70	4.671	110.34
June 30, 2022	3.50	4.235	105.70
December 31, 2022	3.519	4.238	107.9
Rate of change during the period	%	%	%
1-6/2023	5.14	10.2	2.26
1-6/2022	12.5	0.8	3.1
Q2 2023	2.35	4.56	1.16
Q2 2022	10.2	1.60	1.94
2022	13.15	0.83	5.28

*) Base index - 2014 average.

C. Disclosure relating to the Corporation's financial reporting

1. Critical accounting estimates

There were no changes to critical accounting estimates in the reporting period.

2. Events subsequent to the balance sheet date

For information on significant events subsequent to the balance sheet date, see Chapter A to the Board of Directors' Report.

D. Dedicated disclosure for debenture holders

1. Information on debentures issued by the Company as of June 30, 2023:

Series	Issue date (including expansions)	Par value Original	Par value balance as at June 30, 2023	Nominal interest rate	Linkage	Carrying amount as at June 30, 2023	Interest accrued in the books of accounts as of June 30, 2023	Repayment dates (principal/ interest)	Market cap as at June 30, 2023	Trustee
B35	6/2021 7/2021 11/2021 12/2022	900	900	7.2%	Non-linked	900	-	Interest payments on June 30 and December 31 and principal payments on December 31 in each of the years 2023-2027	910	Mishmeret - Trusts Services Company Ltd., 48 Menahem Begin St., Tel Aviv, Tel: 03-6374335/4, Atty. Rami Katzav, CPA.
B36	10/2021 12/2021 12/2022	577	577	6.2%	Non-linked	577	6	Interest payments on April 30 and October 31 (first payment - April 30, 2022) and principal payments on April 30 in each of the years 2024-2028	571	Resnick Paz Nevo Trustee Company Ltd., 14 Yad Harutzim St., Tel Aviv. Tel: 03-6389200, Michal Avtalion-Rishoni, Adv.
B37	2/2023	1,750	1,750	6.75%	Non-linked	1,750	46	Interest payments on July 31 and January 31 (first payment - July 31, 2023) and principal payments on January 31 in each of the years 2025-2029	1,815	Hermetic Trust (1975) Ltd. 113 Hayarkon St. Tel Aviv. Tel: +972-3-5274867, Dan Avnon

*) On July 18, 2023, Midroog Ltd. rating agency announced that it is upgrading the rating of Debentures (Series B37) issued by the Company, from Baa1.il to A3.il with stable outlook. For more information, see the Company’s immediate report dated July 18, 2023 (Ref. No. 2023-15-081717), the details of which are included herein by way of reference.

2. Financial covenants of the debentures as at June 30, 2023

(1) Under the deeds of trust of Debentures (Series B35 and B36), the Company undertook as follows:

(a) As long as the Debentures (Series B35 and B36) are not repaid in full, the Company will not create a floating charges on any of its assets and rights, existing or future, in favor of any third party, to secure any debt or liability, unless it applies one of the following alternatives: 1) obtaining the prior consent of the holders of debenture series; 2) when creating the floating lien in favor of the third party, creation of a floating charge in favor of the debenture holders, which is at the same degree pari passu according to the Company's debts to the third party and the debenture holders; 3) providing an automatic bank guarantee in favor of the debenture holders, all in accordance with the terms and conditions set out in the deed of trust. As of June 30, 2023, the Company is in compliance with its obligation.

(b) The Company undertook to comply with the following financial covenants:

- The Company's equity will not fall below NIS 1,600 million for two consecutive quarters according to its audited or reviewed consolidated financial statements, as applicable. As of June 30, 2023, the capital attributable to the Company's shareholders amounted to NIS 9,608 million.
- The Company's equity will not fall below 12.5% of its total assets for two consecutive quarters according to the Company's audited or reviewed separate financial statements, as applicable. As from the test date, which took place at the publication date of the financial statements as of March 31, 2023 and at any subsequent test dates, the ratio will not fall below 15% for two consecutive quarters. As of June 30, 2023, this ratio amounts to 66%.
- In the deed of trust of Debentures (Series B35), it was also determined that if the Company's equity falls below NIS 1,650 million, or the ratio of equity to total assets of the separate financial statements, as outlined above, falls below 16% at the following review dates, the interest rate on the debentures will increase by 0.25%.

(c) The Company has undertaken not to make any distribution (as this term is defined in the Companies Law), including not to declare, pay, or distribute any dividend (as the terms are defined in the Companies Law), unless all the terms listed below are met (before and after reduction of the distribution amount): 1) the equity will not be less than NIS 2,000 million following the distribution; 2) the Company is not in breach of one or more of its material obligations under this deed of trust and under the terms of the debentures; 3) there are no grounds for immediate repayment.

(d) The deeds of trust sets out grounds for immediate repayment of Debentures (Series B35 and B36), which include the Company's failure to comply with its obligations, as set out above; cross-default (in case of repayment of other debts to the extent set out in the deed of trust); material business deterioration of the Company; events related to a change in the Company's business or a change in control, as set out in the deed of trust; and other events.

Debentures (Series B35 and B36) are secured by a lien on NewMed Energy participation units.

(2) The Company's obligations under the deed of trust of Debentures (Series B37):

Under the deeds of trust of Debentures (Series B37), the Company undertook as follows:

(a) As long as the Debentures (Series B37) are not repaid in full, the Company will not create a floating charges on any of its assets and rights, existing or future, in favor of any third party, to secure any debt or liability, unless in accordance with the terms and conditions set out in the deed of trust.

(b) The Company undertook to comply with the following financial covenants:
- The Company's equity will not fall below NIS 3,000 million for two consecutive quarters according to its audited or reviewed consolidated financial statements, as applicable. As of June 30, 2023, the capital attributable to the Company's shareholders amounted to NIS 9,608 million.
- The Company's equity will not fall below 18% of its total assets for two consecutive quarters according to the Company's audited or reviewed separate financial statements, as applicable. As of June 30, 2023, this ratio amounts to 66%.

(c) The Company has undertaken not to make any distribution (as this term is defined in the Companies Law), including not to declare, pay, or distribute any dividend (as the terms are defined in the Companies Law), unless all the terms listed below are met (before and after reduction of the distribution amount): 1) the equity will not be less than NIS 3,300 million following the distribution; 2) the separate equity to asset ratio shall not fall below 22% subsequent to the distribution; 3) the Company is not in breach of one or more of its material obligations under this deed of trust and under the terms of the debentures; 4) there are no grounds for immediate repayment; 5) the Company is not in breach of one of the financial covenants nor will it be in breach thereof subsequent to the distribution.

(d) The deed of trust sets out grounds for immediate repayment of Debentures (Series B37), which include the Company's failure to comply with its obligations, as set out above; cross-default (in case of repayment of other debts to the extent set out in the deed of trust); the downgrade of Debentures (Series B37) below BBB- or an equivalent rating; a substantial deterioration in the Company's business; events related to a change in the Company's business or a change in control, as set out in the deed of trust; and other events.

(e) In addition, the deed of trust set out events, which, if they occur, the interest rate on the debentures will be adjusted, as follows: 1) a downgrade below the base rating of Baa1 will result in a cumulative increase in the interest rate of up to 1% above the base interest rate; 2) if the Company's equity falls below NIS 3,150 million according to its audited or reviewed consolidated financial statements, as the case may be, or the equity to total assets (separate) ratio falls below 20%, the interest rate will increase by 0.25% for each breached covenant.

As at the reporting date, Debentures (Series B37) are secured by the participation units of NewMed Energy and Ithaca shares.

E. Additional information

1. Company employees

The Board of Directors would like to thank the Company's management, the management of the Company's investees, and to all the employees for their dedicated work and their contribution to the advancement of the Company.

Sincerely,

Ehud Erez	**Idan Wallace**
Chairman of the Board	Chief Executive Officer

Signature date: August 22, 2023

Appendix A to the Board of Directors' Report

Breakdown of outstanding principal and interest payments on the Company and the staff companies' debentures and loans from banks and others as of June 30, 2023 (NIS million):

		July 1, 2023 to December 31, 2023	2024	2025	2026	2027	2028 onwards	Total
Debentures	Principal	135	222	397	484	709	1,281	3,228
	Interest	109	206	185	155	123	96	874
Loans from banks and others	Principal	93	291	185	93	-	-	662
	Interest	25	34	17	2	-	-	78
Total		362	753	784	734	832	1,377	4,842

Appendix B to the Report of the Board of Directors

Following on Note 11K to the 2022 financial statements and following a tax ruling received by Delek Overriding Royalty Leviathan Ltd. prior to a debenture issuance, the following financial data will be provided to Delek Overriding Royalty Leviathan Ltd.'s debenture holders:

Condensed Interim Statement of Financial Position (Dollars in thousand)

	June 30 2023	June 30 2022	December 31 2022
	Unaudited		Audited
Current assets			
Cash and cash equivalents	290	466	304
Short-term investments	18,779	5,222	18,346
Loan to controlling shareholder	91,192	-	87,736
Royalties and other receivables	2,605	2,263	2,589
Total current assets	112,866	7,951	108,975
Non-current assets			
Long-term investments	-	11,407	-
Loan to controlling shareholder	-	84,990	-
Assets in respect of ORRI	184,128	189,352	186,381
Deferred Taxes	581	1,665	900
Total non-current assets	184,709	287,414	187,281
	297,575	295,365	296,256
Current liabilities			
Debentures	177,953	-	176,015
Other payables	1,618	1,331	1,322
Total current liabilities	179,571	1,331	177,337
Non-current liabilities			
Debentures	-	174,149	-
Total non-current assets	-	174,149	-
Equity			
Share capital	295	295	295
Share premium	127,275	127,275	127,275
Retained earnings	(9,566)	(7,685)	(8,651)
Total equity	118,004	119,885	118,919
	297,575	295,365	296,256

Condensed Interim Statements of Comprehensive Income (Dollars in thousand)

	Six-month period ended June 30,		Three-month period ended June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
Revenue from overriding royalties	6,842	6,964	3,212	3,784	15,216
General and administrative expenses	398	408	190	204	828
Depletion	2,253	2,795	1,057	1,417	5,766
Operating profit	4,191	3,761	1,965	2,163	8,622
Finance expenses	(8,868)	(8,694)	(4,416)	(4,443)	(17,153)
Finance income	3,967	3,287	2,012	1,661	6,839
Loss before income tax	(710)	(1,646)	(439)	(619)	(1,692)
Tax benefit (Income tax)	(205)	557	(81)	399	(363)
Loss and total comprehensive loss	(915)	(1,089)	(520)	(220)	(2,055)

Condensed Interim Statements of Changes in Equity (Dollars in thousand)

	Share capital	Share premium	Retained earnings	Total
	Unaudited			
Balance as at January 1, 2023 (Audited)	295	127,275	(8,651)	118,919
Total comprehensive loss	-	-	(915)	(915)
Balance as at June 30, 2023 (Unaudited)	295	127,275	(9,566)	118,004

	Share capital	Share premium	Retained earnings	Total
	Unaudited			
Balance as at January 1, 2022 (Audited)	295	127,275	(6,596)	120,974
Total comprehensive loss	-	-	(1,089)	(1,089)
Balance as at June 30, 2022 (Unaudited)	295	127,275	(7,685)	119,885

	Share capital	Share premium	Retained earnings	Total
	Unaudited			
Balance as at April 1, 2023 (Unaudited)	295	127,275	(9,046)	118,524
Total comprehensive loss	-	-	(520)	(520)
Balance as at June 30, 2023 (Unaudited)	295	127,275	(9,566)	118,004

Condensed Statements of Changes in Equity (Dollars in thousand)

	Share capital	Share premium	Retained earnings	Total
	Unaudited			
Balance as at April 1, 2022 (Unaudited)	295	127,275	(7,465)	120,105
Total comprehensive loss	-	-	(220)	(220)
Balance as at June 30, 2022 (Unaudited)	295	127,275	(7,685)	119,885

	Share capital	Share premium	Retained earnings	Total
	Audited			
Balance as at January 1, 2022 (Audited)	295	127,275	(6,596)	120,974
Total comprehensive loss	-	-	(2,055)	(2,055)
Balance as at December 31, 2022 (Audited)	295	127,275	(8,651)	118,919

Condensed Interim Statements of Cash flows (Dollars in thousand)

	Six-month period ended June 30,		Three-month period ended June 30,		For the year ended December 31,
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
Cash Flows - Current Operations:					
Loss for the year	(915)	(1,089)	(520)	(220)	(2,055)
Adjustments for:					
Depletion and depreciation	4,191	4,553	2,032	2,301	9,390
Deferred Taxes	319	(332)	96	(204)	433
Increase in Long-term investments	-	3	-	23	-
Changes in assets and liabilities items:					
Increase in trade and other receivables	(16)	(806)	(73)	(328)	(1,062)
Increase in loan to controlling shareholder	(3,456)	(3,238)	(1,726)	(1,629)	(6,530)
Increase (Decrease) in trade and other payables	296	**(215)**	(3,188)	**(3,298)**	(293)
Net cash used for current operations	419	(1,124)	(3,379)	(3,355)	(117)
Cash Flows - Investment Activity:					
Repayment of loans to controlling shareholders	-	-	-	-	545
Long-term deposit in bank deposits	-	2,700	-	2,700	5,404
Short-term deposit in bank deposits	(433)	(1,315)	3,300	747	(5,733)
Net cash deriving from (used for) investment activity	(433)	1,385	3,300	3,447	216
Increase (Decrease) in cash and cash equivalents	(14)	261	**(79)**	92	99
Cash and cash equivalents balance at the beginning of the period	304	205	369	374	205
Cash and cash equivalents balance at the end of the period	290	466	290	466	304
Appendix A - Additional Information on Cash Flows:					
Interest paid	6,745	6,745	6,745	6,745	13,489
interest received	510	32	508	32	281
Taxes Paid	349	1,343	270	401	1,462

Appendix C to the Report of the Board of Directors

Regulation 8B: Valuation

Valuation for purchase price allocation for Siccar Point's assets and liabilities

Authentication of the valuation subject:	Purchase price allocation for Siccar Point's assets and liabilities
Preparation date:	June 30, 2022.
The value of the valuation item shortly before the valuation date, had generally accepted accounting principles, including depreciation and amortization, not required revaluation in accordance with the valuation:	N/A
The value of the valuation item as determined in the valuation:	For information about the value attributed to the assets and liabilities of Siccar Point, see Note 9A(1)(g) to the Annual Financial Statements.
Authentication and details of the appraiser:	The valuation was performed by Kroll, which is a global consulting company with more than 3,500 employees in 28 countries. The firm, which was founded in 1932, provides consulting services to a considerable number of customers, including about 50% of the S&P 500 companies. The company provides a range of consulting services, including valuations, tax services, and M&A advisory services. The company's valuation team includes more than 1,200 professionals and experts in financial consulting, including PPA, assessments of impairment of goodwill and intangible assets, and valuations. Under the agreement with the appraiser, other than in cases of misconduct or fraud on the part of the appraiser, liability is limited to the amount of the fee. The Company also undertook to indemnify the appraiser for any damage arising from a third-party claim, other than in cases where a competent court rules that the claim was directly due to gross negligence, intentional misconduct, or fraud on the part of the appraiser.
The appraiser used the following valuation model:	Discounted cash flows
Assumptions applied by the appraiser in the valuation, in accordance with the valuation model:	The main assumptions underlying the valuation include the forecast of income and expenses, taking into account, among other things, production quantities and rate, the forecast for oil and gas prices, the inflation rate, and retirement costs. In the valuation, the appraiser applied the discounted cash flow method, accounting for a post-tax discount rate of 10.4% for the assets and 3.5% for the liabilities, as well as projected Brent oil prices of USD 103/bbl in 2022, USD 95/bbl in 2023, USD 85/bbl in 2024, and USD 78/bbl in 2025; projected gas prices of 264 pence/therm in 2022, 188 pence/therm in 2023, 121 pence/therm in 2024, and reaching 78 pence/therm in 2026.

Chapter C

Financial Statements

Delek Group Ltd.

Consolidated Interim Financial Statements as at June 30, 2023

Unaudited

Contents

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Consolidated Balance Sheets

	As at June 30		As at December 31
	2023	2022	2022
	Unaudited		Audited
	NIS millions		
Current assets			
Cash and cash equivalents	1,576	948	2,159
Short-term investments	224	803	1,547
Trade receivables	1,407	1,654 *)	1,127
Other receivables	1,279	1,187 *)	1,522
Current tax assets	41	14	86
Financial derivatives	545	146	531
Inventory	644	467	622
	5,716	5,219	7,594
Non-current assets			
Long-term loans, deposits, and receivables	3,069	2,661	2,834
Investments in associates	503	493	492
Investment property	355	356	355
Right-of-use assets	130	56	197
Financial derivatives	36	11	75
Investments in exploration and production of oil and gas assets, net	27,815	26,775	26,608
Property, plant and equipment, net	115	132	124
Goodwill	3,448	3,264	3,281
Deferred taxes	1,352	5,565 *)	1,510
	36,823	39,313	35,476
	42,539	44,532	43,070

*) Adjusted retrospectively, see Note 2D above.

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

Consolidated Balance Sheets (cont.)

	As at June 30		As at December 31
	2023	2022	2022
	Unaudited		Audited
	NIS millions		
Current liabilities			
Current maturities of debentures and loans	1,165	2,837	2,872
Trade and other payables	2,932	3,201 *)	3,921
Current maturities of lease liabilities	158	74	147
Current tax liabilities	1,101	214	488
Financial derivatives	86	2,365	481
	5,442	8,691	7,909
Non-current liabilities			
Loans from banks and others	1,271	2,717	2,189
Debentures	11,738	12,235	11,590
Convertible liabilities	-	174	-
Lease liability	-	-	60
Financial derivatives	37	592	96
Provisions and other liabilities	7,720	7,074	6,646
Deferred taxes	1,926	1,723	1,701
	22,692	24,515	22,282
Equity			
Share capital	20	19	19
Share premium	2,341	2,535	2,554
Proceeds for conversion options and warrants	6	18	16
Retained earnings	7,343	8,217 *)	7,026
Adjustments from translation of financial statements of foreign operations	395	(229)	(170)
Capital reserve from transactions with non-controlling interests	(641)	(688)	(652)
Other reserves	144	(1,385)	78
Treasury shares	-	(314)	(314)
Total equity attributable to the Company's shareholders	9,608	8,173	8,557
Non-controlling interests	4,797	3,153	4,322
Total equity	14,405	11,326	12,879
	42,539	44,532	43,070

*) Adjusted retrospectively, see Note 2D above.

August 22, 2023			
Approval date of the financial statements	Ehud Erez Chairman of the Board	Idan Wallace Chief Executive Officer	Tamir Polikar Executive VP & CFO

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

Consolidated Statements of Income

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions (Other net earnings (loss) per share)				
Revenue	6,141	5,902 *)	2,999	2,850 *)	11,995
Cost of sales	2,546	2,791	1,330	1,318	5,195
Gross profit	3,595	3,111	1,669	1,532	6,800
General and administrative expenses	125	84	56	30	257
Group share in profits of operating associates, net	3	8	5	7	37
Other income (expenses), net	(205)	4,111 *)	(379)	2,171 *)	3,859
Operating profit	3,268	7,146	1,239	3,680	10,439
Finance income	326	141	87	73	298
Finance expenses	(1,031)	(855) *)	(496)	(387) *)	(1,583)
Profit before taxes on income	2,563	6,432	830	3,366	9,154
Income tax	1,151	942	244	511	4,623
Profit from continuing operations	1,412	5,490	586	2,855	4,531
Profit (loss) from discontinued operations, net	(7)	(31)	4	(48)	(14)
Net profit	1,405	5,459	590	2,807	4,517
Attributable to:					
Shareholders of the Company	967	5,168	406	2,629	3,977
Non-controlling interests	438	291	184	178	540
	1,405	5,459	590	2,807	4,517
Net earnings (loss) per share attributable to shareholders of the Company (in NIS)					
Basic earnings from continuing operations	54.3	293.7 *)	22.2	151.2 *)	225.1
Basic earnings (loss) from discontinued operations	(0.4)	(1.8)	0.2	(2.7)	(0.8)
Basic earnings	53.9	291.9	22.4	148.5	224.3
Basic earnings from continuing operations	53.8	279.8 *)	22.1	144.1 *)	215.2
Diluted earnings (loss) from discontinued operations	(0.4)	(1.8)	0.2	(2.7)	(0.8)
Diluted earnings	53.4	278	22.3	141.4	214.4

*) Adjusted retrospectively, see Note 2D above.

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

Consolidated Statements of Comprehensive Income

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Net profit	1,405	5,459 *)	590	2,807 *)	4,517
Other comprehensive income (loss) (net of tax effect):					
Amounts classified or reclassified to profit or loss under specific conditions:					
Gain (loss) from cash flow hedges	216	(1,061)	71	180	76
Transfer to profit or loss for cash flow hedges	(142)	569	(71)	204	902
Adjustments from translation of financial statements of foreign operations	798	1,243	379	1,085	1,333
Total other comprehensive income	872	751	379	1,469	2,311
Total comprehensive income	2,277	6,210	969	4,276	6,828
Attributable to:					
Shareholders of the Company	1,598	5,572	674	3,806	5,859
Non-controlling interests	679	638	295	470	969
	2,277	6,210	969	4,276	6,828

*) Adjusted retrospectively, see Note 2D above.

Consolidated Statements of Changes in Equity

	Attributable to shareholders of the Company										
	Share capital	Share premium	Proceeds for conversion options and warrants	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited										
	NIS millions										
Balance as of January 1, 2023 (audited)	19	2,554	16	7,026	(170)	(652)	78	(314)	8,557	4,322	12,879
Net profit	-	-	-	967	-	-	-	-	967	438	1,405
Other comprehensive income	-	-	-	-	565	-	66	-	631	241	872
Total comprehensive income	-	-	-	967	565	-	66	-	1,598	679 **)	2,277
Exercise of options for shares	1	101	(10)	-	-	-	-	-	92	-	92
Transactions with non-controlling interests	-	-	-	-	-	11	-	-	11	-	11
Share-based payment	-	-	-	-	-	-	-	-	-	29	29
Forfeiture of treasury shares	-	(314)	-	-	-	-	-	314	-	-	-
Divided to the Company's shareholders	-	-	-	(650)	-	-	-	-	(650)	-	(650)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(233)	(233)
Balance as of June 30, 2023	20	2,341	6	7,343	395	(641)	144	-	9,608	4,797	14,405

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net profit attributable to non-controlling interests	438
Adjustments arising from cash flow hedges	8
Adjustments from translation of financial statements of foreign operations	233
Total comprehensive income attributable to non-controlling interests	679

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to shareholders of the Company										
	Share capital	Share premium	Proceeds for conversion options and warrants	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited										
	NIS millions										
Balance as of January 1, 2022 (audited)	19	2,534	18	3,049	(1,125)	(684)	(893)	(314)	2,604	2,584	5,188
Net profit	-	-	-	5,168 ***)	-	-	-	-	5,168	291	5,459
Other comprehensive income (loss)	-	-	-	-	896	-	(492)	-	404	347	751
Total comprehensive income (loss)	-	-	-	5,168	896	-	(492)	-	5,572	638 **)	6,210
Exercise of options for shares	-	1	-	-	-	-	-	-	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	(4)	-	-	(4)	4	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(73)	(73)
Balance as of June 30, 2022	19	2,535	18	8,217	(229)	(688)	(1,385)	(314)	8,173	3,153	11,326

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net profit attributable to non-controlling interests	291
Adjustments from translation of financial statements of foreign operations	347
Total comprehensive income attributable to non-controlling interests	638

***) Adjusted retrospectively, see Note 2D above.

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to shareholders of the Company									
	Share capital	Share premium	Proceeds for conversion options and warrants	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS millions									
Balance as of April 1, 2023	19	2,256	14	7,137	127	(641)	144	9,056	4,571	13,627
Net profit	-	-	-	406	-	-	-	406	184	590
Other comprehensive income	-	-	-	-	268	-	-	268	111	379
Total comprehensive income	-	-	-	406	268	-	-	674	295 **)	969
Exercise of options for shares	1	85	(8)	-	-	-	-	78	-	78
Share-based payment	-	-	-	-	-	-	-	-	15	15
Divided to the Company's shareholders	-	-	-	(200)	-	-	-	(200)	-	(200)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(84)	(84)
Balance as of June 30, 2023	20	2,341	6	7,343	395	(641)	144	9,608	4,797	14,405

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net profit attributable to non-controlling interests	184
Adjustments from translation of financial statements of foreign operations	111
Total comprehensive income attributable to non-controlling interests	295

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to shareholders of the Company										
	Share capital	Share premium	Proceeds for conversion options and warrants	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited										
	NIS millions										
Balance as of April 1, 2022	19	2,534	18	5,588	(1,021)	(685)	(1,770)	(314)	4,369	2,753	7,122
Net profit	-	-	-	2,629 ***)	-	-	-	-	2,629	178	2,807
Other comprehensive income	-	-	-	-	792	-	385	-	1,177	292	1,469
Total comprehensive income	-	-	-	2,629	792	-	385	-	3,806	470 **)	4,276
Exercise of options for shares	-	1	-	-	-	-	-	-	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	(3)	-	-	(3)	3	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(73)	(73)
Balance as of June 30, 2022	19	2,535	18	8,217	(229)	(688)	(1,385)	(314)	8,173	3,153	11,326

*) Mainly capital reserve for cash flow hedges.
**) Composition of comprehensive income of non-controlling interests:

Net profit attributable to non-controlling interests	178
Adjustments from translation of financial statements of foreign operations	292
Total comprehensive income attributable to non-controlling interests	470

***) Adjusted retrospectively, see Note 2D above.

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

Consolidated Statements of Changes in Equity (cont.)

	Attributable to shareholders of the Company										
	Share capital	Share premium	Proceeds for options and conversion option	Retained earnings	Adjustments from translation of financial statements of foreign operations	Reserve for transactions with non-controlling interests	Other reserves *)	Treasury shares	Total	Non-controlling interests	Total equity
	Audited										
	NIS millions										
Balance as at January 1, 2022	19	2,534	18	3,049	(1,125)	(684)	(893)	(314)	2,604	2,584	5,188
Net profit	-	-	-	3,977	-	-	-	-	3,977	540	4,517
Other comprehensive income	-	-	-	-	955	-	927	-	1,882	429	2,311
Total comprehensive income	-	-	-	-	-	-	-	-	5,859	969 **)	6,828
Exercise of options for shares	-	20	(2)	-	-	-	-	-	18	-	18
Transactions with non-controlling interests	-	-	-	-	-	32	44	-	76	939	1,015
Share-based payment	-	-	-	-	-	-	-	-	-	20	20
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(190)	(190)
Balance as at December 31, 2022	19	2,554	16	7,026	(170)	(652)	78	(314)	8,557	4,322	12,879

*) As at December 31, 2022, mainly due to cash flow hedges.
**) Composition of comprehensive loss of non-controlling interests:

Net profit attributable to non-controlling interests	540
Adjustments from translation of financial statements of foreign operations	378
Adjustments arising from cash flow hedges	51
Total comprehensive income attributable to non-controlling interests	969

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

Consolidated Statements of Cash Flows

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Cash flows from operating activities					
Net profit	1,405	5,459 *)	590	2,807 *)	4,517
Adjustments to reconcile cash flows from operating activities (a)	1,839	(1,950) *)	977	(528) *)	2,313
Net cash from operating activities	3,244	3,509	1,567	2,279	6,830
Cash flows from investing activities					
Disposal (purchase) of property, plant and equipment, investment property and intangible assets	-	(5)	1	(3)	(5)
Proceeds from sale of property, plant and equipment and investment property	-	11	-	11	11
Taxes paid in connection with the sale of gas and oil assets	-	(262)	-	-	(262)
Short-term investments, net	1,315	126	1,515	128	(541)
Disposal of (investment in) long-term bank deposits, net	(92)	4	32	3	51
Investments in oil and gas exploration and assets	(1,065)	(1,024)	(630)	(650)	(1,568)
Cash added from disposal of investments in previously consolidated companies (including from oil and gas assets) (b)	-	34	-	-	49
Cash flows used for acquisition of control in companies and operations, net (C)	-	(3,397)	-	(3,585)	(3,397)
Payment of deferred consideration	-	-	-	-	(229)
Repayment of loans given and royalties received	105	-	83	-	22
Net cash provided by (used in) investing activities	263	(4,513)	1,001	(4,096)	(5,869)

*) Adjusted retrospectively, see Note 2D above.

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

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Cash flows from financing activities					
Receipt of long-term loans	544	2,691	-	2,691	1,811
Repayment of long-term loans	(1,249)	(1,143)	(365)	(504)	(1,797)
Dividend paid to non-controlling interests (including payments made on account of tax)	(286)	(407)	(151)	(51)	(555)
Dividend paid	(650)	-	(200)	-	-
Exercise of options for shares	92	1	78	1	18
Issuance of shares to a non-controlling interest in a subsidiary (net of issuance expenses)	11	-	-	-	1,015
Repayment of lease liabilities	(58)	-	(41)	-	(120)
Payment of contingent considerations	(13)	(51)	(5)	(14)	-
Issuance of debentures (less issuance expenses)	-	-	-	-	209
Repayment of debentures	(2,539)	(360)	(1,429)	(9)	(608)
Net cash from (used for) financing activities	(4,148)	731	(2,113)	2,114	(27)
Translation differences on cash balances	58	74	48	56	78
Increase (decrease) in cash and cash equivalents	(583)	(199)	503	353	1,012
Cash and cash equivalents at the beginning of the period	2,159	1,147	1,073	595	1,147
Cash and cash equivalents at the end of the period	1,576	948	1,576	948	2,159

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

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
(a) Adjustments for presentation of statement of cash flows from operating activities					
Adjustments to profit and loss line items:					
Depreciation, depletion, amortization, and impairment of assets, net	1,785	1,437	1,099	871	2,911
Deferred taxes, net	132	941	(290)	510	3,803
Impairment (appreciation) of loans granted, net	3	23	(7)	42	9
Profit from the sale of property, plant and equipment, real estate and investments, net	-	(4)	-	(4)	(19)
Group's share of results of associates, net (1)	(3)	5	(5)	7	(12)
Gain from a bargain purchase	-	(4,445) *)	-	(2,466) *)	(4,445)
Cost of share-based payment	33	-	10	-	53
Change in fair value of financial assets and financial derivatives, net	(204)	(58)	(92)	68	(453)
Appreciation (impairment) of long-term liabilities, net	171	(30)	132	(92)	(72)
Change in value of investment property, net	-	(15)	-	(17)	(7)
Changes in operating assets and operating liabilities:					
Decrease (increase) in trade receivables	(19)	184	17	953	(102)
Decrease (increase) in receivables and debit balances	268	(6)	174	64	(191)
Decrease (increase) in inventory	12	(153)	23	(265)	17
Decrease (increase) in other assets, net	(18)	(19)	(10)	(6)	4
Increase (decrease) in trade and other payables	(321)	190	(84)	(193)	817
	1,839	(1,950)	967	(528)	2,313
(1) Net of dividends received	-	13	-	13	25

*) Adjusted retrospectively, see Note 2D above.

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
(b) <u>Cash added from disposal of investments in previously consolidated companies</u>					
Working capital (excluding cash and cash equivalents), net	-	34	-	-	-
Investments in exploration and production of oil and gas assets	-	-	-	-	49
	-	34	-	-	49
(c) <u>Cash flows used for acquiring control in companies and operations, net</u>					
Working capital (excluding cash and cash equivalents), net	-	6	-	102	6
Investments in oil and gas exploration and production	-	(6,235)	-	(5,170)	(6,235)
Debentures	-	700	-	700	700
Deferred tax assets	-	(4,724) *)	-	(2,620) *)	(4,724)
Goodwill	-	(217)	-	(217)	(217)
Asset retirement liability	-	1,289	-	480	1,289
Deferred and contingent consideration	-	1,003	-	338	1,003
Gain from a bargain purchase	-	4,445 *)	-	2,466 *)	4,445
Financial derivatives	-	336	-	336	336
	-	(3,397)	- -	(3,585)	(3,397)

*) Adjusted retrospectively, see Note 2D above.

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

Consolidated Statements of Cash Flows (cont.)

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
(d) Significant non-cash activities					
Investment in oil and gas assets against liability	902	289	411	289	350
Dividend to non-controlling interests	-	-	-	-	81
Consideration not yet received from sale	-	-	-	-	15
(e) Additional information on cash flows					
Cash received during the period for:					
Interest	493	556	303	431	1,225
Taxes	394	55	26	10	339
Cash received by the Company during the period for:					
Interest	46	5	31	1	25
Dividends	-	13	-	13	25
Taxes	-	17	-	7	21

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

NOTE 1 - GENERAL

A. Delek Group Ltd. (hereinafter - the "Company") invests in and manages companies and partnerships operating primarily in oil and gas exploration and production in Israel and other countries (in the North Sea). The controlling shareholder of the Company is Yitzhak (Sharon) Tshuva, who, shortly before the approval date of the financial statements, holds 49.52% of the Company's share capital and voting rights (49.48, fully diluted) through his wholly-owned companies.

B. These financial statements have been prepared in condensed format as at June 30, 2023 and for the six- and three-month periods then ended (hereinafter - the "Consolidated Interim Financial Statements"). The financial statements should be read in the context of the Company's annual financial statements as at December 31, 2022 for the year then ended, and their accompanying notes (hereinafter - the "Annual Financial Statements").

C. Since the bulk of the Group's operations are in the energy industry, oil and natural gas prices (as well as the USD-NIS exchange rate and interest rates) have a material (positive or negative) impact on the Group's operating results, the value of its assets (both marketable and non-marketable), its equity, operating cash flows. In addition, the volatility of oil and gas prices affects the ability of the Company and its Staff Companies to receive dividends from investee companies and partnerships or the amount of the dividends.

D. It should be further noted that as at June 30, 2023, the Company (separate) has a working capital deficit of NIS 371 million, mainly due to current maturities of financial liabilities assumed by the Company. The Company's management believes, based on its cash flow forecast and based on the sources and alternatives available to it, that the Company has sufficient resources to allow it to meet its obligations and comply with its financial covenants in the foreseeable future.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the Consolidated Interim Financial Statements

The Consolidated Interim Financial Statements have been prepared in accordance with generally accepted accounting principles for the preparation of interim financial statements as prescribed in IAS 34, *Interim Financial Reporting* and in accordance with the disclosure provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.
The main accounting policy and calculation methods applied in the preparation of these Consolidated Interim Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements, except for Section C below.

B. Income taxes in interim financial statements

Tax expenses (revenue) for the presented periods include total current taxes, and the total change in deferred taxes, other than deferred taxes arising from transactions recognized directly in equity and business combinations.

Current tax expenses (revenue) in interim periods are accumulated using the effective average annual income tax rate. To calculate the effective income tax rate, losses for tax purposes for which deferred tax assets were not recognized are amortized, which are expected to reduce the tax liability in the reporting year.

C. First-time application of amendments to existing accounting standards

1. Amendment to IAS 1, Presentation of Financial Statements (disclosure of accounting policy information)

The amendment replaces the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial reports (GPFRs) make on the basis of those financial statements.

The amendment further clarifies that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and does not need to be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information about material transactions, other events or conditions is in itself material.

The amendment is applied prospectively for annual reporting periods beginning on or after January 1, 2023.

The amendment did not have a material effect on the financial statements.

2. Amendment to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Accounting Estimates)

The definition "changes in accounting estimate" was replaced by the definition "accounting estimates". According to the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty”.
The amendment clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendment is applied prospectively for annual reporting periods beginning on January 1, 2023 or thereafter.

The amendment did not have a material effect on the financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. First-time application of amendments to existing accounting standards (cont.)

3. Amendment to IAS 12 - Income Taxes (regarding deferred taxes in respect of assets and liabilities from the same transaction)

The amendment clarifies that initial recognition exemption of deferred taxes does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Therefore, deferred taxes in respect of such temporary differences must be recognized.
The amendment will be applied retrospectively for annual reporting periods beginning on or after January 1, 2023, for transactions occurring on or after the beginning of the earliest comparative period presented in the financial statements.
The amendment did not have a material effect on the financial statements.

D. Retrospective Adjustment of Comparative Results

Further to Notes 9A(1)(e) and 9(1)(g) to the Annual Financial Statements regarding the business combinations of Marubeni Oil and Gas (UK) Limited (hereinafter - "Marubeni") and Siccar Point Energy (Holdings) Limited (hereinafter - "Siccar Point"), respectively, as part of the process for the purchase price allocation (PPA) in the transactions to complete the fair value measurement, the Group retrospectively adjusted the comparative figures as at June 30, 2022 and for the six and three month periods then ended, in accordance with IFRS 3, Business Combinations. The retrospective adjustment is for the revised estimates for the contingent consideration created at the acquisition date of the Marubeni transaction in the amount of USD 22 million (NIS 77 million) (and as a result, finance expenses in the first quarter of 2022 increased by USD 22 million (NIS 77 million) without affecting the Group's total net profit), as well as revised estimates for deferred taxes recognized in the Siccar Point transaction in the amount of USD 38 million (NIS 134 million) (due to which the gains from the bargain acquisition increase by the same amount. In the second quarter of 2022, net profit, comprehensive income, and retained earnings increased by the same amount.)

Additionally, in the reporting period, the Group carried out immaterial reclassification of the data in the balance sheet as at June 30, 2022, in which the Group classified an amount of NIS 367 million from trade receivables to other receivables and debit balances. In addition, the Group reclassified expenses for premiums on hedging transactions from finance expenses to revenue in the amount of USD 25 million and USD 20 million in the six- and three-month periods ended on June 30, 2022, respectively.

Below is the effect of the adjustments on the Company's financial statements for prior periods:

In the Consolidated Balance Sheets:

	as at June 30, 2022		
	As previously reported	Effect of adjustments	As reported in these financial statements
		Unaudited	
		NIS millions	
Trade receivables	2,021	(367)	1,654
Other receivables	820	367	1,187
Deferred taxes	5,427	138	5,565
Trade and other payables	3,197	4	3,201
Retained earnings	8,083	134	8,217

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Retrospective Adjustment of Comparative Results (cont.)

In the Consolidated Statements of Income:

	For the six-month period ended June 30, 2022			For the three-month period ended June 30, 2022		
	As previously reported	Effect of retrospective adjustment	As reported in these financial statements	As previously reported	Effect of retrospective adjustment	As reported in these financial statements
		Unaudited			Unaudited	
		NIS millions			NIS millions	
Revenue	5,984	(82)	5,902	2,918	(68)	2,850
Other income, net	3,896	215	4,111	2,033	138	2,171
Finance expenses	(856)	1	(855)	(451)	64	(387)

NOTE 3 - INVESTMENTS IN INVESTEE COMPANIES AND PARTNERSHIPS

A. Ithaca Energy Holdings Plc.(hereinafter - “Ithaca”)

In March 2023, Ithaca distributed a dividend in the amount of USD 133 million (the Company's share is USD 119 million (NIS 433 million)).

Subsequent to the balance sheet date, in August of 2023, Ithaca announced the distribution of an additional dividend in the amount of USD 133 million. The Company’s share is USD 119 million (USD 440 million).

B. NewMed Energy Limited Partnership (hereinafter - NewMed Energy or the Partnership)

(1) On January 19, 2023, NewMed Energy distributed a dividend in the amount of USD 50 million (announced on November 23, 2023). The Group's share in this amount is USD 27 million.

On March 27, 2023, the Board of Directors of the general partner approved a distribution of profits in the amount of USD 60 million (the Group's share amounts to USD 33 million). The distribution was made on April 20, 2023.

On May 10, 2023, the Board of Directors of the general partner approved a distribution of profits in the amount of USD 50 million (the Group's share amounts to USD 27 million). The profits were distributed on June 15, 2023.

On August 20, 2023, subsequent to the balance sheet date, the Board of Directors of the general partner approved a distribution of profits in the amount of USD 50 million (the Group's share amounts to USD 27 million). The profits will be distributed on September 14, 2023.

(2) On March 27, 2023, the general partner NewMed Energy Management Ltd. received a non-binding indicative offer (hereinafter - the “Offer”) from Abu Dhabi National Oil Company (ADNOC) P.J.S.C. and BP Exploration Operating Company, two international energy companies (hereinafter jointly - the “Consortium”), regarding a possible transaction under which the Consortium will acquire for cash all Issued Unit Capital of the Partnership held by the public (45%) and will also acquire 5% of the Issued Unit Capital from the Company, so that following closure of the transaction, the Consortium and the Company will each hold 50% of the equity and controlling interests in the Partnership, by approval of an arrangement pursuant to Section 350 of the Companies Law, 1999 (hereinafter - the “Companies Law”). The Consortium’s offer, which as noted is non-binding and subject to conditions, is to pay NIS 12.05 per unit acquired. This price reflects a premium of 72% compared to the closing price of the units on the TASE on March 26, 2023 (NIS 6.996) or a premium of 76% and 60% compared to the average closing price of the units on the TASE in the 30 and 90 trading days preceding the date of the Offer, respectively.

NOTE 3 - INVESTMENTS IN INVESTEE COMPANIES AND PARTNERSHIPS (cont.)

B. NewMed Energy Limited Partnership (hereinafter - NewMed Energy or the Partnership) (cont.)

(2) (cont.)

The offer sets out terms which the Consortium seeks to regulate with the Company the joint control of the Partnership following completion of the transaction as well as other terms of the transaction, including completion of due diligence, reaching detailed agreements with the Company on all relevant issues, and receipt of all other agreements and approvals required. It should be clarified that the Consortium may withdraw and cancel the Offer at any time and for any reason.

On March 27, 2023, the General Partner’s Board of Directors held a discussion of the Consortium’s Offer, and in light of the Group’s vested interest in the Transaction and the Transaction’s materiality, it has resolved to appoint the Audit Committee, which comprises only three external directors (hereinafter - the “Committee”), to examine and decide on any issue relating to the purchase of the units held by the public in the offered Transaction and take any action necessary to exercise the Committee’s powers, at its discretion, including engagement with external and independent professional advisors, to provide legal and economic support for the process in connection with the offered price for the units; to determine these advisors’ compensation terms at the Partnership’s expense; to negotiate independently with the Consortium and with the Delek Group, as negotiations between unrelated parties (arm’s length), as much as possible, and all in the best interest of the Partnership and the unit holders; form the Transaction documents as the Committee deems suitable and set their terms, if and insofar as the Committee sees fit to; and determine the Committee’s recommendation on the Transaction to the Board of Directors.

The Committee was also authorized to decide not to carry out the transaction or to subject its approval to conditions or request to receive and examine alternative offers, all as its deems fit.

If the agreements required with the Group are achieved and the Committee’s recommendation to approve the transaction is received, then approval of the transaction by way of an arrangement pursuant to Section 350 of the Companies Law and closure and execution of the transaction will be subject to the approval of the court, which will supervise the arrangement, approval of the arrangement by the general meeting of the unit holders by a 75% majority of all holders (including the Company and its related parties), approval by ordinary majority of the unit holders among the public (excluding the Company and its related parties), and receipt of the other regulatory approvals and third party approvals required for closure of a transaction of this kind.

It is emphasized that as at the approval date of the Financial Statements, it is uncertain whether all of the said the agreements and approvals required to complete the transaction can be obtained and in any event, there is no certainty of the likelihood that the transaction will be finalized.

It should be noted that as at the approval date of the financial statements, the committee holds regular meetings with the aim of advancing the Transaction with the assistance of legal, economic, and financial advisors.

C. Transaction for the acquisition of the shares of Mehadrin Ltd.

Subsequent to the balance sheet date, on July 16, 2023, an agreement was signed for the acquisition of the entire holdings of Discount Investments Ltd. in Mehadrin Ltd. (hereinafter - "Mehadrin"), representing 44.48% of the issued and paid-up share capital of Mehadrin.

Mehadrin is a public company listed on the Tel Aviv Stock Exchange Ltd., which, through companies under its control, holds (owns and leases), among other things, extensive land reserves (covering an estimated 1,110 hectare), and logistics assets, including refrigeration, packing houses, and logistics centers, in Israel and other countries. Mehadrin operates in four main operating segments: 1) agriculture; 2) refrigeration; 3) water; and 4) income generating assets.

In consideration for the transfer of the sold shares, the Company will pay the seller an amount of NIS 249 million. On the signing date of the acquisition agreement, the Company deposited the full amount of the consideration with a trustee, which will be transferred to the seller after completion of the transaction.

The completion of the transaction is subject to receiving various approvals, including the approval of the Competition Commissioner and the fulfillment of additional conditions set out in the agreement, as is standard in transactions of this type.

The transaction was completed subsequent to the balance sheet date, on August 17, 2023.

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION

A. Further to Note 11C2 to the Annual Financial Statements regarding the Leviathan-8 development and production well in the area of the I/14 Leviathan South lease (hereafter - the "**Well**"), and the completion of completion works in the Well, it should be noted that in June 2023, the Well was connected to the existing subsea production system of the Leviathan Project and production started, according to the schedules and within the budget. The cost of the drilling as at the balance sheet date totaled USD 187.5 million (100%, the Partnership's share, is USD 85 million).

B. Further to Note 11C3 to the Annual Financial Reports regarding a project, referring mainly to the installation of a third subsea transmission pipeline from the production wells in the Leviathan field to the platform (hereinafter - the "Third Pipeline Project"), which will allow the maximum increase in gas supply capacity from the Leviathan Project to the INGL transmission system; it should be noted that on June 29, 2023, the partners in the Leviathan Project made a final investment decision (FID) to carry out the Third Pipeline Project with a total budget of US 568 million (100%, the partnership's share is USD 258 million).

C. Further to Note 11C(3) to the Annual Financial Statements regarding Phase 1 - Second Stage of the Leviathan Project development plan, it should be noted that on June 21, 2023, the partners in the Leviathan Project applied to the Commissioner of Petroleum Affairs for approval to export natural gas from the Leviathan Project through a regional pipeline, existing and future, and through a floating liquefied natural gas (FLNG) facility, which is in the initial planning stage, together with increasing the volumes of natural gas from the Leviathan Project to the domestic market. As at the approval date of the financial statements, the response of the Ministry of Energy to the application has not been received and it is uncertain whether the application will be accepted, and if accepted, under which terms.

D. Further to Note 11D(e) to the Annual Financial Statements regarding the A-3 appraisal/development drilling (Aphrodite 3) in the Aphrodite Reservoir in the area of Block 12 in the exclusive economic zone of the Republic of Cyprus (hereinafter - the "**Aphrodite Reservoir**"), it should be noted that in July 2023, subsequent to the balance sheet date, the said drilling was completed, in accordance the schedules and within the budget. The cost of the drilling as at the balance sheet date totaled USD 74.4 million (100%, the Partnership's share, is USD 22.2 million).

E. On May 31, 2023, the Partnership reported that as recommended by Chevron Cyprus Limited (hereinafter - the "Operator"), the partners in the Aphrodite Reservoir submitted a revised plan for the development of the reservoir for approval by the government of Cyprus, which includes a change in the fundamental outline of the approved development and production plan (hereinafter - the "Revised Development Plan"). According to the Revised Development Plan, natural gas from the Aphrodite Reservoir will be produced and processed through the construction of a subsea pipeline and its connection to the existing offshore and onshore infrastructure in Egypt. It should be noted that according to an updated estimate of the Operator, as given to the Partnership and the government of Cyprus, and before the completion of technical-economic feasibility studies, including the FEED, the Revised Development Plan may decrease the development costs compared with the approved development and production plan and also shorten the timeline for commencing the production of natural gas from the Aphrodite Reservoir. In this context, it should be noted that as at the approval date of the financial statements, the partners in the Aphrodite Reservoir are negotiating with the owners of the infrastructure connected to the facilities of West Delta Deep Marine (hereinafter - "WDDM") in Egypt, to connect and integrate the subsea production system of the Aphrodite Reservoir to the infrastructure and WDDM's existing systems.

F. Further to Note 11B1(b) to the Annual Financial Statements, regarding an agreement for the sale of natural gas to the National Electric Power Company of Jordan (hereinafter - "NEPCO"), it should be noted that on July 3, 2023, subsequent to the balance sheet date, the parties agreed on an increase in the natural gas quantities to be supplied to NEPCO on a firm basis, temporarily and for several months in 2023-2024, and that the minimum annual quantity that NEPCO undertook to take or pay in 2023-2024 will increase accordingly. To remove all doubt, it should be clarified that the aforesaid does not change the total supply volume under the export agreement (45 BCM).

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION (cont.)

G. Further to Notes 11D3(b) and 11O of the Annual Financial Statements, regarding examination by the Leviathan Project partners of additional possibilities for increasing natural gas export quantities, it should be noted that in July 2023 the partners in the Leviathan Project approved preliminary budgets for the purpose of engineering planning and reserving supply dates, prior to making final investment decisions (FID), if any, as follows:
   1. An amount of USD 3.5 million (100%, the Partnership's share amounts to USD 1.6 million) for the construction of a new onshore connection between the Israeli transmission system and the Egyptian transmission system in the Nitzana area, which is expected to increase the total natural gas export capacity to Egypt by another 6 BCM (Nitzana Pipeline). It should be noted that the Nitzana Pipeline will be constructed and operated by Israel Natural Gas Lines Ltd. (hereinafter - “INGL”) and will include the construction of a compressor station in the Ramat Hovav region.
   2. An amount of USD 10.2 million (100%, the Partnership's share amounts to USD 4.6 million) for the construction of a compressor station and other related work in the Jordanian transmission system, which is operated by FAJR Ltd. and used to deliver natural gas to Jordan and to Egypt via Jordan, which is expected to increase the natural gas transmission capacity from 6.5 BCM to 10.5 BCM.

H. Further to Note 8C to the Annual Financial Statements regarding an agreement for sale of rights in the I/17 Karish and I/16 Tanin leases (hereinafter collectively - the “Leases”), the Partnership engaged an independent external appraiser to estimate the fair value of the royalties. Below are the main parameters of the valuations used to measure the royalties: The capitalization rate for the royalties is estimated at 10.2%; the total contingent resources of natural gas and hydrocarbon liquids (condensate and LNG) used in the valuation to measure the royalties were estimated at 99.6 BCM and 95.6 MMbbl, respectively; average annual production rate from the Karish lease: 3.59 BCM of natural gas; average annual production rate of condensate from the Karish lease: 4.46 million barrels of condensate; average annual production rate from the Tanin lease: 2.17 BCM of natural gas; average annual production rate of condensate from the Tanin lease: 0.37 million barrels of condensate.
   Regarding the outstanding annual payments from the loan given to Energean, the discount rate for amounts receivable was estimated at 7.53%.
   Finance income recorded in the reporting period includes USD 12.2 million arising from an adjustment of the value of royalties from the Leases amounting to USD 11 million and finance income from an update of the receivables in respect of the loan to Energean amounting to USD 1.2 million.

   Further to Note 8C to the Annual Financial Statements regarding the claim filed by the Partnership against Energean referring to payment of the balance of the consideration under the agreement for the sale of rights in the Karish and Tanin leases, it should be noted that on April 19, 2023, a pre-trial hearing was held for the claim, and in accordance with the ruling, on May 10, 2023, the parties submitted a joint notice to the court agreeing to mediation, without delaying the investigation of the claim. It should be noted that on August 13, 2023, the court approved an agreed arrangement of hearings between the parties, under which, among other things, a pretrial hearing was set for December 7, 2023.

I. Further to Note 11R(c)6 to the Annual Financial Statements regarding disputes related to the levy reports of the Tamar project, on January 25, 2023, a levy assessment for 2020 was received under an order and on February 8, 2023, the Partnership paid 75% of the liability for the levy in the amount of NIS 62.7 million (including interest and linkage) (USD 18 million), included under loans, deposits and long-term receivables. The Partnership believes, based on the opinion of its legal counsel, that it is more likely than not that the Partnership's claims regarding the Disputed Issues (including the notional receipts) will be accepted, taking into consideration the judgment, as outlined in Note 21A1(2) to the Annual Financial Statements.

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION (cont.)

J. On May 2, 2023, the Ministry of Energy published a call for public comments on a draft policy paper on decommissioning offshore oil and natural gas exploration and production infrastructure (hereinafter - the “Draft Policy Paper”). The objective of the draft policy paper is to set out the principles for decommissioning offshore oil and natural gas exploration and production infrastructure, without derogating from the provisions of the law applicable in this regard and the provisions of the lease deeds and operation permits. The Draft Policy Paper proposes, among other things, rules, covenants, and timetables for the decommissioning of drilling and production facilities and for decommissioning of subsea infrastructure and pipelines that are no longer useful, among other things, according to the location of deep sea facilities on or below the seabed.

The Leviathan Partners filed their comments to the Draft Policy Paper with the Ministry of Energy; approval of the strict requirements in the Draft Policy Paper is expected to increase the decommissioning costs of the Partnership's assets. As at the approval date of the financial statements, the Partnership is continuing the assessment of the Draft Policy Paper and the implications arising from it regarding the increase in decommissioning costs, if and to the extent it is implemented, and accordingly, it will examine its actions on the subject.

K. On May 5, 2023, Ithaca entered into an agreement with Shell UK Limited (hereinafter- "Shell") that will allow the sale of the rights of Shell (30%) in the Cambo reservoir. The agreement stipulated a marketing period of six months, beginning on the date the agreement is signed, during which Shell will be able to sell its rights in the reservoir to a third party (and in addition, if the buyer requires - up to 19.99% of Ithaca's rights in the reservoir). If, at the end of the marketing period, Shell is unable to sell its rights in the reservoir (in whole or in part), Shell will have the option to sell its remaining rights to Ithaca, and at the same time, Ithaca was granted the option to acquire the remaining rights of Shell. The consideration for acquisition of the rights was set at USD 1.5 per barrel at a P50 level of certainty in accordance with the development plan of the reservoir. The transaction price is subject to adjustments on the completion date of the transaction, which are not expected to be material for Ithaca. If Ithaca acquires rights to the reservoir, Ithaca will pay most of the consideration amount upon its sale of the rights in the reservoir to a third party or when production begins from the reservoir (first oil), whichever is earlier.

L. During the first quarter of 2023, Ithaca recognized revenue from the settlement of a claim that it filed regarding of one of its acquisitions in the past in the amount of USD 51 million (NIS 180 million), included in the statements of income under other income (expenses), net.

M. In the reporting period, Ithaca revised its assessment for the timing and payment amount of some of the contingent considerations set out in the acquisition transactions of Marubeni and Siccar Point. Following the revision, in the first quarter of 2023, Ithaca recognized a profit in the amount of USD 24 million (NIS 85 million), which was included in the statement of income under finance income. In the second quarter of 2023, the update amounted to expenses in the amount of USD 26 million (NIS 95 million).

N. Subsequent to the balance sheet date, in July 2023 Ithaca announced the discovery of signs of significant petroleum (gas and condensate) in the exploration drilling conducted in the P.2382 License - K2 field area. Ithaca holds 50% of the rights in the asset. Following the discovery, a decision was made to carry out verification drilling using a side-track well in the drilling area. The verification drilling is expected to begin in July-August 2023 and to continue for 30 days. The cost of the verification drilling is GBP 12.9 million (100%) and Ithaca’s share amounts to GBP 6.45 million (NIS 30 million).

O. On July 11, 2023, subsequent to the balance sheet date, Ithaca entered into an agreement with Spirit Energy Resources Limited (hereinafter - the “Seller”) to increase Ithaca's rights in the Fotla discovery by way of acquiring the entire rights of the Seller - 40% in the discovery, such that after completion of the transaction, Ithaca, which serves as the operator in Fotla, will hold the full rights in Fotla (100%), and to acquire rights in three exploration licenses (P.345 Area A and P.2536 P.213 Area C) in the North Sea on the UK Continental Shelf.

The consideration for the transaction is the payment of reimbursement of expenses in the amount of GBP 400 thousand, to be paid subject to standard adjustments, on the completion date, and a contingent consideration in the amount of GBP 11 million to be paid, to the extent it is paid, according to the progress of the development of the Fotla discovery, such that two-thirds of the contingent consideration will be paid when a FID is made in the discovery, to the extent it is made, and one-third of the contingent consideration will be paid after the production in the discovery begins.

The transaction is subject to obtaining the required regulatory approvals and fulfillment of additional conditions set out in the agreement, as is generally accepted in transactions of this type.

NOTE 4 - INVESTMENTS IN OIL AND GAS EXPLORATION AND PRODUCTION (cont.)

P. In view of the decrease in forecasts for natural gas prices as well as the expected changes in the rate of production, the Group assessed the recoverable amount of a number of oil and gas assets in the North Sea region as at June 30, 2023. Following the assessment, in the reporting period, the Group recorded a provision for impairment of the GSA reservoir, before the effect of tax, in the amount of USD 69 million (NIS 253 million).In addition, in the reporting period, the Group recorded a provision for impairment due to the revised retirement liability for non-producing assets in the amount of USD 34 million (NIS 123 million) before the effect of the tax. The revision of the retirement liability is mainly due to changes in the forecast of costs.
The effect after tax of the impairment on the net profit attributable to the Company's shareholders amounted to USD 18 million (NIS 66 million) in the reporting period.
Following are the assumptions used in the assessment of the recoverable amount of the assets as at June 30, 2023: a discount rate after tax of 10.5%, future Brent oil prices of USD 84 per barrel in the second half of 2023, USD 87/barrel in 2024, USD 90/barrel in 2025, USD 92/barrel in 2026 and USD 93/barrel in 2027, and future gas prices of 129 pence/therm in the second half of 2023, 114 pence/therm in 2024, 99 pence/therm in 2025, 77 pence/therm in 2026, and 79 pence/therm in 2027. For the purpose of revising the retirement liability, Ithaca used a discount rate of 4.5% and an inflation rate of 2%.

Furthermore, Ithaca management reviewed the carrying amount of the Cambo reservoir, and reached the conclusion that due to the measures taken, including the agreement with Shell for the sale of its rights in the reservoir (see Note 4K above), and expiration of the license on March 31, 2024, at this stage there are no indications of impairment of the reservoir.

Q. Subsequent to the balance sheet date, on July 31, 2023, Ithaca entered into an agreement with BP for a loan in the amount of USD 100 million for 5 years. In addition, Ithaca entered into a new agreement for the supply of oil and gas to BP for the period corresponding to the loan period.

NOTE 5 - DEBENTURES

A. As outlined in Note 16C(6) to the annual financial statements, in February 2023, the Company completed an exchange purchase offer under which NIS 834,923,664 par value Debentures (Series B31) and NIS 834,923,664 par value Debentures (Series B34) were exchanged for NIS 1,750,000,000 par value Debentures (Series B37), a new series issued by the Company.
The Debentures (Series B37) are not linked to the CPI and bear annual interest at rate of 6.75%. The debenture principal will be repaid in five annual installments starting on January 31, 2025. The interest will be paid in semi-annual installments on July 31 and January 31, starting on July 31, 2023. To secure the repayment of Debentures (Series B37), the Company pledged Ithaca shares representing 23% of its capital and NewMed Energy participation units representing 20% of its capital.
After completion of the exchange tender, as set out above, the Company made early repayment of the entire balance of Debentures (Series B31 and B34) in consideration for NIS 1,022 million. Following the full repayment of Debentures (Series B31 and B34), all the restrictions and encumbrances applicable to the Company under the deeds of trust of the old debentures, were lifted, including their amendments, as set out in Note 16D(2) to the annual financial statements.
Following the exchange and early redemption of the debentures, in the first quarter of 2023, the Company recognized additional finance expenses in the amount of NIS 147 million.

NOTE 5 - DEBENTURES (cont.)

A. (cont.)

Under the deed of trust of Debentures (Series B37), the Company undertook the following:

(1) As long as the Debentures (Series B37) are not repaid in full, the Company will not create a floating charges on any of its assets and rights, existing or future, in favor of any third party, to secure any debt or liability, unless in accordance with the terms and conditions set out in the deed of trust.

(2) The Company undertook to comply with the following financial covenants:

- The Company's equity will not fall below NIS 3,000 million for two consecutive quarters according to its audited or reviewed consolidated financial statements, as applicable.
- The Company's equity will not fall below 18% of its total assets for two consecutive quarters according to the Company's audited or reviewed separate financial statements, as applicable.

As at June 30, 2023, the Company is in compliance with the covenants that were set.

(3) The Company has undertaken not to make any distribution (as this term is defined in the Companies Law), including not to declare, pay, or distribute any dividend (as the terms are defined in the Companies Law), unless all the terms listed below are met (before and after deduction of the distribution amount): 1) the equity will not be less than NIS 3,300 million following the distribution; 2) the separate equity to asset ratio shall not fall below 22% subsequent to the distribution; 3) the Company is not in breach of one or more of its material obligations under this deed of trust and under the terms of the debentures; 4) there are no grounds for immediate repayment; 5) the Company is not in breach of one of the financial covenants nor will it be in breach thereof subsequent to the distribution.

(4) The deed of trust sets out grounds for immediate repayment of Debentures (Series B37), which include the Company's failure to comply with its obligations, as set out above; cross-default (in case of repayment of other debts to the extent set out in the deed of trust); the downgrade of Debentures (Series B37) below BBB or an equivalent rating; a substantial deterioration in the Company’s business; events related to a change in the Company's business or a change in control, as set out in the deed of trust; and other events.

In addition, the deed of trust set out events, which, if they occur, the interest rate on the debentures will be adjusted, as follows: 1) a downgrade below the base rating of Baa1 will result in a cumulative increase in the interest rate of up to 1% above the base interest rate; 2) if the Company’s equity falls below NIS 3,150 million according to its audited or reviewed consolidated financial statements, as the case may be, or the equity to total assets (separate) ratio falls below 20%, the interest rate will increase by 0.25% for each breached covenant.

It should be noted that subsequent to the balance sheet date, on July 18, 2023, Midroog announced a rating upgrade of Debentures (Series B37) to A3.il with stable outlook.

B. Following on Note 11J(1) to the Annual Financial Statements, on April 10, 2023, the Partnership’s subsidiary, Leviathan Bond Ltd., notified the holders of the debentures it issued to qualified foreign and Israeli investors, which are listed on the TACT-Institutional of the TASE, of the partial early repayment of the first series of the debentures, with an original maturity date on June 30, 2023, in accordance with the provisions of the deed of trust of the debentures (hereinafter - the "Notice of Early Repayment"). In accordance with the Notice of Early Repayment, the first series was partially repaid on May 1, 2023, in the amount of USD 280 million out of the total amount of the series of USD 500 million, instead of the original repayment date, as set out above. The partial early repayment amount includes the Principal Amount, plus accrued interest amounting to USD 4.5 million. It should be noted that, in accordance with the terms and conditions of the debentures, the repayment of the first series in the quarter preceding the original repayment date is not subject to early repayment fees to the debenture holders. In addition, the balance of the first series of debentures in the amount of USD 220 million was repaid on time on June 30, 2023.

NOTE 6 - LOANS FROM BANKING CORPORATIONS AND OTHERS

A. As outlined in Note 15C(d) to the annual financial statements, on February 1, 2023, the Company signed an agreement with a banking corporation, according to which the bank provided the Company with a credit facility in the amount of USD 150 million. On March 15, 2023, the Company exercised the facility in full and withdrew a loan in the amount of USD 150 million. The loan bears interest at the SOFR interest rate plus 3.2% in the first year of the loan, 3.75% in the second year, and 4.5% in the following period. The loan is repayable in semi-annual payments over 3 years from the withdrawal date, and the agreement sets out certain events that require including if Ithaca distributes a dividend. The loan is secured by a first degree lien on Ithaca's shares, constituting 20% of its share capital, and by a financial deposit of USD 30 million serving as a security cushion for repayment of the loan, and the Company may be required to provide collateral if the debt-to-collateral ratio falls below the rate set out in the agreement. In addition, under the agreement, the Company is required to comply with financial covenants that include compliance with the ratio of financial liabilities (as defined in the agreement) to total assets, which does not exceed 60% and to maintain a minimum amount of the cash balance. In addition, the agreement includes grounds for immediate repayment of the loans, including compliance with the Company's obligations under the agreement, as set out above, cross default, and a significant deterioration in the Company's business situation. As at June 30, 2023, the Company is in compliance with the terms of the loan.

B. As outlined in Note 11J2 to the Annual Financial Statements, on February 5, 2023, the Partnership signed documents with an Israeli bank for two bank credit facilities to be used for the Partnership's operating activities, in the amount of USD 150 million. It is noted that, as at the approval date of the financial statements, the Partnership has not yet utilized all or part of the credit facility.

NOTE 7 - CONTINGENT LIABILITIES

There are contingent claims against the Company and certain investees for significant amounts, including certification for class action lawsuits; in some cases, it is not possible to assess their outcome at this stage, and therefore no provision was recorded for them in the financial statements (see Note 21A to the Annual Financial Statements). In and subsequent to the reporting period (up to the approval date of the financial statements), there were no material developments in the status of the contingent claims other than the following:

A. Further to Note 21A2(2) of the Annual Financial Statements regarding dismissal of the motion for certification of a class action referring to the merger between the Partnership and Avner Oil Exploration - Limited Partnership (hereinafter - "Avner"), filed by the holders of participation units in Avner (hereinafter in this section - the "Applicants" and "Motion for Certification", respectively) against Avner, the general partner of Avner and its board of directors, Delek Group and the controlling shareholder of Avner (indirect) and PricewaterhouseCoopers Consulting Ltd. (PWC) (hereinafter in this section - the "Respondents"), it should be noted that on July 6, 2023, subsequent to the balance sheet date, the Applicants filed an appeal with the Supreme Court against the judgment dismissing the Motion for Certification. It should be further noted that in accordance with the court's ruling, the respondents are required to file their response to the appeal by November 13, 2023, and that a hearing on the appeal is scheduled for April 15, 2024.

B. Further to Note 21A2(6) to the Annual Financial Statements regarding a motion for certification of a class action filed at the Tel Aviv-Jaffa District Court (Economic Department), in connection with claims regarding the failure to report changes in the scope and terms of hedging transactions carried out by a subsidiary, on June 4, 2023, the District Court handed down a judgment ordering the dismissal of the claim and approving the applicant's withdrawal from the motion, without an order for expenses.

NOTE 8 - EQUITY

A. During the reporting period, 250,072 Options (Series 12), 403,448 Options (Series 11) and 20 Options (Series 14) were exercised for 653,540 shares of NIS 1 par value each of the Company. The total consideration received totaled to NIS 92 million. Subsequent to the exercises and the forfeiture of the treasury shares as set out in Section B below, the issued and paid-up share capital of the Company is 18,429,309 shares of NIS 1 par value each. Warrants currently in circulation are as follows: 77,446 warrants (Series 11); and 82,240 warrants (Series 14).

Subsequent to the balance sheet date and through the approval date of the financial statements, 77,446 warrants (Series 11) were exercised into 77,446 ordinary shares of NIS 1 par value of the Company. The total consideration received is NIS 10 million. After these exercises, the Company's issued and paid-up share capital totaled 18,506,755 shares of NIS 1 par value, each. Balance of options in circulation: 82,240 Options (Series 14).

B. As set out in Note 23C to the Annual Financial statements regarding the treasury shares, on February 20, 2023, the subsidiary Delek Financial Investments - Limited Partnership transferred the shares to the Company, and the shares were canceled.

C. On February 20, 2023, the Company’s Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 450 million (NIS 25.1857 per share). The dividend was paid in March 2023.

D. On May 30, 2023, the Company’s Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 200 million (NIS 10.8744 per share). The dividend was paid in June 2023.

E. On August 22, 2023, subsequent to the balance sheet date, the Company’s Board of Directors decided to distribute a dividend to shareholders in the amount of NIS 200 million. The dividend will be paid in September 2023.

NOTE 9 - FINANCIAL INSTRUMENTS

Main changes in the Group's financial instruments and its exposure to market risks in the reporting period:

A. <u>Fair value</u>

Balance in the financial statements and fair value of the debentures issued by the Group:

	Balance		Fair value	
	June 30	December 31	June 30	December 31
	2023	2022	2023	2022
	Unaudited	Audited	Unaudited	Audited
	NIS millions			
Debentures	12,668	14,491	12,339	14,393

The fair value of most of the debentures is classified to level 1 in the fair value hierarchy.
There was no change in the fair value hierarchy as of June 30, 2023 compared with the hierarchy in the Consolidated Annual Financial Statements.

NOTE 9 - FINANCIAL INSTRUMENTS (cont.)

B. Classification of financial instruments according to the fair value hierarchy

1. As at June 30, 2023:

Financial assets measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS millions		
Financial assets at fair value through profit or loss			
Shares	4	-	-
Seller's loan to the buyers of The Phoenix	-	-	176
Royalties receivable for the sale of the Karish and Tanin leases	-	-	1,168
Loan provided for the sale of the Karish and Tanin leases	-	153	-
Financial derivatives		14	
Financial assets at fair value through other comprehensive income			
Cash flow hedging transactions	-	567	-

Financial liabilities measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS millions		
Financial liabilities at fair value through profit or loss			
Contingent consideration	-	170	797
Financial derivatives	-	75	-
Financial liabilities at fair value through other comprehensive income			
Cash flow hedging transactions	-	48	-

NOTE 9 - FINANCIAL INSTRUMENTS (cont.)

B. Classification of financial instruments according to the fair value hierarchy (cont.)

2. As at June 30, 2022:

Financial assets measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS millions		
Financial assets at fair value through profit or loss			
Shares	4	-	-
ETFs	67	-	-
Seller's loan to the buyers of The Phoenix	-	-	164
Royalties receivable for the sale of the Karish and Tanin leases	-	-	1,021
Loan provided for the sale of the Karish and Tanin leases	-	230	-
Financial assets at fair value through other comprehensive income			
Cash flow hedging transactions	-	157	-

Financial liabilities measured at fair value

	Level 1	Level 2	Level 3
	Unaudited		
	NIS millions		
Financial liabilities at fair value through profit or loss			
Contingent consideration	-	-	958
Financial derivatives	-	71	-
Financial liabilities at fair value through other comprehensive income			
Cash flow hedging transactions	-	2,886	-

NOTE 9 - FINANCIAL INSTRUMENTS (cont.)

B. Classification of financial instruments according to the fair value hierarchy (cont.)

December 31, 2022

	Level 1	Level 2	Level 3
	Audited		
	NIS millions		
Financial assets at fair value through profit or loss			
Shares	4	-	-
Seller's loan to the buyers of The Phoenix	-	-	185
Royalties receivable for the sale of the Karish and Tanin leases	-	-	1,129
Loan provided for the sale of the Karish and Tanin leases	-	189	-
Financial derivatives	-	25	-
Financial assets at fair value through other comprehensive income			
Cash flow hedging transactions	-	580	-

	Level 1	Level 2	Level 3
	Audited		
	NIS millions		
Financial liabilities at fair value through profit or loss			
Contingent consideration	-	125	786
Financial derivatives	-	202	-
Financial liabilities at fair value through other comprehensive income			
Cash flow hedging transactions	-	375	-

In the first half of 2023 and 2022, there were no transfers between the different fair value hierarchy levels.

NOTE 9 - FINANCIAL INSTRUMENTS (cont.)

C. Price risk

(1) Risk associated with commodity prices

Ithaca is exposed to changes in oil and gas prices for its future sales. To hedge the exposure, Ithaca has hedge transactions on gas prices for part of its future production. Information about open transactions as of June 30, 2023:

- Transactions on the price of oil

	2023 H2	2024	2025
Volume (millions of BOE)	4.2	1.9	-
Average floor price (USD/barrel)	71	78	-

- Transactions on the price of gas

	2023 H2	2024	2025
Volume (millions of BOE)	1.5	2.1	0.2
Average floor price (pence/therm)	193	143	125

Most of the transactions are accounted for as hedge accounting. As at June 30, 2023, the net fair value of the transactions amounted to an asset of USD 127 million (NIS 470 million).

NOTE 10 - ADDITIONAL INFORMATION

On March 29, 2023, the Company's Board of Directors approved, after approval by the Compensation Committee on March 23, 2023, an annual bonus to the CEO under the Company's compensation plan in the amount of NIS 1,547 thousand for 2022, as well as a special bonus of NIS 1,437 thousand that exceeds the compensation plan and was approved by the Company's general meeting on May 9, 2023.

In addition, on March 29, 2023, the Board of Directors approved, after the approval of the Compensation Committee on March 23, 2023, an annual bonus to the Chairman of the Board under the Company's compensation plan in the amount of NIS 800 thousand for 2022. The terms and conditions of his employment were approved at the general meeting of the Company's shareholders on May 9, 2023.

NOTE 11 - OPERATING SEGMENTS

A. General

In accordance with IFRS 8, the Group's operating segments are determined on the basis of management reports, which are mainly based on the investments in each investee.

The operating segments are as follows:

- Segment of oil and gas exploration and production in and around Israel - The activity during the reporting period takes place as part of the Leviathan Project joint venture, and other oil rights, mainly off the coast of Israel through NewMed Energy.

- Segment of development and production of gas and oil assets in the North Sea: The activity is carried out by Ithaca, which owns rights in oil and gas assets in the North Sea region. The activity includes mainly production and marketing of oil and gas from the producing reservoirs and the development of additional reservoirs.

- Others - other segments include mainly the operations of Delek Israel and Delek Israel Properties, the investment in which is accounted for in accordance with the equity method.

B. Operating segment reporting

1) Revenue

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Revenue from external sources					
Segment of oil and gas exploration and production in and around Israel	1,656	1,529	794	845	3,276
Segment of development and production of oil and gas assets in the North Sea	4,481	4,365 *)	2,203	1,998 *)	8,707
Other segments	4	8	2	7	12
Total in statement of income	6,141	5,902	2,999	2,850	11,995

*) Reclassified, see Note 2D above.

NOTE 11 - OPERATING SEGMENTS (cont.)

B. Operating segment reporting (cont.)

2) Segment results

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Segment of oil and gas exploration and production in and around Israel	1,154	1,009	545	597	2,202
Segment of development and production of oil and gas assets in the North Sea	2,128	6,115 **)	699	3,057 **)	8,224
Other segments	9	18	6	16	26
Adjustments *)	(23)	4	(11)	10	(13)
Operating profit	3,268	7,146	1,239	3,680	10,439

*) Mainly administrative and general expenses attributable to the Staff Companies.
**) Adjusted retrospectively, see Note 2D.

3) Contribution to net profit from continuing operations attributable to the Company's shareholders

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Oil and gas exploration and production in and around Israel	419	366	187	225	906
Development and production of oil and gas assets in the North Sea	848	5,012 **)	297	2,503 **)	3,436
Other segments	9	18	6	16	37
Adjustments *)	(302)	(197)	(88)	(67)	(388)
Profit (loss) from continuing operations attributable to the Company's shareholders	974	5,199	402	2,677	3,991

*) Mainly administrative and general expenses, finance expenses and taxes attributable to the Staff Companies.
**) Adjusted retrospectively, see Note 2D.

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Delek Group Ltd.

Financial Information from the Interim Consolidated Financial Statements Attributable to the Company

As at June 30, 2023

Unaudited

Special Report in accordance with Regulation 38D

Financial Data and Financial Information from the Consolidated Interim Financial Statements Attributable to the Company

Following are financial data and separate financial information attributable to the Company out of the Group's consolidated interim financial statements as at June 30, 2022, published as part of the periodic reports (hereinafter - the "Consolidated Financial Statements"), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Financial data from the consolidated balance sheets attributable to the Company

	As at June 30		As at December 31
	2023	2022	2022
	Unaudited		Audited
	NIS millions		
Current assets			
Cash and cash equivalents	576	42	1,104
Short-term investments	12	18	18
Income tax receivable	41	6	15
Other receivables	23	31	37
Total current assets	652	97	1,174
Non-current assets			
Investments in investee companies and partnerships	10,152	8,340 *)	8,652
Loans and capital notes to investees	3,068	4,291	3,376
Long term loans and debit balances	418	300	319
Investment property	252	253	252
Property, plant and equipment, net	43	45	44
Total non-current assets	13,933	13,229	12,643
	14,585	13,326	13,817

*) Adjusted retrospectively - see Note 1D below.

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated balance sheets attributable to the Company

	As at June 30		As at December 31
	2023	2022	2022
	Unaudited		Audited
	NIS millions		
Current liabilities			
Current maturities of loans from banks and others	287	-	-
Current maturities of debentures	224	437	763
Loans from subsidiaries	393	52	336
Accounts payable and credit balances	119	182	150
Total current liabilities	1,023	671	1,249
Non-current liabilities			
Loans from banking corporations and others	369	106	104
Debentures	3,020	3,433	3,324
Loans from subsidiaries	555	936	576
Other liabilities (primarily for an obligation for retirement of long-term assets)	10	7	7
Total non-current liabilities	3,954	4,482	4,011
Equity attributable to the Company's shareholders			
Share capital	20	19	19
Share premium	2,341	2,535	2,554
Proceeds for conversion options and warrants	6	18	16
Retained earnings	7,343	8,217 *)	7,026
Adjustments arising from foreign currency translation of foreign operations' financial statements	395	(229)	(170)
Reserve from transactions with non-controlling interests	(641)	(688)	(652)
Other reserves	144	(1,385)	78
Treasury shares	-	(314)	(314)
Total equity	9,608	8,173	8,557
	14,585	13,326	13,817

*) Adjusted retrospectively - see Note 1D below.

August 22, 2023			
Date of approval of the financial statements	Ehud Erez Chairman of the Board	Idan Wallace Chief Executive Officer	Tamir Polikar Executive VP & CFO

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of income attributable to the Company

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Revenue from overriding royalties and gas sales (net of royalties)	-	1	-	1	2
Rent	5	8	3	7	13
Company's share in earnings of investee companies and partnerships, net	1,263	5,406 *)	475	2,752 *)	4,375
Total revenue	1,268	5,415	478	2,760	4,390
Production cost of gas sold	-	2	-	-	-
Exploration and appraisal costs	1	-	1	-	18
General and administrative expenses	12	11	1	7	22
Other expenses	1	2	1	-	2
Operating profit	1,254	5,400	475	2,753	4,348
Net finance expenses with respect to loans to investees and others	(37)	(28)	(21)	(15)	(72)
Finance income (mainly for financial investments), net	32	2	11	2	29
Finance expenses (mainly for debentures)	(282)	(182)	(72)	(68)	(317)
Profit before taxes on income	967	5,192	393	2,672	3,988
Tax benefit (taxes on income)	5	-	7	-	(9)
Profit from continuing operations	972	5,192	400	2,672	3,979
Profit (loss) from discontinued operations, net	(5)	(24)	6	(43)	(2)
Net profit attributable to the Company's shareholders	967	5,168	406	2,629	3,977

*) Adjusted retrospectively - see Note 1D below.

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of comprehensive income attributable to the Company

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Net profit attributable to the Company's shareholders	967	5,168 *)	406	2,629 *)	3,977
Other comprehensive income (loss):					
Amounts classified or reclassified to profit or loss under specific conditions:					
Adjustments arising from foreign currency translation of foreign operation's financial statements	127	413	57	344	406
Other comprehensive income (loss) attributable to the Partnership and investees (post-tax)	504	(9)	211	833	1,476
Total other comprehensive income from continuing operations	631	404	268	1,177	1,882
Total comprehensive income attributable to Company shareholders	1,598	5,572	674	3,806	5,859

*) Adjusted retrospectively - see Note 1D below.

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of cash flows attributable to the Company

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
Cash flows from the Company's operating activities					
Net profit attributable to the Company's shareholders	967	5,168 *)	406	2,629 *)	3,977
Adjustments required for presentation of statement of cash flows from the Company's operating activities (a)	(768)	(5,090)	(315)	(2,710)	(3,852)
Net cash provided by (used in) the Company's operating activities	199	78	91	(81)	125
Cash flows from the Company's investing activities					
Investments in property, plant and equipment and investment property	-	(3)	-	(1)	(2)
Short-term deposits, net	(5)	(11)	179	(10)	(11)
Investment in long-term deposits	(122)	-	(7)	-	-
Collection of long-term deposits	-	4	-	3	4
Repayment (provision) of loans to, and equity investments in, investees, net	453	(9)	(8)	(4)	890
Net cash provided by (used in) the Company's investing activities	326	(19)	164	(12)	881
Cash flows from the Company's financing activities					
Proceeds from exercise of options for shares of the Company	91	1	77	1	18
Dividend paid to shareholders	(650)	-	(200)	-	-
Issue of debentures (less issuance expenses)	-	-	-	-	209
Loans from subsidiaries	111	90	23	85	112
Repayment of loans from subsidiaries	(153)	(42)	(55)	(1)	(195)
Receipt of loans from banks	544	-	-	-	-
Repayment of debentures	(1,007)	(351)	-	-	(350)
Net cash provided by (used in) the Company's financing activities	(1,064)	(302)	(155)	85	(206)
Exchange differences for cash and cash equivalent balances	11	-	7	-	19
Increase (decrease) in cash and cash equivalents	(528)	(243)	107	(8)	819
Cash and cash equivalents at the beginning of the period	1,104	285	469	50	285
Cash and cash equivalents at the end of the period	576	42	576	42	1,104

*) Adjusted retrospectively - see Note 1D below.

The attached additional information is an integral part of the financial data and separate financial information.

Financial data from the consolidated statements of cash flows attributable to the Company

	For the 6 months ended June 30		For the 3 months ended June 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited				Audited
	NIS millions				
(a) Adjustments required for presentation of statement of cash flows from the Company's operating activities					
Adjustments for profit and loss line items of the Company:					
Depreciation, depletion and amortization	1	1	-	-	2
Increase (decrease) in loans granted, net	-	(3)	-	(1)	7
Impairment of investments in financial assets, net	1	1	3	1	1
Company's share in the expenses of investee companies and partnerships *)	(976)	(5,182) **)	(328)	(2,743) **)	(3,934)
Increase in value of liabilities, net	173	31	10	13	75
Revaluation of other long-term assets	20	23	10	42	2
Depreciation of investment property	-	2	-	-	2
Exchange differences for balance of cash and cash equivalents, net	(11)	-	(7)	-	(19)
Changes in the Company's assets and liabilities line items:					
Decrease (increase) in receivables and debit balances	11	28	(4)	3	5
Increase (decrease) in payables and credit balances	13	9	1	(25)	7
	(768)	(5,090)	(315)	(2,710)	(3,852)
*) Net of dividends received.	287	224	148	9	441
(b) Company's significant non-cash activities					
Dividend receivable from investee companies and partnerships	-	-	-	-	9
(c) Additional information on cash flows					
Cash paid during the year in the Company for: Interest	89	123	64	82	231
Cash received during the year in the Company for:					
Taxes	11	17	-	7	21
Dividend	287	224	148	9	441

*) Adjusted retrospectively - see Note 1D below.

The attached additional information is an integral part of the financial data and separate financial information.

NOTE 1 - GENERAL

A. This separate financial information was drafted in a condensed format pursuant to the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be reviewed in conjunction with the separate financial information on the Annual Financial Statements as of December 31, 2022, and for the year then ended and their accompanying notes, and in conjunction with the consolidated interim financial statements as of June 30, 2023 (hereinafter - the " Consolidated Interim Financial Statements").

B. Since the bulk of the Group's operations are in the energy industry, oil and natural gas prices (as well as the USD-NIS exchange rate and interest rates) have a material (positive or negative) impact on the Group's operating results, the value of its assets (both marketable and non-marketable), its equity, operating cash flows. In addition, the volatility of oil and gas prices affects the ability of the Company and its Staff Companies to receive dividends from investee companies and partnerships or the amount of the dividends.

C. It should be further noted that as at June 30, 2023, the Company (separate) has a working capital deficit of NIS 371 million, mainly due to current maturities of financial liabilities assumed by the Company. The Company's management believes, based on its cash flow forecast and based on the sources and alternatives available to it, that the Company has sufficient resources to allow it to meet its obligations and comply with its financial covenants in the foreseeable future.

D. <u>Restatement of comparative results</u>

Further to Notes 9A(1)(e) and 9(1)(g) to the Consolidated Annual Financial Statements regarding the business combinations of Marubeni Oil and Gas (UK) Limited (hereinafter - “Marubeni”) and Siccar Point Energy (Holdings) Limited (hereinafter - “Siccar Point”), retrospectively, as part of the process for the purchase price allocation (PPA) in the transactions to complete the fair value measurement, the Group retrospectively adjusted the comparative figures as at June 30, 2022 and for the six and three month periods then ended, in accordance with IFRS 3, Business Combinations. Such that the Company's share’s in the profits of investees, net for the three-month and six-month periods ended June 30, 2022, was up by NIS 134 million. For further details see Note 2D to the Consolidated Interim Financial Statements.

NOTE 2 - CONTINGENT LIABILITIES

There are contingent claims against the Company and some of the investees for significant amounts, including motions for class action suits; in some cases, it is not possible to assess their outcome at this stage, and therefore no provision was recorded in the financial statements. See also Note 7 to the Consolidated Interim Financial Statements.

NOTE 3 - EQUITY

Regarding exercise of options and issuance of shares and options of the Company and changes in the Company’s shares held by the subsidiary partnership, see Note 8 to the Consolidated Interim Financial Statements.

On February 20, 2023, the Company’s Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 450 million (NIS 25.1857 per share). The dividend was paid in March 2023.

On May 30, 2023, the Company’s Board of Directors decided to distribute a dividend to the shareholders in the amount of NIS 200 million (NIS 10.8744 per share). The dividend was paid in June 2023.

On August 22, 2023, subsequent to the balance sheet date, the Company’s Board of Directors decided to distribute a dividend to shareholders in the amount of NIS 200 million. The dividend will be paid in September 2023.

NOTE 4 - DEBENTURES

For further information about the issuance of Debentures (Series B37) and early repayment of Debentures (Series B31 and B34), see Note 5A to the Consolidated Interim Financial Statements.

NOTE 5 - LOANS FROM OTHERS

For information about a bank loan taken out by the Company in the reporting period and the Company's obligations in respect of the loan, see Note 6A to the Consolidated Interim Financial Statements.

Chapter

D

Report on the Effectiveness of Internal Controls for Financial Reporting and Disclosure

Delek Group Ltd.

Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, Pursuant to Regulation 38C(a):

Management, under the supervision of the Board of Directors of Delek Group Ltd. (hereinafter - the "**Corporation**"), is responsible for setting and maintaining appropriate internal control over financial reporting and disclosure in the Corporation.
For this matter, the members of Management are:

1. Idan Wallace, CEO.
2. Tamir Polikar, Executive VP & CFO.
3. Leora Pratt Levin, Chief Legal Counsel.
4. Lena Berenshtein, Chief Controller

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were planned or overseen by the CEO and the most senior financial officer or under their supervision, or by whoever fulfills these functions in practice, under the supervision of the Board of Directors of the Corporation, and were designed to provide reasonable assurance as to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format laid down in law.

Internal control includes, inter alia, controls and procedures planned to ensure that the information that the Corporation is required to disclose as aforesaid, is accumulated and forwarded to the Management of the Corporation, including to the CEO and the most senior financial officer or to whoever fulfills these functions in practice, in order to enable decisions to be made at the appropriate time in relation to the disclosure requirements.

Due to its structural limitations, the internal control over financial reporting and disclosure is not intended to provide absolute assurance that misstatement in, or omission of, information from the reports will be prevented or will be discovered.

In the Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the Quarterly Report for the period ended March 31, 2023 (hereinafter - the "Most Recent Quarterly Report of Internal Control"), the Board of Directors and Management assessed the internal controls within the Corporation; based upon this assessment, the Board of Directors and Management of the Corporation have concluded that the said internal controls, as of March 31, 2023, were effective.

As of the date of this report, no event or matter was brought to the attention of the Board of Directors and Management that leads them to change the assessment of the effectiveness of the internal control, as reported in the Most Recent Annual Report of Internal Control;
As of the report date, based on the Report on the Effectiveness of Internal Control in the annual report and based on information brought to the attention of Management and the Board of Directors as stated above, the internal control is effective.

Declaration of Executives in accordance with Regulation 38C(d)(1):

Declaration of Executives

Declaration of the CEO

I, Idan Wallace, declare that:

(1) I have reviewed the Interim Financial Statements and the other financial information included in the interim financial reports of Delek Group Ltd. (hereinafter - the “Corporation") for the second quarter of 2023 (hereinafter - the “Reports" or the “Reports for the Interim Period");

(2) To the best of my knowledge, the Interim Financial Statements and other financial information included in the Reports for the Interim Period do not include any misrepresentation of a material fact and lack any representation of any vital, material fact, such that the representations included therein, under the circumstances in which the representations have been included, shall not be misleading in respect of the period covered by the Reports;

(3) To the best of my knowledge, the financial statements and other financial information in the Reports present fairly, in all material respects, the financial position, the results of operations and the cash flows of the Corporation at the dates and for the periods covered by the Reports;

(4) I disclosed to the independent auditor of the Corporation, to the Board of Directors, to the Audit and the Financial Statements Committees of the Board of Directors of the Corporation, based on my latest assessment of the internal control over the financial reporting and disclosure:

  (a) all the significant flaws and material weaknesses in the determination or operation of the internal control over the financial reporting and disclosure that could reasonably have an adverse effect on the ability of the Corporation to collect, process, summarize or report on financial information in a way that could cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -

  (b) any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

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

  (a) have established controls and procedures or ascertained the establishment and upholding of controls and procedures under my supervision, designed to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the subsidiaries, particularly during the period of preparation of the Reports; and -

  (b) have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

  (c) No event or matter has been brought to my attention during the period between the most recent periodic report date and the date of this Report that changes the conclusion of the Board of Directors and Management in respect of the effectiveness of the internal control over the Corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else under law.

August 22, 2023

Idan Wallace
Chief Executive Officer

Declaration of the most senior financial officer pursuant to Regulation 38C(d)(2):

Declaration of Executives

Declaration of the most senior financial officer

I, Tamir Polikar, declare that:

(1) I have reviewed the Interim Financial Statements and the other financial information included in the interim financial reports of Delek Group Ltd. (hereinafter - the “Corporation") for the second quarter of 2023 (hereinafter - the “Reports" or the “Reports for the Interim Period");

(2) To the best of my knowledge, the Interim Financial Statements and other financial information included in the Reports for the Interim Period do not include any misrepresentation of a material fact and lack any representation of any vital, material fact, such that the representations included therein, under the circumstances in which the representations have been included, shall not be misleading in respect of the period covered by the Reports;

(3) To the best of my knowledge, the Interim Financial Statements and other financial information included in the Reports for the Interim Period reflect fairly, in all material respects, the financial position, the results of operations and the cash flows of the Corporation at the dates and for the periods covered by the Reports;

(4) I have disclosed to the independent auditor of the Corporation, to the Board of Directors, to the Audit and Financial Statements Committees of the Board of Directors of the Corporation, based on my latest assessment of the internal control over the financial reporting and disclosure:

   (a) all the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and disclosure insofar as they related to the financial statements and other financial information included in the Reports for the Interim Period that could reasonably have an adverse effect on the ability of the Corporation to collect, process, summarize or report on financial information in a way that could cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -

   (b) any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure.

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

   (a) have established controls and procedures or ascertained the establishment and upholding of controls and procedures under my supervision, designed to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Corporation and in the subsidiaries, particularly during the period of preparation of the Reports; and -

   (b) have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

   (c) no event or matter has been brought to my attention during the period between the most recent periodic report date and the date of this Report that relates to the Interim Financial Statements and to any other financial information included in the Reports for the Interim Period that changes the conclusion of the Board of Directors and Management in respect of the effectiveness of the internal control over the Corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else under law.

August 22, 2023

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Tamir Polikar

Executive VP and CFO