

Fox-Wizel Ltd.

Board of Directors Report as of March 31, 2026

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Fox - Wizel Ltd.

We are honored to submit the Board of Directors Report of Fox - Wizel Ltd. (hereinafter: the "**Company**") and the Company's subsidiaries in Israel and abroad (hereinafter together: the "**Group**") for the three-month period ended March 31, 2026 (hereinafter: the "**Reported Period**"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

This Board of Directors report was prepared under the assumption that its readers have the other parts of the Company's Periodic report for 2025, which was published on March 23, 2026 (Reference: 2025-01-025554) ("**Periodic report**").

The attached financial statements are prepared according to International Financial Reporting Standards (IFRS). For further details, see Note 2 to the Company's annual financial statements as of December 31, 2025, except as stated in Note 2 to the financial statements.

A. Board of Directors' Explanations of the Company's Business Position

1. Brief Description of the Group and its Business Environment

General

The Company is engaged, itself and through held companies, in the design, procurement, marketing, and distribution of clothing, footwear, fashion accessories, lingerie, housewares, home textiles, baby and children's products, ambiance and care products, footwear, and sportswear. In addition, as part of the Company's customer club, the Company operates the Dream Card VIP credit card in collaboration with Max.

For details regarding the effects of inflation and the increase in the interest rate on the Group's operations, see Note 1b to the financial statements.

For details regarding the implications of the "Iron Swords" war, Operation "With Lavie", and Operation "Lion's Roar" on the Group's activities in Israel, see Note 1c to the financial statements and Section 2.2.2 in Chapter A of the Periodic report as of December 31, 2025.

It should be noted in relation to the decrease in the Group's sales in Israel during March 2026, in light of Operation "Lion's Roar" (see Section 2 below for further details), that in relation to the period starting from April 2026 until the date of publication of the reports, there has been a noticeable improvement in the Group's sales in Israel across most of the Group's brands.

It should be noted that the scope and degree of the security situation's impact on the Israeli economy, including the retail sector, are fluctuating and cannot be estimated and constitute forward-looking information, as defined in the Securities Law, 1968. The future impact of the security situation on the Group's operations in Israel cannot be assessed, among other things, due to the uncertainty regarding the scope, intensity, and duration of the fighting in the future.

The Group operates in four main areas of activity which constitute operating segments:

1.1. Fashion and Home Fashion Activity Segment

Fashion and Home Fashion segment under the brands: "Mango", "Aerie", "American Eagle", "FOX", and "FOX Home" in Israel and abroad, "Ruby Bay", "Yanga", and "The Children's Place" in Israel.

The activity segment is marketed through several marketing channels, as detailed below:

- Sales in Israel - sales through the store network in Israel: stores operated by the Company and/or through sub-operators (hereinafter: "**Directly Operated Sales**" or "**Directly Operated Stores**"), wholesale sales to stores in Israel (hereinafter: "**Sales to Wholesalers in Israel**") and e-commerce sites for the Fox and Fox Home brands.
- International Market Sales and Overseas Sales - sales through a network of directly operated stores abroad and sales to franchisees and wholesalers abroad (hereinafter: "**Sales to Franchisees Abroad**"). For more details on the Fashion and Home Fashion activity segment, see Sections 1.2.1 and 3.1 in Chapter A of the Periodic report.

As of March 31, 2026, the Company's directly operated store network consists of 452 stores as follows:

	<u>31/03/2025</u>	<u>30/06/2025</u>	<u>30/09/2025</u>	<u>31/12/2025</u>	<u>31/03/2026</u>
*FOX Stores	228	232	232	233	235
**AE Stores	51	50	53	53	54
TCP Stores	54	54	53	53	53
Mango Stores	49	49	49	50	50
***Yanga Stores	14	8	5	-	-
*****Ruby Bay Stores	21	22	27	28	29
Mango Canada Stores	12	15	17	18	18
Home Canada Stores	8	8	8	8	8
****AE EUROPE Stores	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>
Total	443	444	450	448	452

* Includes FOX Home - The company operates a chain for selling housewares and home textiles through the FOX Home store network. As of March 31, 2026, the network consists of 102 stores (including 26 combined stores where clothing is sold together with housewares and textiles).

** AE - As of March 31, 2026, 54 stores of the chain operate in leading malls in Israel, including 10 standalone stores of the Aerie brand. For more details, see Note 10b(9) to the financial statements as of December 31, 2025.

*** Yanga - For more details, see Note 10b(4) to the financial statements as of December 31, 2025.

**** AE EUROPE - For more details, see Note 10b(21) to the financial statements as of December 31, 2025.

***** Ruby Bay - For more details, see Note 10b(4) to the financial statements as of December 31, 2025.

Overseas Sales Through a Network of Directly Operated Stores

During 2022, the Company established a company in the Netherlands named AEO EUROPE RETAIL CO. B.V., 51% held by American Eagle and 49% by the Company, for retail and wholesale activity (including e-commerce sites) to sell American Eagle brands in Europe: "American Eagle", "Aerie", "Offline", and other brands.

As of the date of the report, the Company has 5 stores in the Netherlands and an online sales site.

In 2022, the Company established a wholly-owned Canadian subsidiary, Fox Group Canada Inc., for the purpose of operating stores of the Mango and Fox Home brands in Canada, with the aim of expanding existing activities under these brands abroad as well.

International Market Sales

The Company operates abroad under the name FOX in fashion activity in international markets, in collaboration with exclusive franchisees in each country. The establishment of stores abroad is carried out by the franchisees, who bear all costs of establishing the store network, including logistics and advertising costs.

As of March 31, 2026, 9 points of sale under the name FOX are operating in 2 countries worldwide; additionally, there is online activity in Cyprus.

1.2. Atmosphere and Care Products Activity Segment

The Laline store network is engaged in the sale of body and bath products, care products, soaps, candles, oils, accessories, and gifts. Laline markets its products mainly through a network of stores in Israel and Canada and on Laline e-commerce sites. Additionally, Laline markets its products to institutional customers in Israel. Laline operates abroad through 37 franchised stores under the Laline name in Japan, Taiwan, and Georgia.

Laline aims to increase store distribution in additional international markets through dedicated franchisees in each country or through direct operation.

	<u>31/03/2026</u>	<u>31/12/2025</u>	<u>30/09/2025</u>	<u>30/06/2025</u>	<u>31/03/2025</u>
Laline brand stores in Israel(*)	145	145	145	145	146
Laline brand stores in Canada	11	11	12	12	12

(*) Excluding pop-up stores.

For further details regarding the Atmosphere and Care Products activity segment, see Sections 1.2.2 and 3.2 in Chapter A of the Periodic report as of December 31, 2025.

1.3. Sports Segment

This activity segment includes the activity of the subsidiary, Retailors Ltd. (hereinafter: "**Retailors**"), which is engaged in the retail sale of footwear, sportswear, and sports accessories, as well as leisure fashion, in Israel through the Nike, Foot Locker, Dream Sport (until January 2025), and Converse store networks, as well as wholesale sales in Israel and the Foot Locker network e-commerce site in Israel, and through companies held by Retailors that operate the Nike store network in Europe and Canada, and starting from the second quarter of 2024, in Australia and New Zealand. Retailors is also engaged, as of April 2, 2024, in operating a network of 12 Samsung stores in Australia, within which Samsung products are sold, including mobile phones, tablets, smartwatches, headphones, and accessories for mobile terminal equipment, and also operates two websites in Australia for the sale of toys under the brand Meta L.

As of March 31, 2026, the store network, under direct operation of the Company, consists of 284 stores as follows:

	<u>31/03/2025</u>	<u>30/06/2025</u>	<u>30/09/2025</u>	<u>31/12/2025</u>	<u>31/03/2026</u>
Nike Israel	28	30	30	29	30
Nike Canada	25	26	26	26	26
Foot Locker Israel	89	89	90	89	90
Nike Europe	60	76	81	83	84
Converse	3	3	3	3	3
Nike Australia*	32	32	30	34	32
Nike New Zealand*	7	7	7	7	7
Samsung Australia*	<u>11</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>
Total	255	274	278	283	284

* As of April 2, 2024.

For further information on the sports activity sector, see sections 1.2.3 and 3.3 in Chapter A of the Periodic report as of December 31, 2025, and Notes 10b(5-8) to the financial statements as of December 31, 2025. Following Global Nike's report in investor calls during 2024-2025 regarding its activity and results, including the decline in its revenues and the strategic steps it is taking, among other things, regarding strengthening its strategic and competitive positioning, it should be noted that a decline is also evident in Retailors' revenues under the Nike brand in the "same-store" index during the report period and even in the period up to the date of publication of the report. According to Retailors' assessment, the steps Nike plans to take as presented in the investor calls mentioned above may have a positive impact on its growth engines, including the expansion of existing activity in various territories and entry into new territories, as well as the optimization of the chain's stores. See also section 3.3.1(d) in Chapter A of the Periodic report as of December 31, 2025.

1.4 Terminal X Sector

This activity sector includes the activities of the subsidiary, Terminal X Online Ltd. (Terminal X), which is engaged in the import, marketing, and sale of fashion and lifestyle items through the Terminal X e-commerce site, as well as through the e-commerce sites of Terminal X's subsidiary brands: Seastars site, Strongful site, Ada Lazorgan site, Ainker site, and Ronit Yam site. Additionally, Terminal X is engaged in the sale of makeup products under the "ADAH" brand to leading e-commerce sites, makeup schools, and perfumeries; in the sale of clothing, footwear, bags, and fashion accessories under the "AINKER" brand at a flagship store in the Tel Aviv Port and to leading e-commerce sites and selected fashion stores; and in the sale of jewelry, fashion accessories, and lifestyle products under the "Ronit Yam" and "Sensea" brands in the subsidiary's store in Tel Aviv.

As of March 31, 2026, the Terminal X sector consists of six stores in Israel.

	<u>31/03/2025</u>	<u>30/06/2025</u>	<u>30/09/2025</u>	<u>31/12/2025</u>	<u>31/03/2026</u>
Terminal X brand stores	2	2	2	2	2
Strongful	-	-	-	1	1
Ainker	-	-	-	1	1
Ronit Yam	-	-	-	1	1
Seastars	-	-	-	1	1
Total	2	2	2	6	6

For further information on the Terminal X activity sector, see sections 1.2.4 and 3.4 in Chapter A of the Periodic report as of December 31, 2025, and Notes 10b(11-14, 25-26) to the financial statements as of December 31, 2025.

1.5 The Company has other activities which do not constitute a reportable segment as detailed below:

- A.H. Fashion Manufacturing and Marketing 3020 Ltd. (hereinafter: "**Sacks**") — for further details see section 1.2.5(a) in Chapter A of the Periodic report as of December 31, 2025, and Note 10b(3) to the financial statements as of December 31, 2025.
- Billie House Ltd. (hereinafter: "**Billie House**") — for further details see section 1.2.5(b) in Chapter A of the Periodic report as of December 31, 2025, and Note 10b(1) to the financial statements as of December 31, 2025.
- Shilav Direct Marketing for the New Mother Ltd. (hereinafter: "**Shilav**") — for further details see section 1.2.5(c) in Chapter A of the Periodic report as of December 31, 2025, and Note 10b(15) to the financial statements as of December 31, 2025. Starting June 30, 2022, Shilav consolidates Minene's results in its reports; for further details see Note 10b(18) to the financial statements as of December 31, 2025.
- Operation of Flying Tiger brand stores (hereinafter: "**Flying Tiger**") — for further details see section 1.2.5(d) in Chapter A of the Periodic report as of December 31, 2025, and Note 21b(9) to the financial statements as of December 31, 2025.
- Investment in Babyark Ltd. (hereinafter: "**Babyark**") — for further details see Note 10b(16) to the financial statements as of December 31, 2025.
- Jumbo Retail Greece Ltd. (hereinafter: "**Jumbo**") — for further details see section 1.2.5(f) in Chapter A of the Periodic report as of December 31, 2025, and Note 10b(17) to the financial statements as of December 31, 2025.
- Sun Glass Israel Ltd. (hereinafter: "**Sun Glass**") — for further details see section 1.2.5(e) in Chapter A of the Periodic report as of December 31, 2025, and Note 10b(20) to the financial statements as of December 31, 2025.
- Itay Brands Ltd. (hereinafter: "**Itay Brands**") — for further details see section 1.2.5(g) in Chapter A of the Periodic report as of December 31, 2025, and Note 10b(24) to the financial statements as of December 31, 2025.
- Business Department — for details regarding the activities of the Business Department see section 1.2.5(h) in Chapter A of the Periodic report as of December 31, 2025.

As of March 31, 2026, the other activities that do not constitute a reportable segment include 280 stores as follows:

31/03/2026	31/12/2025	30/09/2025	30/06/2025	31/03/2025	
14	14	14	14	14	Sacks
49	49	50	50	49	Billie House
87	87	87	85	84	Shilav
37	34	32	29	26	Flying Tiger
41	35	34	29	25	Minene
27	26	23	19	19	Sun Glass
6	4	3	3	2	Jumbo
<u>19</u>	<u>11</u>	<u>10</u>	<u>9</u>	<u>10</u>	Itay Brands
280	260	253	238	229	Total

For further details regarding the Group's activities that do not constitute a reportable segment, see section 1.2.5 in Chapter A of the Periodic report.

1.6 Material events during the reporting period:

- 1.6.1 For details regarding the allocation of Restricted Stock Units (RSU) to Mr. Harel Wizel, Mr. Assaf Wizel, Mr. Elad Vered, and Ms. Yarden Wizel, as well as to officers, managers, and other employees, see Note 4a to the financial statements.
- 1.6.2 For details regarding the approval of the Company's General Meeting on February 24, 2026, regarding the update of the employment terms of Mr. Itay Wizel (son of Mr. Harel Wizel) upon his appointment to the position of VP Sales at the subsidiary, Itay Brands Ltd., see Note 4j to the financial statements.
- 1.6.3 For details regarding the Company's engagement together with Mega Or Holdings Ltd. and Har Tov Industry and Assets Ltd. in financing agreements with banking corporations on January 19, 2026, for the construction of a logistics center tailored to the Company's needs, see Note 4g to the financial statements.
- 1.6.4 For details regarding the Company's entry into a distribution agreement on February 4, 2026, for the distribution and marketing of Dyson products, see Note 4h to the financial statements.
- 1.6.5 On February 9, 2026, the subsidiary Shilav entered into an agreement and completed a transaction for the sale of approximately 3.33% of the share capital of Minene to Keren Levi Shoham, CEO of Minene, for a total of approximately 4.16 million NIS. For details, see Note 4i to the financial statements.
- 1.6.6 For details regarding the decision of the Board of Directors of the subsidiary Terminal on the distribution of a dividend in the amount of approximately 10 million NIS, see Note 4j to the financial statements.
- 1.6.7 For details regarding long-term loans taken by the subsidiary Retailors in January 2026 in the amount of 350 million NIS as well as 13 million Euros, see Notes 4b, 4c, 4d, and 4e to the financial statements.
- 1.6.8 For details regarding the approval of the Company's Board of Directors on March 23, 2026, regarding the allocation of additional stock units pursuant to the framework for employees, see Note 4m to the financial statements.
- 1.6.9 For details regarding the fundamental agreements to update the engagement outline regarding an office building planned to be built in the BIG Petah Tikva project and the estimated occupancy date, see Note 4k to the financial statements.
- 1.6.10 For details regarding the increase in the Company's registered capital, see Note 4l to the financial statements.

1.7 Material events after the reporting period:

- 1.7.1 For details regarding the conversion of 50,968 Restricted Stock Units (RSU) of the subsidiary, Retailors, which were allocated to Mr. Harel Wizel (Director and CEO of the Company and one of the controlling shareholders in it) for his role as active Chairman of the Board of Retailors, see Note 9a to the financial statements.

- 1.7.2 For details regarding the conversion and expiration of Restricted Stock Units (RSU) of the subsidiary, Retailors, which were allocated to Messrs. Tomer Tsipnik (CEO of Retailors and son-in-law of Mr. Harel Wizel) and Moran Wizel (CEO of Retailors Israel and son of Mr. Harel Wizel), as well as regarding the approval of a special and one-time bonus for Mr. Tomer Tsipnik, see Notes 9b and 9c to the financial statements.
- 1.7.3 For details regarding the expiration of warrants allocated to Mr. Harel Wizel, without being exercised, see Note 9d to the financial statements.
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- 1.7.4 For details regarding the conversion of Restricted Stock Units (RSU) allocated to officers and managers in the Company into ordinary shares of the Company, see Note 9e to the financial statements.
- 1.7.5 For details regarding the completion of the transfer of Company shares without consideration from Wizel Holdings A.I.H Ltd. to individuals of the Wizel family, as well as regarding the update of the shareholders' agreement between the controlling shareholders in the Company, see Note 9f to the financial statements.
- 1.7.6 For details regarding the issuance of BONDS (Series 2) by the Company, including repayment terms, interest, and financial covenants set in connection with them, see Note 9i in the financial statements.
- 1.7.7 For details regarding the approval of the General Meeting of the subsidiary Retailors on May 7, 2026, regarding the extension of the validity and update of agreements between the Company and Retailors, see Note 9j to the financial statements.
- 1.7.8 For details regarding the agreement between the subsidiary Retailors and the subsidiary Terminal X regarding the operation of Retailors' e-commerce sites, see Note 9k.
- 1.7.9 On May 24 and 26, 2026, the Compensation Committee and the Company's Board of Directors, respectively, approved the allocation of 1,000 additional restricted stock units to a manager in the Company during May 2026 under the Company's employee framework.
- 1.7.10 In April and May 2026, two separate interested party transactions were approved as negligible transactions in accordance with the Company's negligible transaction procedure.
- 1.7.11 For details regarding the decisions of the Compensation Committee and the Company's Board of Directors dated May 24 and 26, 2026, respectively, to update the definition of the fixed component ceiling in the compensation policy, as well as an update in the employment terms of Mr. Assaf Wizel including the allocation of 1,500 restricted stock units, see Note 9n to the financial statements.

For details regarding material legal proceedings and class actions filed against companies in the Group, see Notes 5, 9g, and 9h to the financial statements.

2. Segmental Analysis: Below is a diagram of the structure of the company's activities as presented in the segmental and accounting reporting

Accounting Report									
	Fashion and Home Fashion		Atmosphere and Personal Care Products 100% of activity	Sports activity 100% of activity	Terminal X activity 100% of activity (**)	Others unallocated 100% of activity (**)	Total before adjustments based on 100% of activity	Adjustments to operating results	Total consolidated financial report for operating results
	In Israel 100% of activity	Abroad 100% of activity							
Sales Revenue	FOX, FOX Home, TCP, Mango, AE, Yanga, Ruby Bay.	FOX, AE Europe, Mango Canada, FOX Home Canada.	Laline	Nike Israel, Nike Canada & Europe & Australia & New Zealand Foot Locker Israel, Converse, Samsung, Mattel.	Terminal-X, Seestarz, Strongful, Ronit Yam Ltd., Inker Ltd. and Rami Lipstat Ltd. (Ada Lorenz Studio Ltd.).	Billabong, SunGlass Hut, Sacks, Shilav, Flying Tiger, Jumbo, Babyark, Minene and Itai Brands Ltd.	<u>Subtotal-</u> Fashion and Home Fashion, Atmosphere and Personal Care products, Sports activity, Terminal X and others	<u>Less 100% sales:</u> Sacks, AE Europe, Babyark.	<u>Sales:</u> FOX, FOX Home, TCP, Mango, Yanga, Ruby Bay, Mango Canada, FOX Home Canada, Laline, Nike Israel, Nike Canada & Europe & Australia & New Zealand, Foot Locker Israel, Converse, Samsung, Mattel, Billabong, SunGlass Hut, Terminal-X, Shilav, Flying Tiger, Jumbo, Minene, Seestarz, Strongful, Rami Lipstat Ltd. (Ada Lorenz Studio Ltd.), Ronit Yam Ltd., Inker Ltd. and Itai Brands Ltd.
Gross Profit	FOX, FOX Home, TCP, Mango, AE, Yanga, Ruby Bay.	FOX, AE Europe, Mango Canada, FOX Home Canada.	Laline	Nike Israel, Nike Canada & Europe & Australia & New Zealand Foot Locker Israel, Converse, Samsung, Mattel.	Terminal-X, Seestarz, Strongful, Ronit Yam Ltd., Inker Ltd. and Rami Lipstat Ltd. (Ada Lorenz Studio Ltd.).	Billabong, SunGlass Hut, Sacks, Shilav, Flying Tiger, Jumbo, Babyark, Minene and Itai Brands Ltd.	<u>Subtotal-</u> Fashion and Home Fashion, Atmosphere and Personal Care products, Sports activity, Terminal X and others	<u>Less 100% Gross Profit:</u> Sacks, AE Europe, Babyark.	<u>Gross Profit:</u> FOX, FOX Home, TCP, Mango, Yanga, Ruby Bay, Mango Canada, FOX Home Canada, Laline, Nike Israel, Nike Canada & Europe & Australia & New Zealand, Foot Locker Israel, Converse, Samsung, Mattel, Billabong, SunGlass Hut, Terminal-X, Shilav, Flying Tiger, Jumbo, Minene, Seestarz, Strongful, Rami Lipstat Ltd. (Ada Lorenz Studio Ltd.), Ronit Yam Ltd., Inker Ltd. and Itai Brands Ltd.

Accounting Report									
	Fashion and Home Fashion		Atmosphere and Personal Care Products 100% of activity	Sports activity 100% of activity	Terminal X activity 100% of activity (**)	Others unallocated 100% of activity (**)	Total before adjustments based on 100% of activity	Adjustments to operating results	Total consolidated financial report for operating results
	In Israel 100% of activity	Abroad 100% of activity							
Operating Profit	FOX, FOX Home, TCP, Mango, AE, Yanga, Ruby Bay.	FOX, AE Europe, Mango Canada, FOX Home Canada.	Laline (*)	Nike Israel, Nike Canada & Europe & Australia & New Zealand Foot Locker Israel, Converse, Samsung, Mattel.	Terminal-X, Seestarz, Strongful, Ronit Yam Ltd., Inker Ltd. and Rami Lipstat Ltd. (Ada Lorenz Studio Ltd.).	<u>Operating Profit (*)</u> : Billabong, SunGlass Hut, Sacks, Shilav, Flying Tiger, Jumbo, Babyark, Minene and Itai Brands Ltd.	<u>Subtotal-</u> Fashion and Home Fashion, Atmosphere and Personal Care products, Sports activity, Terminal X and others	<u>Less 100% Operating Profit (*)</u> : Sacks, AE Europe, Babyark. <u>Plus equity earnings for companies:</u> <u>Sacks (50%), Babyark (20.27%), AE Europe (49%).</u>	<u>Operating Profit:</u> FOX, FOX Home, TCP, Mango, Yanga, Ruby Bay, Mango Canada, FOX Home Canada, Laline, Nike Israel, Nike Canada & Europe & Australia & New Zealand, Foot Locker Israel, Converse, Samsung, Mattel, Billabong, SunGlass Hut, Terminal-X, Shilav, Flying Tiger, Jumbo, Minene, Seestarz, Strongful, Rami Lipstat Ltd. (Ada Lorenz Studio Ltd.), Ronit Yam Ltd., Inker Ltd. and Itai Brands Ltd. <u>Plus equity earnings for companies:</u> <u>Sacks (50%), Babyark (20.27%), AE Europe (49%).</u>

(*) Less excess cost regarding the acquisition

(**) The activities of Terminal X Online Ltd. were classified in the 2025 reports from "Others unallocated" to a separate segment "Terminal X", all comparative numbers have been updated accordingly.

Results of the Group's business operations divided by activity sectors for the three-month periods ended March 31, 2026, and March 31, 2025 (in NIS thousands):

Following the implementation of IFRS 11, the results of the reported companies (Sacks, AE Europe, BabyArk) are treated according to the equity method.

For the purpose of presenting segmental reporting results in accordance with the company's activity sectors and the information reviewed by the Chief Operating Decision Maker (CODM), the sales and segmental profit data of the reported companies are presented according to the equity method, based on full holding rate (100%), and concurrently, an adjustment of sales and segmental profit is performed to present the operating results in accordance with the actual holding rate under the adjustments column.

For the purpose of presenting the business results of the Group, it was determined that operating profit (loss) excluding IFRS 16 means operating profit (loss) excluding the effect of IFRS 16 implementation and without averaging benefits from landlords to which the company and subsidiaries are entitled.

For a period of 3 months (in NIS thousands)

	1-3/2026								
	Fashion and Home Fashion		Atmosphere and Personal Care Products	Sports	Terminal X	Others unallocated	Total before adjustments based on 100% of activity	Adjustments	Total consolidated financial report
	Israel	Abroad							
External revenue	526,140	35,868	68,870	495,697	138,873	313,699	1,579,147	(18,999)	1,560,148

	1-3/2026								
	Fashion and Home Fashion		Atmosphere and Personal Care Products	Sports	Terminal X	Others unallocated	Total before adjustments based on 100% of activity	Adjustments	Total consolidated financial report
	Israel	Abroad							
Inter-segmental revenue	10,841	-	17	859	-	1,896	13,613	(13,613)	-
Total revenue	536,981	35,868	68,887	496,556	138,873	315,595	1,592,760	(32,612)	1,560,148
% of total revenue	33.7%	2.3%	4.3%	31.2%	8.7%	19.8%	100%		
Gross Profit	316,664	16,596	49,732	251,156	67,032	179,397	880,577	(13,642)	866,935
Operating profit (loss)*	31,080	(10,838)	12,649	(17,534)	11,089	2,742	29,188	1,191	30,379
Operating profit (loss) rate*	5.8%	(30.2%)	18.4%	(3.5%)	8.0%	0.9%	1.8%		1.9%
Operating profit (loss) excluding IFRS 16*	17,315	(12,299)	11,802	(30,492)	9,468	(3,849)	(8,055)	1,859	(6,196)
Operating profit (loss) rate excluding IFRS 16*	3.2%	(34.3%)	17.1%	(6.1%)	6.8%	(1.2%)	(0.5%)		(0.4%)

* Excluding other income in the amount of approx. 2,367 NIS thousands.

	1-3/2025								
	Fashion and Home Fashion		Atmosphere and Personal Care Products	Sports	Terminal X	Others unallocated	Total before adjustments based on 100% of activity	Adjustments	Total consolidated financial report
	In Israel	Abroad							
External revenue	483,724	24,192	68,883	524,691	112,888	291,513	1,505,891	(27,256)	1,478,635
Inter-segmental revenue	8,080	-	56	1,185	-	-	9,321	(9,321)	-
Total revenue	491,804	24,192	68,939	525,876	112,888	291,513	1,515,212	(36,577)	1,478,635
% of total revenue	32.5%	1.6%	4.5%	34.7%	7.5%	19.2%	100%		
Gross Profit	296,865	14,158	49,802	259,094	53,390	165,776	839,085	(17,151)	821,934
Operating profit (loss)	20,952	(9,533)	13,422	4,061	8,372	9,690	46,964	4,970	51,934
Operating profit (loss) rate	4.3%	(39.4%)	19.5%	0.8%	7.4%	3.3%	3.1%		3.4%
Operating profit (loss) excluding IFRS 16	8,178	(8,284)	12,446	(9,527)	6,132	3,394	12,341	4,461	16,802
Operating profit (loss) rate excluding IFRS 16	1.7%	(34.2%)	18.1%	(1.8%)	5.4%	1.2%	0.8%		1.1%

Below is a detail of fixed costs and variable costs for each of the company's activity sectors for the three-month periods ended March 31, 2026, and March 31, 2025 (in NIS thousands):

For a period of 3 months (in NIS thousands)

	Fashion and Home Fashion		Atmosphere and Personal Care Products		Sports		Terminal X	
	1-3/2026	1-3/2025	1-3/2026	1-3/2025	1-3/2026	1-3/2025	1-3/2026	1-3/2025
Total revenue	572,849	515,996	68,887	68,939	496,556	525,876	138,873	112,888
Gross Profit	333,260	311,023	49,732	49,802	251,156	259,094	67,032	53,390
Fixed costs	175,920	177,778	20,378	20,172	162,046	165,451	36,942	26,496
Variable costs	137,098	121,826	16,705	16,208	106,644	89,582	19,001	18,522
Operating Profit	20,242	11,419	12,649	13,422	(17,534)	4,061	11,089	8,372

Below is a detail of the change in same-store sales for a three-month period, for each of the company's activity sectors as of March 31, 2026, and as of March 31, 2025 (in NIS thousands):

Same-store sales

Same-store data does not include the Terminal X segment, where most sales stem from the online sector.

Same-store sales for a period of 3 months (in NIS thousands)

Fashion and Home Fashion in Israel		Fashion and Home Fashion abroad		Atmosphere and Personal Care Products		Sports		Others	
1-3 2026	1-3 2025	1-3 2026	1-3 2025	1-3 2026	1-3 2025	1-3 2026	1-3 2025	1-3 2026	1-3 2025
392,640	372,696	26,967	16,670	52,346	51,592	347,561	417,613	190,954	206,401

% CHANGE IN SAME-STORE REVENUE

Same-store data for 2026 compared to 2025 plus online sales—same-store sales including online site sales data (including Terminal X site sales under the group's brands) in 2026 compared to the corresponding period in 2025, rose in the Fashion and Home Fashion in Israel and Atmosphere and Personal Care segments by approx. 9.3% and 2.3% respectively, and fell in the Sports and Others segments by approx. 15.6% and 6.9% respectively.

(*) The stores used for calculating sales are only stores that operated continuously and regularly during the relevant comparison periods and where no change occurred in their area in Israel and abroad.

Following Operation "Lion's Roar", the period for which same-store sales data was calculated excludes 6 working days in each of the comparison periods.

Below is a detail of revenue per sqm for each of the company's activity sectors for the reported periods for the years 2026, 2025, and 2024:

Monthly sales per sqm

Monthly sales per sqm data do not include the Terminal X segment, where most sales stem from the online sector.

For a period of 3 months

	Fashion and Home Fashion in Israel			Atmosphere and Personal Care Products			Sports		
	1-3			1-3			1-3		
	2026	2025	2024	2026	2025	2024	2026	2025	2024
Total sales per sqm (in NIS) *	1,286	1,166	1,129	2,699	2,643	2,690	1,375	1,789	2,070
Total area used to calculate sales per sqm (in sqm) **	133,707	131,697	130,319	8,065	7,902	7,362	117,065	95,705	70,515

*) Sales per sqm data are not same-store data and are affected, among other things, by changes in store size. Sales data used for calculating sales per sqm included all payment methods received at the stores' checkouts, net of VAT and net of all discounts and promotions, including redemption of Dream Card club points and discounts on gift vouchers and gift cards.

***) Area data in sqm used for the calculation are in net terms and do not include public areas and warehouses. The calculation of the total area for the period in sqm was done proportionally based on the number of months of activity for each store. The periods to which sales per sqm refer are the periods during which the stores were open in each year in Israel and abroad.

Following Operation "Lion's Roar", the period for which sales per sqm data was calculated in 2026 excludes 6 working days between February 28, 2026, and March 5, 2026.

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2.1 Activity Segment and Home Fashion

2.1.1 Fashion and Home Fashion segment in Israel

For a period of 3 months (in NIS millions)

	<u>1-3/2026</u>	<u>1-3/2025</u>	<u>Change rate</u>	<u>Explanation</u>
Sales	537.0	491.8	9.2%	The increase is mainly due to an increase in same-store sales, among other things, due to the impact of sales leading up to the Passover holiday, most of which were included in the first quarter this year, an increase in retail space, and offset by a decrease in sales following the impact of Operation "Lion's Roar".

	<u>1-3/2026</u>		<u>1-3/2025</u>		<u>Change rate</u>	<u>Change relative to turnover</u>	<u>Explanation</u>
	Amount	% of turnover	Amount	% of turnover			
Gross profit	316.7	59.0%	296.9	60.4%	6.7%	(1.4%)	The decrease in the gross profit rate is mainly due to an increase in the depth of discounts to customers, offset by a decrease in purchase costs resulting from a decrease in the average exchange rate.
Operating profit	31.1	5.8%	21.0	4.3%	48.3%	1.5%	The increase in the operating profit rate is mainly due to the increase in same-store sales, offset by the decrease in the gross profit rate.
Operating profit excluding (*) IFRS16	17.3	3.2%	8.2	1.7%	111.7%	1.5%	

(*) Operating profit data excluding IFRS16 is without averaging lessor benefits to which the company and subsidiaries are entitled.

2.1.2 Fashion segment abroad

For a period of 3 months (in NIS millions)

	<u>1-3/2026</u>	<u>1-3/2025</u>	<u>Change rate</u>	<u>Explanation</u>
Sales	35.9	24.2	48.3%	The increase in sales is mainly due to an increase in same-store sales as well as an increase in retail space, offset by a decrease in the average exchange rate.

	<u>1-3/2026</u>		<u>1-3/2025</u>		<u>Change rate</u>	<u>Change relative to turnover</u>	<u>Explanation</u>
	Amount	% of turnover	Amount	% of turnover			
Gross profit	16.6	46.3%	14.2	58.5%	17.2%	(12.2%)	The increase in gross profit results from the increase in revenue as explained.

	<u>1-3/2026</u>		<u>1-3/2025</u>		<u>Change rate</u>	<u>Change relative to turnover</u>	<u>Explanation</u>
	Amount	% of turnover	Amount	% of turnover			
Operating loss	(10.8)	(30.2%)	(9.5)	(39.4%)	13.7%	9.2%	As mentioned above. The decrease in the gross profit rate is due to an increase in discounts given to customers, and mainly in Fox Home stores that the company decided to convert to Fox and Flying Tiger stores starting from the second quarter of 2026.

	1-3/2026		1-3/2025		Change rate	Change relative to turnover	Explanation
	Amount	% of turnover	Amount	% of turnover			
Operating loss excluding IFRS16 (*)	(12.3)	(34.3%)	(8.3)	(34.2%)	48.5%	(0.1%)	The increase in the operating loss rate is mainly due to the decrease in the gross profit rate, offset by a decrease in the operating expenses of the chain.

(*) Operating profit data excluding IFRS16 is without averaging lessor benefits to which subsidiaries are entitled.

2.2 Atmosphere and Care Products Activity Segment

The results of the atmosphere and care products activity segment ("Laline Candles and Soaps Ltd.") are presented according to full holding rate (100%).

For a period of 3 months (in NIS millions)

	1-3/2026	1-3/2025	Change rate	Explanation
Sales	68.9	68.9	(0.0%)	Sales were affected in the current quarter by an increase in same-store sales, among other things due to the timing of the Passover holiday as explained above, offset by a decrease in sales following Operation "Lion's Roar".

	1-3/2026		1-3/2025		Change rate	Change relative to turnover	Explanation
	Amount	% of turnover	Amount	% of turnover			
Gross profit	49.7	72.2%	49.8	72.2%	(0.1%)	(0.0%)	-
Operating profit	12.6	18.4%	13.4	19.5%	(5.8%)	(1.1%)	The decrease in the operating profit rate is due to an increase in the expense rate of total turnover during the period of Operation "Lion's Roar".
Operating profit excluding IFRS16 (*)	11.8	17.1%	12.4	18.1%	(5.2%)	(1.0%)	-

(*) Operating profit data excluding IFRS16 is without averaging lessor benefits to which subsidiaries are entitled.

2.3 Sports Activity Segment

The results of the sports activity segment ("Retailors Ltd.") are presented according to full holding rate (100%).

For a period of 3 months (in NIS millions)

	<u>1-3/2026</u>	<u>1-3/2025</u>	<u>Change rate</u>	<u>Explanation</u>
Sales	496.6	525.9	(5.6%)	The decrease in sales is mainly due to the decrease in same-store sales, from a decrease in sales following Operation "Lion's Roar" and from the strengthening of the Shekel against the currencies in the various companies.

	<u>1-3/2026</u>		<u>1-3/2025</u>		<u>Change rate</u>	<u>Change relative to turnover</u>	<u>Explanation</u>
	<u>Amount</u>	<u>% of turnover</u>	<u>Amount</u>	<u>% of turnover</u>			
Gross profit	251.2	50.6%	259.1	49.3%	(3.1%)	1.3%	The increase in the gross profit rate is due to benefits in purchase conditions received in 2025 and spread over the first quarter of 2026; the increase was offset by an increase in the average discount to customers.
Operating profit (loss)	(17.5)	(3.5%)	4.1	0.8%	(531.5%)	(4.3%)	The decrease in the operating profit rate is mainly due to a decrease in same-store sales and a decrease in sales per square meter in non-same stores. Offset by the increase in the gross profit rate as explained above.
Operating loss excluding IFRS16 (*)	(30.5)	(6.1%)	(9.5)	(1.8%)	221.1%	(4.3%)	

(*) Operating profit data excluding IFRS16 is without averaging lessor benefits to which subsidiaries are entitled.

2.4 Terminal X Activity Segment

The results of the Terminal X activity segment ("Terminal X Ltd.") are presented according to full holding rate (100%).

For a period of 3 months (in NIS millions)

	<u>1-3/2026</u>	<u>1-3/2025</u>	<u>Change rate</u>	<u>Explanation</u>
Sales	138.9	112.9	23.0%	The increase in sales is mainly due to an increase in the number of transactions and from additional sales resulting from the consolidation of companies from the second half of 2025.

	<u>1-3/2026</u>		<u>1-3/2025</u>		<u>Change rate</u>	<u>Change relative to turnover</u>	<u>Explanation</u>
	<u>Amount</u>	<u>% of turnover</u>	<u>Amount</u>	<u>% of turnover</u>			
Gross profit	67.0	48.3%	53.4	47.3%	25.6%	1.0%	The improvement in the consolidated gross profit rate stems mainly from a change in the sales mix of the brands offset by an increase in the discount rate to customers.
Operating profit	11.1	8.0%	8.4	7.4%	32.5%	0.6%	The increase in operating profit and operating profit rate is mainly due to an improvement in the gross profit rate and savings in marketing and logistics costs.
Operating profit excluding IFRS16 (*)	9.5	6.8%	6.1	5.4%	54.5%	1.4%	

2.5 Others Activity Segment

For a period of 3 months (in NIS millions)

	<u>1-3/2026</u>	<u>1-3/2025</u>	<u>Change rate</u>	<u>Explanation</u>
Sales	315.6	291.5	8.3%	The increase is mainly due to an increase in retail space, offset by the decrease in same-store sales.

	<u>1-3/2026</u>		<u>1-3/2025</u>		<u>Change rate</u>	<u>Change relative to turnover</u>	<u>Explanation</u>
	<u>Amount</u>	<u>% of turnover</u>	<u>Amount</u>	<u>% of turnover</u>			
Gross profit	179.4	56.8%	165.8	56.9%	8.2%	(0.1%)	The increase in gross profit results from the increase in sales. The gross profit rate is mainly affected by the change in the sales mix of the various brands.
Operating profit	2.7	0.9%	9.7	3.3%	(71.7%)	(2.4%)	The increase in operating profit results from an increase in sales. The decrease in the operating profit rate is mainly due to the decrease in same-store stores.
Operating profit excluding (*) IFRS16	(3.8)	(1.2%)	3.4	1.2%	(213.4%)	(2.4%)	

(*) Operating profit data excluding IFRS16 is without averaging lessor benefits to which the company and subsidiaries are entitled.

3. Accounting Report

The group's business results

A. The company's revenues are affected by seasonality, which is usually reflected in increased sales during the Passover holiday, the High Holidays, and the fourth quarter of the year as a result of the impact of winter season sales.

B. The company has chosen as an accounting policy to present the equity profits of companies treated according to the equity method within the operating profit as the investment in these companies is part of the operating and strategic activity of the company.

Summary of Consolidated Accounting Profit and Loss Statements (in thousands of NIS):

	For the Quarters		For the Year 2025
	1-3/26	1-3/25	1-12/25
Sales revenue	1,560,148	1,478,635	7,079,042
Cost of sales	693,213	656,701	3,001,069
Gross profit	866,935	821,934	4,077,973
Gross profit margin	55.6%	55.6%	57.6%
Selling and marketing expenses	810,712	743,393	3,340,642
General and administrative expenses	28,612	24,840	110,143
Other income, net	(4,961)	(22)	(11,083)
Company's share in losses (profits) of companies accounted for using the equity method, net	(174)	1,789	16,312
Operating profit	32,746	51,934	621,959
Operating profit margin	2.1%	3.5%	8.8%
Financing expenses, net	73,159	18,041	218,258
Profit before taxes on income	(40,413)	33,893	403,701
Taxes on income (tax benefit)	(6,566)	8,886	83,656
Net profit (loss)	(33,847)	25,007	320,045
Net profit (loss) margin	(2.2%)	1.7%	4.5%
Basic profit (loss) per share	(1.78)	1.10	16.54
Diluted profit (loss) per share	(1.78)	1.09	16.45

(*) In order to review the results compared to the same period last year, please refer to the sectoral analysis.

For a period of 3 months (in thousands of NIS)

	1-3/26	1-3/25	Rate of Change	Explanation
Sales revenue	1,560,148	1,478,635	5.5%	The increase is mainly due to growth in retail areas in most activities and the timing of Passover, offset by a decrease in same-store sales, partly due to the impact of the "Lion's Roar" operation.
Cost of sales	693,213	656,701	5.6%	
Gross profit	866,935	821,934	5.5%	See the Group's business activity results broken down by sectors in section 2.
Gross profit margin	55.6%	55.6%	0.0%	
Selling and marketing expenses	810,712	743,393	9.1%	The increase stems primarily from higher expenses due to the net increase in retail space, an increase in salary expenses, logistics, and depreciation of right-of-use assets. For more details, see the sectoral analysis.
Ratio of turnover	52.0%	50.3%	1.7%	

	1-3/26	1-3/25	Rate of Change	Explanation
General and administrative expenses	28,612	24,840	15.2%	The increase stems mainly from higher salary and service costs, offset by a decrease in training, welfare expenses, and directors' compensation.
Ratio of turnover	1.8%	1.7%	0.1%	
Other income	(4,961)	(22)	-	Other income stems from a state grant for "Swords of Iron" war damages received by the subsidiary Retailors totaling NIS 3.7 million and other income in a subsidiary totaling NIS 1.3 million.
Company's share in losses (profits) of companies accounted for using the equity method, net	(174)	1,789	109.7%	
Operating profit	32,746	51,934	(36.9%)	See the Group's business activity results broken down by sectors in section 2.
Operating profit margin	2.1%	3.5%	(1.4%)	
Financing expenses, net	73,159	18,041	305.5%	Net financing expenses resulted from financing expenses on lease liabilities of approx. NIS 53.1 million, interest expenses on loans of approx. NIS 20.6 million, fees and other expenses of approx. NIS 1.0 million, net foreign currency revaluation and hedging transactions of approx. NIS 6.1 million, offset by income from revaluation of interest on securities of approx. NIS 7.8 million. Last year's net financing expenses resulted from lease liability financing expenses of approx. NIS 39.2 million, interest expenses on loans of approx. NIS 12.7 million, offset by income from net foreign currency revaluation and hedging of approx. NIS 18.2 million and interest revaluation income from securities of approx. NIS 15.1 million.
Profit (loss) before taxes on income	(40,413)	33,893	(219.2%)	
Taxes on income (tax benefit)	(6,566)	8,886	(173.9%)	
Tax burden (*)	(16.2%)	24.9%	(41.1%)	
Net profit (loss)	(33,847)	25,007	(235.4%)	
Net profit (loss) margin	(2.2%)	1.7%	(3.9%)	

(*) Excluding equity profits

4. The Impact of Implementing International Financial Reporting Standard 16 - Leases

The Company first implemented International Financial Reporting Standard 16 - Leases in its financial reports for the first quarter of 2019.

Due to the standard's impact on the financial reports, the Company has chosen to specify the impact of the standard on the results.

The impact of International Financial Reporting Standard 16 - Leases on the Consolidated Profit and Loss Statement (in thousands of NIS):

Item	1-3/26		1-3/25	
	As reported	Without the impact of IFRS 16 - Leases (*)	As reported	Without the impact of IFRS 16 - Leases (*)
Sales revenue	1,560,148	1,560,148	1,478,635	1,478,635
Cost of sales	693,213	693,213	656,701	656,701
Gross profit	866,935	866,935	821,934	821,934
Selling and marketing expenses	810,712	847,025	743,393	778,202
General and administrative expenses	28,612	28,877	24,840	25,205
Other income	(4,961)	(4,961)	(22)	(22)
Company's share in losses (profits) of companies accounted for using the equity method, net	(174)	(177)	1,789	1,747
Operating profit (loss)	32,746	(3,829)	51,934	16,802
Operating profit margin	2.1%	(0.25%)	3.5%	1.1%
Financing expenses, net	73,159	19,950	18,041	(21,128)
Profit (loss) before taxes on income	(40,413)	(23,779)	33,893	37,930
Taxes on income (tax benefit)	(6,566)	(2,896)	8,886	9,929
Net profit (loss)	(33,847)	(20,884)	25,007	28,001
Profit (loss) attributable to the company's shareholders	(24,721)	(16,308)	15,204	18,073
EBITDA	248,896	47,705	243,730	65,731
EBITDA Margin	16.0%	3.1%	16.5%	4.4%

(*) Without averaging benefits from lessors to which the Company and subsidiaries are entitled.

5. Financial Position, Equity, Liquidity, Financing Sources, and Cash Flows

Item	March 31, 2026 (NIS Millions)	March 31, 2025 (NIS Millions)	Analysis of Major Changes
Total Consolidated Balance Sheet	10,300.1	8,949.3	
Current Assets	3,913.0	3,507.9	The increase is mainly due to an increase in inventory balance, an increase in receivables and debit balances, customers, and securities held for trading, offset by a decrease in cash and investments held to maturity.
Ratio of Total Balance Sheet	38.0%	39.2%	

Item	March 31, 2026 (NIS Millions)	March 31, 2025 (NIS Millions)	Analysis of Major Changes
Non-Current Assets	6,387.1	5,441.4	The increase is due to growth in fixed assets, right-of-use assets, intangible assets, goodwill, evacuation fees, deferred taxes offset by a decrease in investments held to maturity, long-term receivables and investments in companies accounted for using the equity method.
Ratio of Total Balance Sheet	62.0%	60.8%	
Current Liabilities	2,726.2	2,807.0	The decrease stems from a reduction in credit balances from banking corporations and suppliers and service providers, net of current maturities of lease liabilities and payables and credit balances.
Ratio of Total Balance Sheet	26.5%	31.4%	
Non-Current Liabilities	5,194.0	3,835.6	The increase stems from growth in lease liabilities, deferred income, loans from banking corporations, deferred taxes, and liabilities for employee benefits, net.
Ratio of Total Balance Sheet	50.4%	42.9%	
Consolidated Working Capital	1,186.8	700.9	
Consolidated Working Capital excluding IFRS 16	1,804.9	1,250.6	
Consolidated Current Ratio	1.44	1.25	
Consolidated Current Ratio excluding IFRS 16	1.85	1.55	
Consolidated Quick Ratio	0.84	0.74	
Consolidated Quick Ratio excluding IFRS 16	1.08	0.91	
Equity	2,379.9	2,306.7	
Ratio of Total Balance Sheet	23.1%	25.8%	

5.2 Changes in Equity

During the reported period, there was a decrease in the Company's equity totaling approximately NIS 80.0 million. The decrease stems mainly from a total loss of approximately NIS 52.8 million, dividend to non-controlling interests of approximately NIS 39.4 million, share-based payment cost of approximately NIS 8 million, offset by transactions with non-controlling interests of approximately NIS 4.2 million.

5.3 Liquidity and Financing Sources

As of March 31, 2026, the company holds short-term financial assets including: cash, short-term deposits, short-term investments, and current maturities of securities measured at amortized cost totaling approximately NIS 1,433.8 million, less current maturities of short-term financial liabilities including short-term credit from banking corporations totaling approximately NIS 553.9 million. Total net short-term financial balances stand at approximately NIS 879.9 million. (Financial liabilities do not include lease liabilities).

As of March 31, 2025, the company holds short-term financial assets including: cash, short-term investments, and current maturities of securities measured at amortized cost totaling approximately NIS 1,304.6 million, less current maturities of short-term financial liabilities including short-term credit from banking corporations totaling approximately NIS 772.6 million. Total net short-term financial balances stand at approximately NIS 532.0 million. (Financial liabilities do not include lease liabilities).

5.4 Dividend

5.4.1 For details regarding the company's dividend distribution policy, see section 1.4.2 in Chapter A of the Periodic report.

5.4.2 It should be noted that against the background of the security situation and its overall implications for the Israeli economy, including the retail sector, the company's board of directors decided at its meeting on March 23, 2026, not to distribute a dividend at this stage, without changing the company's dividend distribution policy.

Summary of Consolidated Statements of Cash Flows in NIS thousands

	For the period ended on March 31	
	2026	2025
Net cash provided by (used in) operating activities	42,969	(262)
Net cash used in investing activities:		
A. Net cash used for acquisition of fixed assets, investment property, net intangible assets, and business combinations.	(88,379)	(178,456)
B. Net cash used for other investments in financial assets, net	(164,749)	(57,267)
Net cash provided by (used in) financing activities	25,715	(113,415)
Adjustment resulting from translation of cash balances	(6,026)	4,600
Decrease in cash and cash equivalents	(190,470)	(344,800)

Cash Flow from Operating Activities

Net cash provided by operating activities in the current period amounted to approximately NIS 43 million, compared to net cash used in operating activities in the amount of approximately NIS 0.3 million in the corresponding period last year.

The cash flow in the current period resulted from positive cash flow of approximately NIS 270.4 million for adjustments to profit and loss items, a loss of approximately NIS 33.8 million, less net payments for interest, taxes, and dividends paid in the amount of approximately NIS 100.1 million and negative cash flow due to a decrease in net working capital items of approximately NIS 93.5 million.

The cash flow in the corresponding period last year resulted from positive cash flow of approximately NIS 233.3 million for adjustments to profit and loss items and a net profit of approximately NIS 25.0 million, less net payments for interest, taxes, and dividend paid in the amount of approximately NIS 94.7 million and negative cash flow due to a decrease in net working capital items of approximately NIS 163.9 million.

Cash Flow from Financing Activities

Net cash provided by financing activities in the current period amounted to approximately NIS 25.7 million compared to approximately NIS 113.4 million net cash used in financing activities in the corresponding period last year.

Net cash provided by financing activities in the current period included repayment of lease liabilities in the amount of approximately NIS 150.0 million, repayment of long-term loans and other liabilities from banking and other corporations in a total amount of approximately NIS 266.3 million, dividend paid to non-controlling interests in the amount of approximately NIS 34.6 million, repayment of short-term credit from banking and other corporations in a total amount of approximately NIS 121.7 million, less sale of shares of Minene company to non-controlling interests in the amount of approximately NIS 2.1 million, and receipt of long-term loans from banking and other corporations in a total amount of approximately NIS 596.4 million.

Net cash used in financing activities in the corresponding period last year included repayment of long-term loans and other liabilities from banking and other corporations in a total amount of approximately NIS 264.7 million, dividend paid to the company's shareholders in the amount of approximately NIS 150.0 million, repayment of lease liabilities in the amount of approximately NIS 133.1 million, dividend paid to non-controlling interests in the amount of approximately NIS 12.7 million, less net short-term credit received from banking and other corporations in the amount of approximately NIS 243.0 million, receipt of long-term loans from banking and other corporations in a total amount of approximately NIS 203.8 million and the issuance of shares to non-controlling interests in the subsidiary Terminal X in the amount of approximately NIS 0.3 million.

B. Details regarding exposure to market risks and their management

Person responsible for market risk management in the company

The person responsible for market risk management in the company is Mr. Shahar Rania, Deputy CEO and CFO of the group. For more details about him, see Regulation 26A of Chapter D of the Periodic report for December 31, 2025.

Description of market risks

The company's activity involves external risk factors that may have a material impact on its business activity and which cannot be quantified. The company is exposed to a variety of market risks during its ordinary course of business, primarily to changes in interest rates, changes in the Consumer Price Index (CPI), changes in exchange rates (mainly US Dollar and Euro) and changes in security prices on the stock exchange in Israel as a result of holding a securities portfolio, which affect both directly and indirectly the company's liquid assets, its liabilities and its business results.

Many market risks, such as changes in the minimum wage, standard of living, security situation, fashion tastes, and weather, are beyond the company's control and cannot be protected by the company. On the other hand, for risks of changes in the exchange rate and erosion of liquid assets, the company takes a protection policy, as detailed below. In its activities in Israel, the group is exposed to changes in exchange rates because most of the company's products are purchased in US Dollars and Euros and sold in Shekels. Additionally, the company is exposed, due to supplier credit and credit to customers abroad, to changes in the exchange rate of the US Dollar and Euro. Credit to the company's customers in Israel is in Shekels and is non-interest bearing.

Company Policy in Market Risk Management

There was no change in the report period compared to what was stated in the Periodic report for the year 2025.

Derivative Positions

The company and consolidated companies have forward contracts and call and put options in foreign currency aimed at protecting against exposure to fluctuations in exchange rates for inventory purchases. The forward contracts and options in foreign currency were not designated as cash flow hedges and are signed for periods identical to the periods in which the company has foreign currency exposure for the underlying transactions. The length of the forward contracts and options is usually up to one year.

As of March 31, 2026, the company and consolidated companies entered into complex Dollar/Shekel forward transactions in the amount of 120.2 million US Dollars according to an average future exchange rate of 3.328 NIS per Dollar and an average Knock In rate of 3.113 NIS per Dollar.

The company and consolidated companies entered into forward transactions to purchase Dollars against the Shekel intended for protection, in the amount of 17.3 million Dollars according to an average future rate of 3.451 NIS per Dollar.

The company and consolidated companies entered into complex Euro/Shekel forward transactions in the amount of 35.5 million Euros according to an average future exchange rate of 3.845 NIS per Euro and an average Knock In rate of 3.66 NIS per Euro.

The company and consolidated companies entered into forward transactions to purchase Euros against the Shekel intended for protection, in the amount of 10 million Euros according to an average future rate of 3.714 NIS per Euro.

As of March 31, 2025, the company and consolidated companies entered into complex Dollar/Shekel forward transactions in the amount of 58.0 million US Dollars according to an average future exchange rate of 3.653 NIS per Dollar and an average Knock In rate of 3.552 NIS per Dollar.

The company and consolidated companies entered into forward transactions to purchase Dollars against the Shekel intended for protection, in the amount of 40.5 million Dollars according to an average future rate of 3.686 NIS per Dollar.

The company and consolidated companies entered into forward transactions to purchase Euros against the Shekel intended for protection, in the amount of 19.0 million Euros according to an average future rate of 3.838 NIS per Euro.

Hedging Transactions

The company is establishing an advanced automated logistics center in Beit Shemesh and entered into an agreement with a supplier where payment is made in Euro currency. Simultaneously, the company entered into a financing agreement with HSBC Bank for a Euro credit facility to finance payments to the supplier; the credit facility will be repaid via principal and interest payments in Euro over 10 years starting from mid-2027. The company's functional currency is the Shekel, and therefore the company is exposed to changes in Euro-Shekel exchange rates. According to the company's policy, it was decided by the Risk Management Committee to perform hedging against the rise of the Euro exchange rate which affects cash flows.

As of March 31, 2026, the company has forward transactions to purchase approximately 64.4 million Euros and currency swap (SWAP) transactions standing at approximately 35 million Euros.

	In Israeli Currency			Foreign Currency				Non-monetary items	Total
	Non-linked	CPI-linked	USD or linked to it	Euro or linked to it	Canadian Dollar or linked to it	Australian Dollar	Other		
Assets									
Cash and cash equivalents	366,210	-	65,585	156,706	46,128	21,308	49,245	-	705,182
Short-term investments*	564,623	58,859	20,624	83,264	-	-	-	-	727,370
Held-to-maturity investments	1,279	-	-	-	-	-	-	-	1,279
Accounts receivable	481,644	-	4,394	1,836	3,026	51	1,498	-	492,449
Debtors and debit balances	233,709	-	3,379	27,889	42,299	9,414	-	110,286	426,976
Inventory	-	-	-	-	-	-	-	1,626,322	1,626,322
Pledged deposit	-	-	-	1,262	-	-	524	-	1,786
Fixed assets, net	-	-	-	-	-	-	-	1,473,574	1,473,574
Right-of-use assets	-	-	-	-	-	-	-	4,026,660	4,026,660
Securities measured at amortized cost	1,808	-	-	-	-	-	-	-	1,808
Deferred taxes	-	-	-	-	-	-	-	100,201	100,201
Shop evacuation fees	-	-	-	-	-	-	-	36,928	36,928
Intangible assets, net	-	-	-	-	-	-	-	242,952	242,952
Goodwill	-	-	-	-	-	-	-	380,641	380,641
Investments in companies at equity value	-	-	-	-	-	-	-	32,269	32,269
Investment property	-	-	-	-	-	-	-	23,743	23,743
Total Assets	1,649,273	58,859	93,982	270,957	91,453	30,773	51,267	8,053,576	10,300,140
Liabilities									
Credit from banking corporations and others	204,507	-	-	-	-	-	-	-	204,507
Liabilities to suppliers and service providers	440,992	-	59,594	123,200	28,795	66,934	70,461	-	789,976
Payables and credit balances	205,747	-	25,045	40,918	80,259	7,787	9,308	395,217	764,281
Loans from banking corporations	1,584,272	-	-	183,090	-	-	-	-	1,767,362
Deferred income	-	-	-	-	-	-	-	21,839	21,839
Lease liability	-	2,794,147	382	781,563	375,669	206,967	153,067	-	4,311,795
Employee termination benefits, net	20,922	-	1,532	-	-	59	-	-	22,513
Deferred taxes	-	-	-	-	-	-	-	37,964	37,964
Total Liabilities	2,456,440	2,794,147	85,021	1,130,303	484,723	281,688	232,895	455,020	7,920,237

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	In Israeli Currency			Foreign Currency				Non-monetary items	Total
	Non-linked	CPI-linked	USD or linked to it	Euro or linked to it	Canadian Dollar or linked to it	Australian Dollar	Other		
Net balance sheet position	(807,167)	(2,735,288)	8,961	(859,346)	(393,270)	(250,915)	(181,628)	7,598,556	2,379,903

* The company holds securities based on interest linked to the Consumer Price Index (CPI). Changes in the value of these securities are affected by changes in the capital market including future expectations regarding macroeconomic data.

C. Corporate Governance Aspects

There has been no change in this regard compared to the disclosure in the Board of Directors' report included in the Periodic report, except as specified below.

The Company's Policy on Donations

During the reporting period, the Group donated a total of approximately 156 thousand NIS.

D. Disclosure in connection with the financial reporting of the corporation

Disclosure regarding critical accounting estimates

There has been no change in the report period compared to the Periodic report for the year 2025.

Harel Wizel - CEO and Director

Yodfat Harel Buchris - Chairman of the Board of Directors

Date: May 26, 2026

Fox-Wizel Ltd.

Consolidated Interim Financial Statements

As of March 31, 2026

Unaudited

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**Review Report of the independent accountants
To the Shareholders of
Fox-Wizel Ltd.**

Introduction

We have reviewed the accompanying financial information of Fox-Wizel Ltd. the Company and its subsidiaries (hereinafter - the Company), which includes the condensed consolidated statement of financial position as of March 31, 2026, and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting", and they are also responsible for preparing this interim financial information according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of consolidated subsidiaries whose assets included in the consolidation constitute approximately 8.14% of the total consolidated assets as of March 31, 2026, and whose revenues included in the consolidation constitute approximately 9.38% of the total consolidated revenues for the three-month period then ended. Furthermore, we did not review the interim financial information of companies presented on an equity basis, the investment in which amounted to approximately 27,485 thousand NIS as of March 31, 2026, and whose share of the Company's profits in the aforementioned companies amounted to approximately 2,462 thousand NIS for the three-month period then ended. The condensed interim financial information of those companies was reviewed by other accountants whose review reports were furnished to us, and our conclusion, insofar as it relates to the financial information regarding those companies, is based on the review reports of the other accountants.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other accountants, nothing has come to our attention that causes us to believe that the aforementioned financial information is not prepared, in all material respects, in accordance with International Accounting Standard IAS 34.

In addition to the statements in the previous paragraph, based on our review and the review reports of other accountants, nothing has come to our attention that causes us to believe that the aforementioned financial information does not comply, in all material respects, with the disclosure provisions according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Kost Forer Gabbay & Kasierer
accountants

Tel-Aviv,
May 26, 2026

Fox-Wizel Ltd.

Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
<u>Current Assets</u>			
Cash and cash equivalents	705,182	711,042	895,652
Short-term investments	727,370	587,441	559,891
Current maturity of securities measured at amortized cost	1,279	6,130	1,902
Trade receivables	492,449	426,189	479,255
Other receivables and debit balances	360,407	347,110	294,541
Inventory	1,626,322	1,429,967	1,611,563
	3,913,009	3,507,879	3,842,804

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
<u>Non-current Assets</u>			
Pledged deposits	1,786	9,710	2,182
Securities measured at amortized cost	1,808	20,354	1,411
Investments in companies accounted for using the equity method	32,269	43,655	32,296
Long-term receivables and investments	66,569	62,054	56,926
Property, plant and equipment	1,473,574	1,210,138	1,452,439
Investment property	23,743	23,743	23,743
Right-of-use assets	4,026,660	3,383,271	3,881,316
Store evacuation fees	36,928	28,212	37,483
Other intangible assets	242,952	228,311	252,759
Goodwill	380,641	359,650	378,885
Deferred taxes	100,201	72,347	77,542
	6,387,131	5,441,445	6,196,982
	10,300,140	8,949,324	10,039,786

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

Fox-Wizel Ltd.

Consolidated Statements of Financial Position

	As of March 31		As of December 31 2025 Audited
	2026	2025	
	Unaudited		
	NIS in thousands		
<u>Current Liabilities</u>			
Credit from banking and other institutions	553,855	772,598	702,135
Trade payables and service providers	789,976	791,401	802,405
Other payables and credit balances	764,281	693,265	759,317
Current maturities of lease liabilities	618,104	549,770	598,280
	2,726,216	2,807,034	2,862,137
<u>Non-current liabilities</u>			
Loans from banking institutions	1,418,015	694,718	1,080,420
Other liabilities	21,839	20,553	22,943
Lease liabilities	3,693,690	3,068,073	3,553,421
Liabilities for employee benefits, net	22,513	20,632	21,279
Deferred taxes	37,964	31,608	39,671
	5,194,021	3,835,584	4,717,734
<u>Equity attributable to the Company's shareholders</u>			
Share capital	138	138	138
Share premium	224,043	216,300	224,043
Reserve for transaction with a controlling shareholder	948	948	948
Reserve for share-based payment transactions	25,578	21,364	19,362
Reserve for transactions with non-controlling interests	463,892	502,056	461,546
Reserve for hedging transactions	(18,219)	-	(8,385)
Adjustments from translation of financial statements	(31,871)	(226)	(26,639)
Retained earnings	1,060,013	904,384	1,084,737
	1,724,522	1,644,964	1,755,750
Non-controlling interests	655,381	661,742	704,165
<u>Total equity</u>	2,379,903	2,306,706	2,459,915
	10,300,140	8,949,324	10,039,786

The accompanying notes constitute an integral part of these interim consolidated financial statements.

Yodfat Harel Buchris
Chairman of the Board

Harel Wizel
Director and CEO

May 26, 2026
Date of approval of the financial statements

Shachar Rania
Deputy CEO and CFO

Fox-Wizel Ltd.

Consolidated Statements of Profit or Loss

			For the year ended December 31
	For the 3 months ended March 31		2025
	2026	2025	Audited
	Unaudited		
	NIS in thousands (except net profit per share data)		
Sales revenue	1,560,148	1,478,635	7,079,042
Cost of sales	693,213	656,701	3,001,069
Gross profit	866,935	821,934	4,077,973
Selling and marketing expenses	810,712	743,393	3,340,642
General and administrative expenses	28,612	24,840	110,143
Other income, net	(4,961)	(22)	(11,083)
Group's share in losses (profits) of companies accounted for by the equity method, net	(174)	1,789	16,312
Operating profit	32,746	51,934	621,959
Finance income	7,315	34,399	69,370
Finance expenses	(80,474)	(52,440)	(287,628)
Profit (loss) before income taxes	(40,413)	33,893	403,701
Income taxes (tax benefit)	(6,566)	8,886	83,656
Net profit (loss)	(33,847)	25,007	320,045
Attributable to:			
The Company's shareholders	(24,721)	15,204	229,268
Non-controlling interests	(9,126)	9,803	90,777
	(33,847)	25,007	320,045
Basic net profit (loss) per share (in NIS)	(1.78)	1.10	16.54
Diluted net profit (loss) per share (in NIS)	(1.78)	1.09	16.45

The accompanying notes constitute an integral part of these interim consolidated financial statements.

Fox-Wizel Ltd.

Consolidated Statements of Comprehensive Income

	For the 3 months ended March 31		For the year ended December 31 2025
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
Net profit (loss)	(33,847)	25,007	320,045
<u>Other comprehensive income (loss) after tax effect:</u>			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Actuarial gain on defined benefit plans, net	-	-	364
<u>Items that will be reclassified to profit or loss when specific conditions are met:</u>			
Adjustments from translation of financial statements of foreign operations	(8,918)	17,694	(26,359)
Loss on cash flow hedging transactions	(9,834)	-	(8,385)
Group's share in other comprehensive income (loss), net, of companies accounted for by the equity method	(201)	592	119
Total other comprehensive income (loss)	(18,953)	18,286	(34,261)
Total comprehensive income (loss)	(52,800)	43,293	285,784
Attributable to:			
The Company's shareholders	(39,787)	26,342	205,695
Non-controlling interests	(13,013)	16,951	80,089
	(52,800)	43,293	285,784

The accompanying notes constitute an integral part of these interim consolidated financial statements.

Fox-Wizel Ltd.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders									Non-controlling interests	Total equity
	Share capital	Share premium	Reserve for transactions with non-controlling interests	Reserve for transaction with controlling shareholders	Reserve for share-based payment	Retained earnings	Reserve for hedging transactions	Adjustments from translation of financial statements of foreign operations	Total		
Unaudited											
NIS in thousands											
<u>Balance as of January 1, 2026 (Audited)</u>	138	224,043	461,546	948	19,362	1,084,737	(8,385)	(26,639)	1,755,750	704,165	2,459,915
Loss	-	-	-	-	-	(24,721)	-	-	(24,721)	(9,126)	(33,847)
Other comprehensive loss	-	-	-	-	-	-	(9,834)	(5,232)	(15,066)	(3,887)	(18,953)
Total comprehensive loss	-	-	-	-	-	(24,721)	(9,834)	(5,232)	(39,787)	(13,013)	(52,800)
Transactions with non-controlling interests	-	-	2,346	-	-	(3)	-	-	2,343	1,820	4,163
Cost of share-based payment	-	-	-	-	6,216	-	-	-	6,216	1,793	8,009
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(39,384)	(39,384)
<u>Balance as of March 31, 2026</u>	138	224,043	463,892	948	25,578	1,060,013	(18,219)	(31,871)	1,724,522	655,381	2,379,903

The accompanying notes constitute an integral part of these interim consolidated financial statements.

Fox-Wizel Ltd

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Reserve from transaction with controlling shareholder	Reserve for share-based payment	Reserve from transactions with non-controlling interests	Retained earnings	Adjustments from translation of financial statements of foreign operations			
Unaudited										
NIS THOUSANDS										
Balance as of January 1, 2025 (Audited)	138	214,300	948	20,998	498,615	1,039,180	(11,364)	1,762,815	693,990	2,456,805
Net profit	-	-	-	-	-	15,204	-	15,204	9,803	25,007
Other comprehensive income	-	-	-	-	-	-	11,138	11,138	7,148	18,286
Total comprehensive income	-	-	-	-	-	15,204	11,138	26,342	16,951	43,293
Dividend paid	-	-	-	-	-	(150,000)	-	(150,000)	-	(150,000)
Transactions with non-controlling interests	-	-	-	-	3,441	-	-	3,441	(3,123)	318
Cost of share-based payment	-	-	2,366	-	-	-	-	2,366	3,339	5,705
Exercise of employee warrants	-	2,000	(2,000)	-	-	-	-	-	-	-
Non-controlling interests in a company consolidated for the first time	-	-	-	-	-	-	-	-	4,472	4,472
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(53,887)	(53,887)
Balance as of March 31, 2025	138	216,300	948	21,364	502,056	904,384	(226)	1,644,964	661,742	2,306,706

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

Consolidated Statements of Changes in Equity

Fox-Wizel Ltd

	Attributable to the Company's shareholders								Total	Non-controlling interests	Total equity
	Share capital	Share premium	Reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Reserve for share-based payment transactions	Retained earnings	Reserve for hedging transactions	Adjustments from translation of financial statements of foreign operations			
Audited											
NIS thousands											
Balance as of January 1, 2025	138	214,300	498,615	948	20,998	1,039,180	-	(11,364)	1,762,815	693,990	2,456,805
Net profit	-	-	-	-	-	229,268	-	-	229,268	90,777	320,045
Other comprehensive loss	-	-	-	-	-	87	(8,385)	(15,275)	(23,573)	(10,688)	(34,261)
Total comprehensive income (loss)	-	-	-	-	-	229,355	(8,385)	(15,275)	205,695	80,089	285,784
Cost of share-based payment	-	-	-	-	8,107	-	-	-	8,107	5,136	13,243
Exercise of warrants and restricted shares	-	9,743	-	-	(9,743)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(183,798)	-	-	(183,798)	-	(183,798)
Transactions with non-controlling interests	-	-	(37,069)	-	-	-	-	-	(37,069)	(23,672)	(60,741)
Non-controlling interests in companies consolidated for the first time	-	-	-	-	-	-	-	-	-	22,359	22,359
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(73,737)	(73,737)
Balance as of December 31, 2025	138	224,043	461,546	948	19,362	1,084,737	(8,385)	(26,639)	1,755,750	704,165	2,459,915

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

Fox-Wizel Ltd

Consolidated Statements of Cash Flows

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Cash flows from operating activities			
Net profit (loss)	(33,847)	25,007	320,045
Adjustments required to present cash flows from operating activities:			
Adjustments to profit or loss items:			
Depreciation of property, plant and equipment and right-of-use assets	201,290	178,081	788,592
Interest expenses, net	51,297	44,152	201,688
Amortization of intangible assets and evacuation fees	14,860	13,729	61,252
Capital loss from disposal of property, plant and equipment	-	36	36
Group's share in losses (profits) of companies accounted for using the equity method, net	(174)	1,789	16,312
Income taxes (tax benefit)	(6,566)	8,886	83,657
Change in liabilities for employee benefits, net	109	393	671
Revaluation of financial asset for contingent consideration	-	-	(12,500)
Revaluation of long-term loan from banking corporation	-	10,491	-
Financing income from option revaluation	-	-	(5,892)
Appreciation in value of securities measured at fair value through profit or loss	(2,178)	(9,733)	(31,952)
Loss (profit) from securities measured at amortized cost	7	319	(906)
Loss (profit) from forward transactions	3,744	(20,522)	37,878
Cost of share-based payment	8,009	5,705	13,243
	270,398	233,326	1,152,079
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(13,427)	56,286	7,471
Decrease (increase) in accounts receivable and debit balances	(64,837)	(79,656)	7,167
Increase in inventory	(20,920)	(158,829)	(342,586)
Increase (decrease) in liabilities to suppliers and service providers	3,964	15,903	(10,949)

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Increase in trade payables and credit balances	1,748	2,424	81,949
	(93,472)	(163,872)	(256,948)
Cash paid and received during the period for:			
Interest paid	(67,988)	(50,554)	(227,243)
Interest received	6,417	4,230	22,975
Taxes paid	(47,507)	(55,331)	(161,837)
Taxes received	8,968	6,932	33,428
	(100,110)	(94,723)	(332,677)
Net cash provided by (used in) operating activities	42,969	(262)	882,499

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

Consolidated Statements of Cash Flows

Fox-Wizel Ltd

	For the 3 months ended		For the year
	March 31		ended
	2026	2025	December 31
	Unaudited		2025
			Audited
	NIS thousands		
Cash flows from investing activities			
Purchase of property, plant and equipment	(82,866)	(141,420)	(535,992)
Investment in Bib-Yak	-	(387)	(720)
Acquisition of consolidated companies consolidated for the first time	-	(24,135)	(75,935)
Investment in associate AEO EUROPE RETAIL CO B.V	-	(3,629)	(7,447)
Other investments	-	(4,000)	(4,000)
Deposit of short-term deposit	-	(271)	(46)
Withdrawal of short-term deposit	-	750	-
Proceeds from asset leasing	200	196	792
Purchase of intangible assets and evacuation fees	(5,713)	(5,241)	(31,059)
Consideration from disposal of property, plant and equipment	-	160	160
Purchase of securities measured at fair value through profit or loss	(165,301)	(59,612)	(9,233)

	For the 3 months ended		For the year
	March 31		ended
	2026	2025	December 31
	Unaudited		2025
			Audited
	NIS thousands		
Withdrawal from pledged deposit	333	-	6,645
Proceeds from redemption of securities measured at amortized cost	219	1,866	26,262
Net cash used in investing activities	(253,128)	(235,723)	(630,573)
Cash flows from financing activities			
Dividend paid to the Company's shareholders	-	(150,000)	(183,798)
Dividend paid to non-controlling interests	(34,645)	(12,740)	(73,737)
Repayment of lease liabilities	(150,036)	(133,054)	(582,153)
Repayment of loans and other long-term liabilities from banking and other corporations	(266,342)	(264,683)	(718,032)
Receipt of loans and other long-term liabilities from banking and other corporations net of transaction costs	596,387	203,783	956,244
Receipt (repayment) of short-term credit from banking and other corporations, net	(121,732)	243,000	267,807
Issuance/sale of shares to non-controlling interests	2,083	279	298
Purchase of shares from non-controlling interests	-	-	(63,390)
Net cash provided by (used in) financing activities	25,715	(113,415)	(396,761)
<u>Adjustment from translation of cash and cash equivalent balances</u>	<u>(6,026)</u>	<u>4,600</u>	<u>(15,355)</u>
Decrease in cash and cash equivalents	(190,470)	(344,800)	(160,190)
<u>Cash and cash equivalents balance at the beginning of the period</u>	<u>895,652</u>	<u>1,055,842</u>	<u>1,055,842</u>
Cash and cash equivalents balance at the end of the period	705,182	711,042	895,652

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

FOX-Wiesel Ltd.

Consolidated Statements of Cash Flows

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
<u>(a) Material non-cash activities</u>			
Movement in acquisition of assets on credit	(15,027)	(6,748)	(13,355)
Movement in right-of-use asset against lease liability, net	294,350	200,690	1,209,876
Dividend declared and not yet paid	4,739	41,147	-
<u>(b) Acquisition of consolidated companies consolidated for the first time in the subsidiary Terminal X:</u>			
Working capital (excluding cash and cash equivalents)	-	-	(6,756)
Goodwill	-	-	(11,881)
Property, plant and equipment	-	-	(2,988)
Store evacuation fees	-	-	(41)
Intangible assets	-	-	(11,610)
Right-of-use asset	-	-	(6,671)
Deferred taxes	-	-	2,514
Credit from banking corporations	-	-	3,158
Payables regarding acquisition of investments in consolidated companies	-	-	9,722
Liability for employee benefits, net	-	-	520
Liability for finance lease	-	-	6,671
Non-controlling interests	-	-	9,924
	-	-	(7,438)
<u>(c) Acquisition of consolidated companies consolidated for the first time in the subsidiary Retailors:</u>			
Working capital (excluding cash and cash equivalents, including credit balances regarding the acquisition)	-	-	6,285
Property, plant and equipment	-	-	(17,804)
Right-of-use assets	-	-	(64,736)
Intangible assets	-	-	(25,101)
Goodwill	-	-	(29,890)

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Deferred taxes	-	-	5,480
Lease liabilities	-	-	64,736
Long-term loans, including current maturities	-	-	16,486
	-	-	(44,544)

Consolidated Statements of Cash Flows

FOX-Wiesel Ltd.

	For the year ended December 31	For the 3 months ended March 31	
	2025	2025	2026
	Audited	Unaudited	
		NIS thousands	
Acquisition of a consolidated company for the first time (d)			
Working capital (excluding cash and cash equivalents)	(3,800)	(3,801)	-
Goodwill	(12,097)	(20,565)	-
Intangible assets	(21,123)	-	-
Property, plant and equipment	(4,401)	(4,543)	-
Software	(142)	-	-
Right-of-use asset	(8,069)	(8,069)	-
Long-term receivables	(517)	-	-
Deferred taxes	4,735	(122)	-
Investment in shares	-	(517)	-
Liability for employer-employee relations	242	242	-
Lease liability	8,784	8,768	-
Non-controlling interests	12,435	4,472	-

	For the year ended December 31	For the 3 months ended March 31	
	2025	2025	2026
	Audited	Unaudited	
		NIS thousands	
	(23,953)	(24,135)	-

The attached notes form an integral part of the consolidated interim financial statements.

Note 1: - General

a. These financial statements were prepared in a condensed format as of March 31, 2026 and for the three-month period ended on that date (hereinafter - consolidated interim financial statements). These statements should be read in context with the annual financial statements of the Company as of December 31, 2025 and for the year ended on that date and the notes accompanying them (hereinafter - the annual financial statements).

b. Effects of inflation and the rise in interest rates

The Consumer Price Index in Israel in the first quarter of 2026 rose by approximately 0.3%.

As of the publication date of the reports, the Bank of Israel interest rate stands at 3.75%, following the latest decision of the Bank of Israel to lower the interest rate by 0.25%.

Most of the Company's lease agreements are index-linked contracts, and consequently, the rise in the index leads to an increase in lease payments. Conversely, some of the Company's investments in securities are index-linked, so that the rise in the index increases the Company's financing income. It should be noted that most of the Group's loans from banking corporations are at a fixed interest rate, and therefore there is no material impact from the increase in the bank interest rate.

As of the report date, there have been no material effects on the Company as a result of the increase in inflation and interest rates.

c. Consequences of the "Iron Swords" war, "Operation Am Kalavi" and "Operation Shagat HaAri"

Following Note 1c to the annual financial statements regarding the consequences of the "Iron Swords" war, as part of a claim for compensation under the Property Tax Regulations, the Compensation Fund for War Damages and the Economic Assistance Program Law (Temporary Provision - Iron Swords), a subsidiary recognized during the first quarter of 2026 income in the amount of approximately NIS 3.7 million, with the amount recorded in the other income item in the statement of profit or loss.

Following the aforementioned in Note 1c to the annual financial statements regarding the consequences of "Operation Shagat HaAri", as of the publication date of the report, the Company has reached agreements with most lessors regarding the lease payment and management fee framework, and will continue to act to reach agreements with the remaining lessors in Israel that no lease payments and management fees will be paid (partially or fully) for the period in which store activity was prohibited following "Operation Shagat HaAri" and for the payment of reduced lease payments and management fees in the period after the Group's stores returned to operation in a limited format and until returning to a routine operational state. Accordingly, during the reporting period, the Company recognized a decrease in expenses totaling approximately NIS 8.2 million.

In light of the great uncertainty regarding the duration and scope of the security campaign, its consequences for the Israeli economy in general, for the retail sector and for the Company's activities in particular, it is not possible to estimate at this stage the impact on the Group's business activities in Israel and its financial results in particular.

Note 2: - Summary of Significant Accounting Policies

Preparation format of the consolidated interim financial statements

The consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, and in accordance with the disclosure provisions according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

The accounting policy applied in the preparation of the consolidated interim financial statements is consistent with that applied in the preparation of the consolidated annual financial statements.

Note 3: - Seasonality

The Company's income is affected by seasonality, which is usually reflected in increased sales during Passover, the High Holidays, and the fourth quarter of the year. The reported results of operations should be read considering this seasonality.

Note 4: - Material Events During the Reporting Period

- a. On January 1, 2026, Mr. Harel Wizel (Director and CEO of the Company and one of its controlling shareholders), Mr. Assaf Wizel (CEO of the Fox Israel chain and one of the controlling shareholders in the Company), Mr. Elad Vered (Senior Deputy CEO for Procurement and Logistics and a relative of the controlling shareholder), and Ms. Yarden Wizel (CEO of the Sun Glass chain and daughter of Mr. Harel Wizel) were allocated 50,403, 6,858, 8,229 and 2,286 restricted stock units (RSU), respectively, and 98,341 restricted stock units were allocated to officers, managers, and other employees. For further details see Note 20(e)(1), 20(e)(2) and 20(e)(3) to the annual financial statements.
- b. On January 5, 2026, the subsidiary Retailors received two long-term loans totaling NIS 250 million from a large Israeli banking corporation. The loans are at Prime interest less a margin of 0.25%-0.3%. The loans will be repaid in 17 equal quarterly payments starting January 2027 and quarterly interest payments starting April 2026.
- c.

On January 6, 2026, the subsidiary Retailors received two long-term loans totaling NIS 100 million from a large Israeli banking corporation. The loans are at Prime interest less a margin of 0.25%-0.3%. The loans will be repaid in 17 equal quarterly payments starting January 2027 and quarterly interest payments starting April 2026. It should be noted that no collateral was provided to the lender, and no financial covenants or restrictions were set.

- d.** On January 6, 2026, the subsidiary Retailors received a long-term loan in the amount of EUR 13 million from a large Israeli banking corporation. The loan is at 3-month Euribor interest plus a margin of 1.84%. The loan will be repaid in 17 equal quarterly payments starting January 2027 and quarterly interest payments starting April 2026. It should be noted that no collateral was provided to the lender, and no financial covenants or restrictions were set.
- e.** During January 2026, Retailors repaid loans from banking corporations in a total amount of NIS 180 million (principal) plus interest accrued until the repayment date, due to receiving loans under improved conditions (see notes above).
- f.** On January 15, 2026, the Company's Board of Directors approved, after receiving the approval of the Compensation Committee, the terms of employment of Mr. Itai Wizel upon his appointment to the position of VP of Sales at the subsidiary, Itai Brands Ltd., effective as of January 2026, subject to the approval of the General Meeting of the Company's shareholders. In this meeting, the Company's Board of Directors approved (after receiving the approval of the Compensation Committee) that until the date of approval of the aforementioned General Meeting or if the approval of the General Meeting is not received as mentioned above, Mr. Itai Wizel will be entitled to a monthly salary payment that does not exceed the average monthly salary in the economy, in accordance with Section 1b(a)(4) of the Companies Regulations (Reliefs in Transactions with Interested Parties), 5760-2000 ("Relief Regulations"). Mr. Itai Wizel is the son of Mr. Harel Wizel, CEO and Director of the Company and one of its controlling shareholders. On February 24, 2026, the General Meeting approved the terms of employment of Mr. Itai Wizel effective from January 2026, as follows: (1) Monthly salary in the amount of 22,000

Note 4: - Material events in the reporting period (continued)

gross NIS, which will be updated starting January 2027 to a total of NIS 24,000 gross, and from January 2028 onwards to a total of NIS 28,000 gross; social benefits, study fund up to the ceiling, vacation days (20 per year), convalescence days and sick days according to law; (2) company vehicle as customary in sales VP positions, where Mr. Itay Wizel will bear the tax liability; (3) gross monthly sales bonus in the amount of NIS 3,500 which will be updated starting January 2027 to a total of NIS 4,000, and from January 2028 onwards to a total of NIS 5,000 (4) an annual grant in the amount of one monthly salary, where the compensation committee and the company's board of directors shall have the authority to reduce the grant for reasons that will be provided, inter alia, due to failure to meet targets. As of the reporting date, there are no more than 2 employees in the company who were approved in accordance with the terms of the Relief Regulations and are a controlling shareholder or their relative.

- G.** On January 19, 2026, the company, Mega Or Holdings Ltd. ("Mega Or") and Har-Tov Industry and Assets Ltd. ("Har-Tov", and together with the company and Mega Or - the "Borrowers") entered into financing agreements with banking corporations ("Lender A" and "Lender B"; together - the "Lenders") regarding the Project (as defined below). Each of the credit facilities to be provided by the Lenders will be used to finance approximately half of the Project's costs (net of equity). The Lenders provided the Borrowers with credit facilities for the construction of a central distribution and logistics center on Plot 101 ("the Land"), which will be leased to the company ("the Project"), subject to the fulfillment of preliminary conditions stipulated in the agreement and as detailed below. The company's share in each of the credit facilities is one-third. The credit facility provided to the Borrowers by Lender A is for a total amount not exceeding approximately NIS 301,106 thousand (the company's share is approximately NIS 100,369 thousand). The credit facility was provided for the Borrowers for: financing the remaining amount required for land improvement after the provision of the equity required by the Borrowers and financing the construction of the Project. The credit facility provided by Lender B for the construction of the Project is for a total amount of approximately NIS 301,106 thousand (the company's share is approximately NIS 100,369 thousand). By virtue of the credit facility, the Borrowers will be entitled to receive short-term loans (both revolving and non-revolving), bank guarantees, and a current account facility. As of March 31, 2026, approximately NIS 233,072 thousand of the total credit facilities were utilized (the company's share is approximately NIS 77,691 thousand). The credit facilities were provided for a period up to no later than December 31, 2028. Within the framework of the financing agreements, the Borrowers provided the banking corporations with collaterals, which include: (A) a first-degree and exclusive mortgage without limit in amount and/or a first-degree and exclusive fixed charge without limit in amount, on all rights of Har-Tov and Mega Or regarding the land; (B) a first-degree and unlimited fixed charge on all rights of the company towards Har-Tov and Mega Or under the sale contract and on the rights of the Borrowers under the construction and lease agreement and the partnership agreement; (C) a first-degree floating charge without limit in amount on the Project as well as on assets and rights related to it, including the Borrowers' rights towards third parties; (D) first-degree and unlimited fixed charges on all the Borrowers' rights under contracts with planners, subcontractors, and main suppliers, including collaterals given to the Borrowers to secure them.
- H.** On February 4, 2026, the company entered into a binding distribution agreement with Dyson Technology Limited and V.B - Dyson Technology (hereinafter together: "Dyson") for the distribution and marketing of Dyson products in Israel. Dyson, which was founded in the UK in 1993, is a leading global technology company, with its headquarters in Singapore and main research and development centers in the UK and Asia, and its main activity includes research, development, and manufacturing of a wide variety of advanced and innovative electrical products including vacuum cleaners, hair care products, air purification, robotics, headphones, lighting, and hand drying. Dyson operates in over 80 countries worldwide. Under the agreement, it was stipulated that the company will be appointed as the sole distributor of Dyson products in Israel. The agreement is for a period of five years starting March 11, 2026, with each party being able to terminate the agreement without cause upon 18 months' prior notice. In addition, the agreement includes an option for early termination of the agreement upon the occurrence of defined events including in the event of a breach of the agreement. It was also stipulated in the agreement that the company will purchase the products from Dyson and will be entitled to discounts on the purchase of products from Dyson in accordance with an established mechanism, and provisions were also set in the agreement, among other things, in relation to supply conditions, customer service, and product warranty, and the parties' participation in equal parts in the marketing budget as well as in furniture and

equipment costs. It should be noted that the agreement does not include a commitment by the company for minimum purchases from Dyson and/or a minimum number of stores. Alongside the company's activity as a distributor of Dyson products and the operation of an online commerce site in Israel, the company intends to open a flagship store of the Dyson brand for the first time in Israel during 2026.

- I. On February 9, 2026, the subsidiary Shilav entered into an agreement and completed a transaction for the sale of approximately 3.33% of the share capital of Minene to Keren Levi Shoham, CEO of Minene ("the Purchaser"), for a total of approximately NIS 4.16 million, where half of the consideration was paid on the transaction completion date and the remainder plus CPI linkage.

Note 4: - Material events in the reporting period (continued)

to the consumer will be paid until January 1, 2027. Upon completion of the transaction, Shilav will hold approximately 69.4%, the Purchaser will hold approximately 19.97% and Meital Shani continues to hold approximately 10.63% of the share capital of Minene.

- J. On March 18, 2026, the board of directors of the subsidiary Terminal decided on a dividend distribution in the total amount of approximately NIS 10 million. The dividend represents approximately NIS 0.08 per share and was distributed on April 26, 2026.
- K. Further to what is stated in Note 12b(11) to the annual financial statements, regarding a sale agreement, an option agreement, a joint lease agreement and a lease agreement (together: "the Agreements") with BIG Shopping Centers Ltd. ("BIG") regarding an office tower which is expected to be built on land in Petah Tikva (as defined in the previous report), the company updated that the parties have reached preliminary understandings which have not yet been anchored in an amendment to the Agreements concerning the reduction of the tower's area, including changing the composition of the floors in the tower and the ownership of them. In this framework, the number of floors in the tower is expected to decrease to approximately 20 office floors (instead of 38 floors) and the estimated construction volume of the office space in the tower is expected to decrease to a total of approximately 44,000 square meters gross (instead of approximately 70,000 square meters gross). Accordingly, and subject to the formulation of the preliminary understandings into a binding agreement, the option granted to the company to purchase additional areas in the tower as detailed in the previous report is expected to be cancelled. In addition, adjustments will be made to the suspensive conditions and the period for their fulfillment is expected to be postponed. Furthermore, according to the parties' assessment, the estimated move-in date for the tower is expected to be during 2029.
- L. For details regarding the increase of the company's authorized share capital on February 24, 2026, see Note 22a to the annual financial statements.
- M. Further to what is stated in Note 20(1)e(1) to the annual financial statements, on March 23, 2026, the company's board of directors approved (after the compensation committee's approval was received on February 16, 2026) an allocation of up to 11,193 additional restricted share units (RSU) under the outline for employees in the company, which will be carried out during the month of May 2026.

Note 5: - Contingent liabilities

- A.

Further to what is stated in Note 21a(4) to the annual financial statements, regarding a motion to certify a class action in the Tel Aviv District Court, at its base stands the applicants' claim, according to which the subsidiary Terminal X and the rest of the respondents published products in clips covertly and without appropriate disclosure. On April 15, 2026, a decision was given by the court according to which the parties' arguments regarding the payment of compensation and attorney's fees will be filed by May 7, 2026. On May 7, 2026, and May 10, 2026, the respondent and the applicants filed their arguments regarding the payment of compensation and attorney's fees, respectively. A decision on the motion for withdrawal has not yet been given. According to the external legal advisors of Terminal X, from their legal experience, it is more reasonable to assume with a probability exceeding 50% that the motion for withdrawal will be approved and the proceeding will end in amounts that are not material to Terminal X.

- B. Further to what is stated in Note 21a(8) to the annual financial statements, regarding a motion to certify a class action in the Tel Aviv District Court, at its base stands the applicants' claim, according to which the subsidiary Shilav markets products intended for babies and toddlers of the toy type and car restraint systems for babies and toddlers (infant carriers, safety seats, boosters), did not fulfill the provisions of the law regarding instructions for use and warning in the Hebrew language, in violation of the Consumer Protection Law, 5741-1981. On April 29, 2026, the plaintiff filed an amended statement of claim and filed a motion to expand the group definition so that it will apply to anyone who purchased safety seats that the respondent imports from the USA manufactured according to the American standard and/or safety seats of the Maxi-Cosi brand, which the respondent imports and/or markets and/or sells, until the date of the judgment. According to the court's decision dated May 12, 2026, the defendant's response to the motion to expand the group definition will be filed by May 24, 2026. A pre-trial hearing was set for September 9, 2026. According to the assessment of Shilav's external legal advisors, the proceeding is at a preliminary stage where amended pleadings have not yet been filed and no hearing has taken place in the District Court. However, it is more reasonable to assume with a probability exceeding 50% that the proceeding will end in amounts that are not material to Shilav.
- C. Further to what is stated in Note 21a(10) to the annual financial statements, regarding a motion to certify a class action in the Jerusalem District Court, at its base stands the applicants' claim, according to which the subsidiary Terminal X presents consumers with a representation of prices of products sold on its websites when in practice, the final purchase price is higher than what was initially presented, as a payment for the delivery of the product that cannot be avoided is added to it. It was determined that the parties will file a joint update notice regarding the progress of negotiations to formulate a framework for ending the proceeding by way of

Note 5: - Contingent liabilities (continued)

withdrawal by June 23, 2026. According to Terminal X's external legal advisors, from their legal experience, it is more likely than not (probability above 50%) that the proceeding will end without the motion being certified as a class action by way of withdrawal from the certification motion in amounts that are not material to Terminal X.

D.

Further to what is stated in Note 21a(11) to the annual financial statements, regarding a motion to certify a class action, at its base stands the applicants' claim, according to which the subsidiary Terminal X does not present accessibility adjustments on its website in accordance with the accessibility standard IS 5568 (Part 1). On April 12, 2026, the court granted the parties' motion to file an additional update notice regarding the discussions between them. According to Terminal X's external legal advisors, the proceeding is in the preliminary stage, and there is no ability to assess the chances of the motion at this time. However, from their legal experience, it is more likely than not (probability above 50%) that the proceeding will end without the motion being certified as a class action by way of withdrawal from the certification motion or a settlement agreement in amounts that are not material to Terminal X.

- E.** Further to what is stated in Note 21a(12) to the annual financial statements, regarding a motion to certify a class action in the Central District Court, at its base stands the applicants' claim, according to which the subsidiary Terminal X sends its customers an email containing a component called a "pixel". This component is allegedly activated the moment the customer opens the email inbox. While the customer believes they are reading text, the pixel runs code that transmits information to the sender of the email message. This information includes the fact that the customer chose to read the email, the opening time, the number of openings, and more. A pre-trial hearing is set for November 23, 2026. According to Terminal X's external legal advisors, from their legal experience, it is more likely than not (probability above 50%) that the proceeding will end without the motion being certified as a class action by way of a settlement in amounts that are not material to Terminal X.
- F.** Further to what is stated in Note 21a(15) to the annual financial statements, regarding a motion to certify a class action in the Central District Court, at its base stands the applicants' claim, according to which the subsidiary Terminal X offers fashion products for sale on an online sales platform it operates, while falsely describing a key characteristic of the products - the fabric composition from which they are made. On March 31, 2026, the respondent filed an objection to the applicant's motion to add evidence from March 17, 2026. On May 3, 2026, a decision was given by the court on the motion to add evidence partially only. On May 5, 2026, an evidentiary hearing was held in which a decision was given according to which the parties' summaries would be heard orally on May 19, 2026. On May 13, 2026, the parties filed a notice and motion in which they announced that they had reached understandings, subject to the court's approval. On May 19, 2026, a hearing was held in which the parties brought their understandings before the court. It was determined that the parties would file an update regarding the progress of the arrangement by June 4, 2026. According to Terminal X's external legal advisors, from their legal experience, it is more likely than not (probability above 50%) that the proceeding will end without the motion being certified as a class action by way of a settlement in amounts that are not material to Terminal X.
- G.** Further to what is stated in Note 21a(17) to the annual financial statements, due to a delay in the completion of the document discovery process by the parties, the mediation date is expected to be postponed by several months.
- H.** Further to what is stated in Note 21a(18) to the annual financial statements, regarding a motion to certify a class action in the Central District Court, at its base stands the applicants' claim, according to which the subsidiary Terminal X does not fully comply with the requirements of the Consumer Protection Law in the transaction cancellation process, and specifically in everything concerning informing customers and the practical options available to them for exercising the right of cancellation. On March 10, 2026, the applicants filed a motion to strike the update notice filed by the respondent, on May 4, 2026, during which the parties heard the court's comments and agreed to turn to a mediation process. On May 14, 2026, the parties filed an update notice to the court stating that they are examining the identity of the mediator. According to Terminal X's external legal advisors, the proceeding is in the preliminary stage, and there is no ability to assess the chances of the motion at this time. However, from their legal experience, it is more likely than not (probability above 50%) that the proceeding will end without the motion being certified as a class action by way of withdrawal from the certification motion or a settlement agreement in amounts that are not material to Terminal X.
- I.** Further to what is stated in Note 21a(19) to the annual financial statements, regarding a monetary claim filed against the company Rami Lipstatt Ltd. (a subsidiary of Terminal X). On April 5, 2026, the parties exchanged discovery affidavits

Notes to the Consolidated Financial Statements

FOX - Wizel Ltd.

Note 5: -Contingent liabilities (continued)

general documents and case file inspection, on April 26, 2026 the parties exchanged specific document discovery requests and questionnaires and on May 14, 2026 the parties exchanged responses to the discovery requests and questionnaires. A pre-trial hearing was set for July 8, 2026. According to the external legal advisors of Rami Lipstatt Ltd., the proceeding is at a preliminary stage, and there is no ability to assess the chances of the claim at this time. However, from their legal experience, it is more reasonable to assume with a probability exceeding 50% that the proceeding will end without a judgment being given against Rami Lipstatt Ltd. or will end in amounts that are not material to Terminal X. Terminal X has an indemnity from non-controlling interests holding 49% of the share capital of the subsidiary Rami Lipstatt Ltd., in accordance with the understandings established between the parties.

J. Further to what is stated in Note 21a(20) to the annual financial statements, regarding a motion to certify a class action in the Tel Aviv Magistrate's Court. At the base of the motion stands the applicant's claim that when purchasing a monitor device imported by Beconnect and also sold through Shilav, a representation was displayed on the product packaging according to which the cloud services are provided free of charge, but at a later stage the terms were changed and an additional payment was imposed for the cloud services, in a way that misleads consumers. The claim amount stands at approximately NIS 2.5 million. Shilav and Beconnect filed a response to the certification motion on January 5, 2026. At the end of the second mediation session on January 20, 2026, the parties reached an agreed settlement framework, which was submitted to the court. On May 10, 2026, a judgment was given approving the settlement agreement in its entirety. In accordance with a prior agreement with Shilav, Beconnect alone will bear the agreed compensation amount (and the expenses, including the reward and attorney's fees).

K. On March 16, 2026, a motion to certify a class action was filed against the company and the subsidiary Shilav et al. in the Central District Court. The applicants claim improper conduct by the respondents regarding the redemption of 'gift vouchers'. These are vouchers defined by 'Buy Me' as 'money vouchers', but it is claimed that their legal definition is 'gift vouchers', because full consideration was paid for them according to their par value. It is claimed that it is forbidden to condition the redemption of these vouchers in any way at all and specifically redemption in online stores. It is further claimed that due to the respondents' improper conduct, members of the group are prevented from enjoying discounts on purchases in online stores, as well as reduced prices or promotional prices that exist exclusively in the online stores of the businesses working in cooperation with 'Buy Me'. The total claim amount was estimated by the applicants at over NIS 2.5 million. According to the company's external legal advisors, the proceeding is at a preliminary stage, and there is no ability to assess the chances of the motion at this time. However, from their legal experience, it is more reasonable to assume with a probability exceeding 50% that the proceeding will end without the motion being certified as a class action by way of withdrawal from the certification motion or a settlement agreement in amounts that are not material to the company.

Note 7: -Financial instruments

A.A. Fair value of securities measured at amortized cost

Below are the book balances and the fair value of financial instruments which are measured at amortized cost:

	March 31, 2026		March 31, 2025		December 31, 2025	
	Balance	Fair Value	Balance	Fair Value	Balance	Fair Value
	Unaudited				Audited	
	NIS thousands					
Financial assets:						
Securities	3,087	3,092	26,484	27,529	3,313	3,415

	March 31, 2026		March 31, 2025		December 31, 2025	
	Balance	Fair Value	Balance	Fair Value	Balance	Fair Value
	Unaudited				Audited	
	NIS thousands					
Financial liabilities:						
Loans	1,767,362	1,616,830	1,191,964	1,198,473	1,456,315	1,202,781

The management estimated that the balance of cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximately represents their fair value due to the short maturity dates of these instruments.

Note 7: - Financial Instruments (Continued)

B. Classification of financial instruments by fair value hierarchy

Financial assets (liabilities) measured at fair value

	March 31, 2026	
	Level 1	Level 2
	NIS in thousands	
Marketable securities	727,324	-
Forward contracts on foreign currency	-	(44,981)

	March 31, 2025	
	Level 1	Level 2
	NIS in thousands	
Marketable securities	587,441	-
Forward contracts on foreign currency	-	17,164

	December 31, 2025	
	Level 1	Level 2
	NIS in thousands	
Marketable securities	585,655	-
Forward contracts on foreign currency	-	(41,237)

Note 8: - Operating Segments

A. General

Operating segments were determined based on the information reviewed by the Chief Operating Decision Maker (CODM) for decision-making purposes regarding resource allocation and performance evaluation. Accordingly, for management purposes, the Group is structured by operating segments based on the Group's fields of activity as follows:

Fashion and -
Home Fashion in

Israel and abroad	<p>Design, production (via subcontractors abroad), distribution, marketing, and sale of fashion items under the FOX brand in retail sales in the Company's stores in Israel, in wholesale sales in Israel, and in sales abroad through franchisees and wholesalers.</p> <ul style="list-style-type: none">- Marketing, distribution, and sale of fashion items under the American Eagle brand, underwear items under the Aerie brand in the chain's stores in Israel and Europe.- Marketing, distribution, and sale of home fashion items such as: homeware and home textile products through the FOX Home store chain in Israel and Canada.- Marketing, distribution, and sale of fashion items under The Children's Place brand in the chain's stores in Israel.- Marketing, distribution, and sale of fashion items under the Mango brand in the chain's stores in Israel and Canada.- Marketing, distribution, and sale of fashion items under the Yanga and Ruby Bay brands in the chain's stores in Israel.
Atmosphere and Body Care	<ul style="list-style-type: none">- This field includes the activity of the subsidiary Laline Candles and Soaps Ltd., which is engaged in the production (via subcontractors in Israel) of soaps, candles, bath products, and body care and atmosphere products and their sale in a chain of stores in Israel, in wholesale sales to entities and institutions in Israel, and in sales to franchisees and in the chain's stores abroad.
Sports	<ul style="list-style-type: none">- This field includes the activity of the subsidiary Retailors, which is engaged in the retail sale of footwear, sportswear, and accessories, as well as leisure fashion through a chain of stores operated by the Company and its held companies in Israel, Canada, Europe, Australia, New Zealand (Australia and New Zealand starting from the second quarter of 2024), and in wholesale sales in Israel. Furthermore, Retailors also operates Samsung stores in Australia and operates an online commerce site for selling Mattel toys in Australia.
Terminal X (*)	<p>This field is engaged in the import, marketing, and sale of fashion and lifestyle items through online retail commerce sites operated by the subsidiary Terminal X and its held companies. The Terminal X site, Sistars site, Strongful site, Ada Lazorgan site, Inker site (starting from the second quarter of 2025), and Ronit Yam site (starting from the fourth quarter of 2025).</p>
Others not attributed to an operating segment	<ul style="list-style-type: none">- Other activities of the subsidiaries including the companies Sack's, Billy House, Jumbo Retail Greece, Flying Tiger, Sun Glass, Babyark, Shilav, and Itay Brands (starting from the first quarter of 2025).

*) In 2025, the Company began presenting Terminal X activity as a separate operating segment. In accordance with IFRS 8 provisions, comparative figures for the corresponding period were restated for adjustment to the current segment structure.

Following the application of IFRS 11, the results of the reporting companies (Sack's, AE Europe, and Babyark) are treated according to the equity method. For the purpose of presenting segment reporting results according to the Company's fields of activity and the information reviewed by the Chief Operating Decision Maker (CODM), segment sales and profit data of the companies reported under the equity method are presented at full holding rate (100%) and simultaneously, an adjustment of sales and segment profit is performed for the purpose of presenting operational results in accordance with the actual holding rate under the adjustments column.

Notes to the Interim Consolidated Financial Statements

Fox-Wizel Ltd.

Note 8: - Operating Segments (Continued)

B. Reporting on operating segments

For the year ended March 31, 2026 (Unaudited)

NIS in thousands

	<u>Fashion and Home Fashion in Israel</u>	<u>Fashion and Home Fashion Abroad</u>	<u>Atmosphere and Body Care</u>	<u>Sports</u>	<u>Terminal X</u>	<u>Others not attributed</u>	<u>Subtotal</u>	<u>Adjustments</u>	<u>Total</u>
External revenues	526,140	35,868	68,870	495,697	138,873	313,699	1,579,147	(18,999)	1,560,148
Inter-segment revenues	10,841	-	17	859	-	1,896	13,613	(13,613)	-
Total revenues	<u>536,981</u>	<u>35,868</u>	<u>68,887</u>	<u>496,556</u>	<u>138,873</u>	<u>315,595</u>	<u>1,592,760</u>	<u>(32,612)</u>	<u>1,560,148</u>
Segment profit (loss)	31,080	(10,838)	12,649	(17,534)	11,089	2,742	29,188	1,191	30,379
Other income									<u>2,367</u>
Financing expenses, net									<u>(73,159)</u>
Profit (loss) before taxes on income									<u>(40,413)</u>

For the year ended March 31, 2025 (Unaudited)

NIS in thousands

	<u>Fashion and Home Fashion in Israel</u>	<u>Fashion and Home Fashion Abroad</u>	<u>Atmosphere and Body Care</u>	<u>Sports</u>	<u>Terminal X(*)</u>	<u>Others not attributed(*)</u>	<u>Subtotal</u>	<u>Adjustments</u>	<u>Total</u>
External revenues	483,724	24,192	68,883	524,691	112,888	291,513	1,505,891	(27,256)	1,478,635
Inter-segment revenues	8,080	-	56	1,185	-	-	9,321	(9,321)	-
Total revenues	<u>491,804</u>	<u>24,192</u>	<u>68,939</u>	<u>525,876</u>	<u>112,888</u>	<u>291,513</u>	<u>1,515,212</u>	<u>(36,577)</u>	<u>1,478,635</u>
Segment profit (loss)	20,952	(9,533)	13,422	4,061	8,372	9,690	46,964	4,970	51,934
Financing expenses, net									<u>(18,041)</u>
Profit (loss) before taxes on income									<u>33,893</u>

*) Restated

Notes to the Interim Consolidated Financial Statements

Fox-Wizel Ltd.

Note 8: - Operating Segments (Continued)

For the year ended December 31, 2025

	Fashion and Home Fashion		Atmosphere		Terminal	Others not	Sub		
	In Israel	Abroad	and Body Care	Sports	X	Attributed	Total	Adjustments	Total
NIS in thousands									
Revenues from external customers	2,225,284	149,324	307,376	2,569,977	559,695	1,358,887	7,170,543	(91,501)	7,079,042
Inter-segment revenues	40,561	-	53	3,367	548	8,514	53,043	(53,043)	-
Total revenues	2,265,845	149,324	307,429	2,573,344	560,243	1,367,401	7,223,586	(144,544)	7,079,042
Segment profit (loss)	251,067	(29,887)	68,353	172,363	44,412	104,572	610,880	16,767	627,647
Other expenses									(5,688)
Financing expenses, net									(218,258)
Profit before taxes on income									403,701

Note 8: Operating Segments (continued)

Below is a breakdown of the company's revenues by geographic segmentation:

	For the three months ended March 31		For the year ended December 31
	2026	2025	2025
	NIS in thousands		
Revenue from sales in Israel	1,221,729	1,155,678	5,348,441
Revenue from sales in Canada	97,835	108,441	548,561
Revenue from sales in Europe	161,350	129,231	801,267
Revenue from sales in Asia and others	79,234	85,285	380,773
	1,560,148	1,478,635	7,079,042

(*) Data is excluding revenues of associated companies accounted for using the equity method.

	Fashion and Home Fashion		Atmosphere and Care	Sport	X	Terminal	Others unallocated	Subtotal	Adjustments	Total
	In Israel	Abroad								
NIS in thousands										
For the three-month period ended March 31, 2026										
Cost of sales	220,317	19,272	19,155	245,400	71,841	136,198		712,183	(18,970)	693,213
Depreciation and amortization	65,751	13,367	6,396	87,903	11,571	44,304		229,292	(13,142)	216,150
For the three-month period ended March 31, 2025										
Cost of sales	194,939	10,034	19,137	266,782	59,498	125,737		676,127	(19,426)	656,701
Depreciation and amortization	65,402	6,425	7,120	76,352	9,140	31,457		195,896	(4,100)	191,796
For the year ended December 31, 2025										
Cost of sales	816,679	68,251	87,665	1,234,965	296,196	578,214		3,081,970	(80,901)	3,001,069
Depreciation and amortization	271,564	29,821	28,325	357,527	41,483	138,484		867,204	(17,360)	849,844

Events after the reporting date

Note 9: -

A. Further to what was stated in Note 20(A)(4) in the annual financial statements, on April 1, 2026, 50,968 Restricted Stock Units (RSU) of the subsidiary, Retailors, which were allocated to Mr. Harel Wizel for his role as active Chairman of the Board of Directors, were converted into 50,968 ordinary shares of the subsidiary Retailors for 30 agorot per share.

B.

Further to what was stated in Note 32(12) and 32(17) in the annual financial statements, on April 1, 2026, 2,301 Restricted Stock Units (RSU) of the subsidiary, Retailors, which were allocated to each of Mr. Moran Wizel, son of Mr. Harel Wizel and CEO of Retailors Israel activities, and Mr. Tomer Chapnik, son-in-law of Mr. Harel Wizel and CEO of the subsidiary Retailors, were converted into 2,301 ordinary shares of the subsidiary Retailors for each, for 30 agorot per share. On the same date, 2,300 restricted units (RSU) which were allocated to each of Moran Wizel and Tomer Chapnik expired due to Retailors not meeting the annual profit target for the year 2025 and/or the aggregate profit target as determined in the restricted unit terms.

- C. On May 7, 2026, the General Meeting of Retailors approved, among other things, the granting of a special one-time bonus to Mr. Chapnik, in the amount of 440 thousand NIS gross, for the year 2025. The bonus was approved as a deviation from the compensation policy, due to Retailors not meeting the minimum annual profit target that entitles the CEO of Retailors to an annual bonus. Mr. Chapnik is the CEO of the subsidiary, Retailors, and the son-in-law of Mr. Harel Wizel.
- D. Further to what was stated in Note 20(C)(2) in the annual financial statements, on April 1, 2026, 20,120 warrants which were allocated by the company to Mr. Harel Wizel expired without exercise.
- E. Further to what was stated in Note 20(E)(2) in the annual financial statements, on April 1, 2026, 38,198 Restricted Stock Units (RSU) which were allocated to officers and managers in the company were converted to 38,198 ordinary shares of the company, of which 2,521 restricted units were allocated to Mr. Assaf Wizel, CEO of the Fox Israel network and among the controlling shareholders of the company, and 4,018 restricted units were allocated to Mr. Elad Vered, Senior Executive Vice President of Procurement and Logistics and a relative of a controlling shareholder, which were converted to shares in the company for 30 agorot per share.
- F. On April 15, 2026, the transfer of shares without consideration from Wizel Holdings A.I.H. Ltd. ("Wizel Holdings"), a private company owned and controlled in equal parts by the (brothers) Harel Wizel, Yiftach Wizel, and Assaf Wizel ("Wizel family individuals"), to the Wizel family individuals was completed. It should be noted that a shareholder agreement was signed between the Wizel family individuals, within which it was determined, among other things, that the parties would cooperate regarding their holdings in the company, and Yiftach Wizel and Assaf Wizel granted Harel Wizel a power of attorney to exercise their voting rights in the company in their name and place at the General Meeting of the company. In addition, the Wizel family individuals and Wizel Holdings entered into an addendum to the shareholder agreement with Trico Fox Ltd. ("Trico Fox", a private company controlled by Mr. Avraham Fox) whereby the Wizel family individuals would stand in the place of Wizel Holdings regarding the shareholder agreement, and Yiftach Wizel and Assaf Wizel granted Harel Wizel a power of attorney to act in their place and name according to the shareholder agreement with Trico Fox.
- G. On April 29, 2026, a motion for approval of a class action was filed against Terminal X and against the company in the Central-Lod District Court. At the base of the lawsuit is the applicants' claim that Terminal X and the company operate with improper practices toward their customers and Dream Card club members (hereinafter: the "Club"; for further details on the customer club service agreement, see Note 32D(6) to the annual financial statements), in that they do not grant, in certain cases, the full promised birthday benefit, and also unlawfully reduce part of the benefit when returning products even in cases where the customer still meets the benefit terms. It was further claimed that Terminal X presents misleading transaction documents after purchase, advertises "Buy X Pay Y" deals that are not applied in practice, and maintains an improper cancellation fee policy. The total amount of the lawsuit, as a class action, was estimated by the applicants at over 2.5 million NIS. According to the company's external legal counsel, the proceeding is in its preliminary stage, and there is no ability to assess the chances of the motion at this time. However, from their legal experience, it is more likely than not (probability exceeding 50%) that the proceeding will end without the motion being approved as a class action through withdrawal from the motion or in amounts that are not material to the company.

Note 9: - Events after the reporting date (continued)

- H.** On April 6, 2026, a motion was filed in the Nazareth Magistrate's Court for approval of a class action against the company, alleging that the company sold certain models of cups for which a recall notice had been published, and thereby, according to the applicant, the company violated, among other things, the provisions of the Consumer Protection Law and the Defective Products Liability Law. The total amount in the claim was estimated at over 2 million NIS. A response to the approval motion will be filed by July 12, 2026. According to the company's external legal counsel, the process is in the preliminary stage, and there is no ability to assess the chances of the motion at this time. However, from their legal experience, it is more likely than not (probability exceeding 50%) that the proceeding will end without the motion being approved as a class action through withdrawal from the motion or in amounts that are not material to the company.
- I.** On May 6, 2026, the company issued a series of 555,555 BONDS (Series 2) of 1,000 NIS par value each. At a stated interest rate of 4.38% (Effective interest rate of 4.60%). The BONDS principal and interest are not linked to any linkage base. The proceeds from the issuance, net of issuance expenses, amounted to a total of 550,753 thousand NIS.
- The BONDS (Series 2) principal is due for repayment in ten equal annual installments, to be paid on December 31 of each of the years 2027 to 2036 (inclusive), where each payment will constitute 10% of the principal. The interest on the outstanding balance will be paid on June 30 and December 31 of each of the years 2027 to 2036 (inclusive). The first interest payment will be paid on December 31, 2026.
- The company committed that until the date of full, final, and precise settlement of the debt according to the terms of the BONDS (Series 2), it will meet the following financial covenants:
1. The Equity of the company, attributable to the majority shareholders, as it appears in its most recent consolidated financial statements, audited or reviewed as applicable, shall not be less than 200 million NIS.
 2. The ratio between the Equity of the company, attributable to the majority shareholders, and the total balance sheet according to its most recent consolidated financial statements (audited or reviewed as applicable), neutralizing the effect of International Financial Reporting Standard IFRS 16, shall not be less than 17%.
 3. The ratio of Consolidated Net Financial Debt to Adjusted EBITDA, according to its most recent published reviewed or audited consolidated financial statements, of the company shall not exceed 6.
- J.** On May 7, 2026, the General Meeting of Retailers approved the update and extension of the Services and Allocation Agreement, the Management Agreement, the Club Agreement (Dream Card), and the Activity Delineation Agreement between the company and Retailers as detailed below:
- 1.

The Services and Allocation Agreement was extended for a period of three years starting May 1, 2026, except regarding the purchase vouchers section of the company which can be exercised in the Group's networks, including Retailors, which will apply starting January 1, 2026. The main changes in the terms of the updated Services and Allocation Agreement stem from the significant growth in the scope of operations and business of Retailors in Israel and abroad across several continents and in many countries over recent years and are: an increase in allocated labor costs from approximately 410 thousand NIS per month in 2025 to approximately 504 thousand NIS per month as a result of the expansion of services; an update to the ceiling for the service expansion mechanism from 1 million NIS to 1.5 million NIS per year and an update to the mechanism for changing service consideration without additional corporate approval was expanded from up to 10% in three years to up to 15% in three years; inclusion of several engagements that were included in Retailors' prospectus and approved as transactions that are not unusual or negligible (subleases, employee discounts, FRIENDS AND FAMILY discounts, company guarantees, welfare expenses, and general expenses) as part of the agreement to provide a full picture of the business relationship between Retailors and the company, as well as inclusion of engagements added over the years and not included in the prospectus which were approved as non-unusual or non-negligible transactions, including labor services abroad (Canada), quality control, sale and/or purchase of Retailors products for group companies, and providing services outside of Israel in the ordinary course of business by subsidiaries of Retailors to the company.

2. The Management Agreement was extended for three years starting May 13, 2026. The main changes in the terms of the updated management and consulting agreement are: increasing quarterly management fees from a total of 375 thousand NIS per quarter (approx. 1.5 million NIS per year) in 2025 to a total of 400 thousand NIS per quarter; changing the update mechanism - instead of a step-up mechanism linked to growth in revenue turnover, a mechanism was set for updating the amount in two fixed steps of 5% (in July 2027 and July 2028).

Note 9: - Events after the reporting date (continued)

3. The Club Agreement was extended for three years starting May 13, 2026. The main changes in the terms of the updated Dream Card agreement are: an increase in allocated labor costs from approximately 16 thousand NIS per month to approximately 25 thousand NIS per month, reflecting the expansion of the scope of services provided to the company from the customer club department; adding an explicit mechanism allowing a change in the consideration for services at a rate of up to 15% in three years without the need for additional corporate approvals, provided that the change is made horizontally across most of the company's business units included as part of the Club; and removing the commitment to the Dream Sport network following the closure of its operations in January 2025.
 4. The Activity Delineation and Conflict of Interest Prevention Agreement was extended for three years starting May 13, 2026. It should be noted that the update and extension of the validity of these agreements was approved by the company's Board of Directors in its meeting on March 23, 2026.
- K.** Further to what was stated in Note 32D(10) to the annual financial statements, regarding the agreement between Terminal X and Retailors for the operation of Retailors' e-commerce sites, the agreement is expected to end on May 31, 2026. From this date, Retailors will operate the Foot Locker site independently.

L.

In the months of April and May 2026, two separate interested party transactions were approved as negligible transactions in accordance with the company's Negligible Transactions Procedure.

- M.** On May 24 and 26, 2026, the Compensation Committee and the Board of Directors of the company, respectively, approved an allocation of an additional 1,000 Restricted Stock Units to be allocated to a manager in the company during May 2026 under the framework for employees in the company.

- N.** On May 24 and 26, 2026, the Compensation Committee and the Board of Directors of the company, respectively, approved updating the definition of the fixed component ceiling in the compensation policy, as well as an update to the employment terms of Mr. Assaf Wizel including the allocation of 1,500 Restricted Stock Units, all subject to the approval of the Annual and Special General Meeting which will be summoned after the publication date of the reports.

Fox-Wizel Ltd.

Financial data from the interim consolidated financial statements attributed to the Company

As of March 31, 2026

Unaudited

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Special report according to Regulation 38D

Financial data and financial information from the interim consolidated financial statements attributed to the Company

The following are financial data and separate financial information attributed to the Company from the interim consolidated financial statements of the Group as of March 31, 2026 published within the Periodic reports (hereinafter - consolidated reports), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

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Fax +972-3-5622555 144A Menachem Begin Road,
ey.com Tel-Aviv 6492102

To

The shareholders of Fox-Wizel Ltd.

Dear Sirs/Madams,

**Re: Special auditor's report on separate interim financial information according to
Regulation 38D of the Securities Regulations
(Periodic and Immediate Reports), 1970**

Introduction

We have reviewed the separate interim financial information presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 of Fox-Wizel Ltd. (hereinafter - the Company), as of March 31, 2026 and for the three-month period then ended. The separate interim financial information is the responsibility of the Company's board of directors and management. Our responsibility is to express a conclusion on the separate interim financial information for this interim period based on our review.

We did not review the separate interim financial information from the interim financial information of held companies whose assets net of liabilities attributed to them, net amounted to approximately NIS 115,828 thousand as of March 31, 2026, and the Company's share in the profits of said companies amounted to approximately NIS 2,718 thousand for the three-month period then ended. The separate interim financial information of those companies was reviewed by other accountants whose reports were provided to us, and our conclusion, insofar as it relates to the financial information regarding those companies, is based on the review reports of the other accountants.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Tel-Aviv,
May 26, 2026

Kost Forer Gabbay & Kasierer
Accountants

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
Current Assets	NIS in thousands		
Cash and cash equivalents	164,020	196,848	200,187
Short-term investments	372,000	319,730	367,267
Current maturities of securities measured at amortized cost	1,279	2,521	1,902
Trade receivables	235,715	184,306	212,259
Other receivables and debit balances	104,016	172,974	79,646
Inventory	471,635	449,572	520,609
	1,348,665	1,325,951	1,381,870
Non-Current Assets			
Securities measured at amortized cost	1,808	2,793	1,411
Right-of-use assets	929,283	927,300	919,071
Investments in companies accounted for using the equity method	1,092,443	1,093,878	1,159,187
Long-term receivables and investments	15,024	20,577	15,779
Loans and capital notes to held companies	93,981	105,679	93,981
Fixed assets	629,498	472,005	611,409
Investment property	23,743	23,743	23,743
Store evacuation fees	2,200	4,194	3,598
Other intangible assets	14,995	11,537	14,863
Goodwill	8,631	8,631	8,631
Deferred taxes	22,599	21,823	19,787
	2,834,205	2,692,160	2,872,841
	4,182,870	4,018,111	4,254,711

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

This is an unofficial AI generated translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. For more information, please review the legal disclaimer. .

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Fox - Wizel Ltd.

Financial data from the consolidated reports on the financial position attributed to the company

	As of March 31		As of December 31 2025
	2026 Unaudited	2025 Unaudited	Audited
	NIS thousands		
<u>Current liabilities</u>			
Credit from banking corporations	268,821	499,670	318,057
Liabilities to suppliers and service providers	149,380	137,501	118,393
Current maturity of lease liabilities	172,188	160,730	170,883
Payables and credit balances	375,219	317,299	342,704
Current account balances with held companies	20,690	3,252	39,622
	986,298	1,118,452	989,659
<u>Non-current liabilities</u>			
Loans from banking corporations	615,325	404,780	660,568
Other liabilities	16,123	8,842	17,351
Lease liabilities	829,148	830,073	819,929
Liabilities for employee benefits, net	11,454	11,000	11,454
	1,472,050	1,254,695	1,509,302
<u>Equity attributed to the company's shareholders</u>			
Share capital	138	138	138
Share premium	224,043	216,300	224,043
Reserve for transaction with a controlling shareholder	948	948	948
Reserve for share-based payment transactions	25,578	21,364	19,362
Reserve for transactions with non-controlling interests	463,892	502,056	461,546
Reserve for hedging transactions	(18,219)	-	(8,385)
Adjustments from translation of financial statements	(31,871)	(226)	(26,639)

	As of March 31		As of December 31 2025
	2026 Unaudited	2025 Unaudited	Audited
	NIS thousands		
Retained earnings	1,060,013	904,384	1,084,737
Total equity	1,724,522	1,644,964	1,755,750
	4,182,870	4,018,111	4,254,711

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

<hr/> <p>May 26, 2026 Date of approval of the financial statements</p>	<hr/> <p>Yodfat Harel Buchris Chairman of the Board</p>	<hr/> <p>Harel Wizel Board Member and CEO</p>	<hr/> <p>Shahar Rania Deputy CEO and CFO</p>
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Fox - Wizel Ltd.

Financial data from the consolidated reports on profit or loss attributed to the company

	For the 3 months ended March 31		For the year ended December 31
	2026 Unaudited	2025 Unaudited	2025 Audited
	NIS thousands		
Sales revenues	481,915	438,825	1,992,860
Cost of sales	198,127	175,256	714,450
Gross profit	283,788	263,569	1,278,410
Selling and marketing expenses	248,688	239,812	1,060,012
General and administrative expenses	11,980	7,355	41,466
Other expenses (income), net	190	-	(2,200)
Company's share in losses (profits) of companies/partnership accounted for using the equity method, net	27,682	(4,939)	(138,014)
Operating profit (loss)	(4,752)	21,341	317,146

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited	Unaudited	Audited
	NIS thousands		
Finance income	2,816	15,846	38,548
Finance expenses	(20,877)	(18,491)	(102,159)
Profit (loss) before taxes on income	(22,813)	18,696	253,535
Taxes on income	1,908	3,492	24,267
Net profit (loss) attributed to the company	(24,721)	15,204	229,268

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

Fox - Wizel Ltd.

Financial data from the consolidated reports on comprehensive income attributed to the company

	For the year ended December 31	For the 3 months ended March 31	
	2025	2025	2026
	Audited	Unaudited	
	NIS thousands		
Net profit (loss) attributed to the company	229,268	15,204	(24,721)
<u>Other comprehensive income (loss) after tax effect:</u>			
<u>Items that will not be subsequently reclassified to profit or loss:</u>			
Actuarial gain on defined benefit plans	5	-	-
Company's share in other comprehensive income, net of companies accounted for using the equity method	82	-	-
<u>Items that will be reclassified to profit or loss when specific conditions are met:</u>			
Company's share in other comprehensive income (loss), net of companies accounted for using the equity method	(15,275)	11,138	(5,232)

	For the year ended December 31	For the 3 months ended March 31	
	2025	2025	2026
	Audited	Unaudited	
	NIS thousands		
Loss from cash flow hedging transactions	(8,385)	-	(9,834)
Total other comprehensive income (loss) attributed to the company	(23,573)	11,138	(15,066)
Total comprehensive income (loss) attributed to the company	205,695	26,342	(39,787)

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

Fox - Wizel Ltd.

Financial data from the consolidated reports on cash flows attributed to the company

	For the 3 months ended March 31		For the year ended December 31 2025
	2026	2025	Audited
	Unaudited		
	NIS thousands		
Cash flows from operating activities			
Net profit (loss) attributed to the company	(24,721)	15,204	229,268
Adjustments required to present cash flows from operating activities:			
Adjustments for profit or loss items:			
Depreciation of property, plant and equipment and right-of-use assets	52,882	51,966	212,775
Interest expenses, net	17,724	14,630	62,446
Amortization of intangible assets	1,475	1,797	6,576
Company's share in losses (profits) of companies accounted for using the equity method, net	27,682	(4,939)	(138,014)
Taxes on income	1,908	3,492	24,267
Change in liabilities for employee benefits, net	-	485	460

	For the 3 months ended March 31		For the year ended December 31 2025
	2026	2025	Audited
	Unaudited		
	NIS thousands		
Increase in value of securities measured at fair value through profit or loss	(903)	(8,527)	(31,787)
Loss from securities measured at amortized cost	7	-	299
Revaluation of liabilities to banking corporations	(5,069)	10,492	9,884
Cost of share-based payment	6,216	2,366	8,107
Loss (profit) from forward transactions	4,484	(13,238)	26,677
	106,406	58,524	181,690
Changes in asset and liability items:			
Decrease (increase) in accounts receivable	(23,456)	10,165	(17,788)
Decrease (increase) in debtors and debit balances	(38,160)	(15,349)	34,807
Increase (decrease) in inventory	48,974	(55,441)	(126,479)
Increase (decrease) in liabilities to suppliers and service providers	36,238	10,731	(8,063)
Increase in payables and credit balances	33,933	27,959	25,614
	57,529	(21,935)	(91,909)
Cash paid during the period for:			
Interest paid	(19,513)	(18,680)	(71,783)
Interest received	2,693	2,494	8,327
Taxes paid	(23,263)	(23,214)	(46,917)
Taxes received	36	-	23,510
Dividend received	31,376	12,250	105,755
	(8,671)	(27,150)	18,892
Net cash provided by operating activities	130,543	24,643	337,941

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

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

	For the 3 months ended March 31		For the year ended December 31 2025
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
<u>Cash flows from investing activities</u>			
Purchase of fixed assets	(29,916)	(62,240)	(226,316)
Investment in associate Babyark	-	(387)	(720)
Other long-term investments	-	(2,000)	(2,000)
Investment in associate AEO EUROPE RETAIL CO B.V	-	(3,628)	(7,447)
Purchase of intangible assets and disposal fees	(208)	(1,528)	(9,038)
Purchase of securities measured at fair value through profit or loss, net	(3,075)	(60,467)	(79,944)
Purchase of Terminal X shares	-	-	(14,180)
Purchase of Itay Brands shares	-	(25,220)	(30,038)
Purchase of Jumbo shares	-	-	(12,500)
Redemption of securities measured at amortized cost	279	219	2,407
Net cash used for investing activities	(32,920)	(155,251)	(379,776)
<u>Cash flows from financing activities</u>			
Dividend paid	-	(150,000)	(183,798)
Repayment of lease liabilities	(44,057)	(41,491)	(166,650)
Repayment of loans and other long-term liabilities from banking and other corporations	(51,746)	(233,677)	(553,914)
Receipt of loans and other long-term liabilities from banking and other corporations net of transaction costs	-	196,865	637,237
Receipt (repayment) of short-term credit from banking and other corporations	(37,987)	158,177	111,565
Net cash used for financing activities	(133,790)	(70,126)	(155,560)
<u>Decrease in cash and cash equivalents</u>	(36,167)	(200,734)	(197,395)
<u>Balance of cash and cash equivalents at the beginning of the period</u>	200,187	397,582	397,582
<u>Balance of cash and cash equivalents at the end of the period</u>	164,020	196,848	200,187

	For the 3 months ended March 31		For the year ended December 31 2025
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
(A) Significant non-cash activity			
Movement in right-of-use asset against lease liability, net	54,587	90,714	215,882
Movement in purchase of assets on credit	(3,321)	145	2,887
Dividend declared in a subsidiary and not yet received	5,261	53,085	-

The accompanying additional information forms an integral part of the financial data and separate financial information.

Note 1: General

This separate financial information is prepared in a summarized format as of March 31, 2026, and for the three-month period ended on that date, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in the context of the separate financial information on the Company's annual financial statements as of December 31, 2025, and for the year ended on that date and the additional information accompanying them.

Note 2: Principal Accounting Policies

The accounting policies applied in the preparation of this separate financial information are consistent with those applied in the preparation of the separate financial information as of December 31, 2025.

Note 3: Significant Events During the Reporting Period

- A. On January 1, 2026, Mr. Harel Wizel, a director and CEO of the Company and one of the controlling shareholders therein, exercised 50,403 units of restricted share units (RSU) into 50,403 ordinary shares of the Company for 30 agorot per share. Mr. Assaf Wizel, CEO of Fox Israel network and one of the controlling shareholders of the Company, exercised 6,858 units of restricted share units (RSU) into 6,858 ordinary shares of the Company for 30 agorot per share. Mr. Elad Vered, Deputy CEO of procurement and logistics and son-in-law of Mr. Avraham Fox, one of the controlling shareholders of the Company, exercised 8,229 units of restricted share units (RSU) into 8,229 ordinary shares of the Company for 30 agorot per share. For further details see Note 4A to the consolidated financial statements.

- B.

On January 19, 2026, the Company, Mega Or Holdings Ltd, and Har Tov Industry and Properties Ltd entered into financing agreements with banking corporations in connection with the establishment of the logistics center project in Beit Shemesh. For further details see Note 7G to the consolidated financial statements.

- C. On February 4, 2026, it entered into a binding distribution agreement with Dyson Technology Limited and Dyson Technology V.B. for the distribution and marketing of Dyson products in Israel. For further details see Note 4H to the consolidated financial statements.
- D. For details regarding the increase in the Company's registered share capital on February 24, 2026, see Note 2L to the consolidated financial statements.
- E. On March 23, 2026, the Company's Board of Directors approved (after obtaining approval from the compensation committee on February 16, 2026) the allocation of up to 11,193 additional restricted share units under the outline for Company employees, which will be carried out during May 2026.

Note 4: Events After the Reporting Period

- A. On April 1, 2026, 20,120 warrant units allocated by the Company to Mr. Harel Wizel expired without exercise.
- B. On April 1, 2026, 38,198 restricted share units (RSU) allocated to officers and managers in the Company were converted into 38,198 ordinary shares of the Company. For further details see Note 9E to the consolidated financial statements.

Note 4: Events After the Reporting Period (Continued)

- C. On April 15, the transfer of shares without consideration from Wizel Holdings A.Y.H. Ltd ("Wizel Holdings"), a private company owned and controlled in equal parts by Messrs. (the brothers) Harel Wizel, Yiftach Wizel and Assaf Wizel ("Wizel family individuals") to the Wizel family individuals was completed. For further details see Note 9F to the consolidated statements.
- D. On May 6, 2026, the Company issued a series of 555,555 BONDS (Series 2) of 1,000 NIS par value each, the proceeds of the issuance net of issuance costs amounted to a total of 550,753 NIS thousands. For further details see Note 9I to the consolidated statements.
- E. In April and May 2026, two separate related party transactions were approved as immaterial transactions in accordance with the Company's immaterial transactions procedure.
- F. On May 24 and 26, 2026, the Compensation Committee and the Company's Board of Directors approved, respectively, the allocation of 1,000 additional restricted share units to be allocated to a manager in the Company during May 2026 under the outline for Company employees.

- G. On May 24 and 26, 2026, the Compensation Committee and the Company's Board of Directors approved, respectively, to update the definition of the fixed component ceiling in the compensation policy as well as an update in the employment terms of Mr. Assaf Wizel including the allocation of 1,500 restricted share units, all subject to the approval of the annual and special general meeting which will be convened after the date of publication of the reports.

Quarterly report on the effectiveness of internal control over financial reporting and disclosure according to Regulation 38C(a):

Management, under the supervision of the Board of Directors of Fox - Wizel Ltd (hereinafter: the "**Corporation**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Harel Wizel, CEO.
2. Shahar Rania, Executive VP and CFO.

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation which were designed by the CEO and the most senior officer in the field of finance or under their supervision or by whoever actually performs the said roles, under the supervision of the Corporation's Board of Directors, and which are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in reports it publishes according to the provisions of the law is collected, processed, summarized and reported on the date and in the format prescribed by law.

The internal control includes, among other things, controls and procedures designed to ensure that information that the Corporation is required to disclose as stated, is accumulated and transferred to the Corporation's management, including to the CEO and the most senior officer in the field of finance or to whoever actually performs the said roles, in order to allow decisions to be made at the appropriate time, regarding disclosure requirements.

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

In the annual report on the effectiveness of internal control over financial reporting and disclosure which was attached to the Periodic report for the period ended December 31, 2025 (hereinafter: the "**Last Annual Report on Internal Control**"), internal control was found to be effective.

Based on this evaluation, the Board of Directors and Company management reached the conclusion that the internal control as stated, as of March 31, 2026, is effective.

Until the date of the report, no event or matter has been brought to the attention of the Board of Directors and management that would change the assessment of the effectiveness of internal control, as presented in the Last Annual Report on Internal Control;

As of the date of the report, based on the evaluation of the effectiveness of internal control in the last quarterly report on internal control, and based on information brought to the attention of management and the Board of Directors as stated above, internal control is effective.

Managers' Declaration
CEO Declaration

I, Harel Wizel, declare that:

- 1) I have examined the quarterly report of Fox-Wizel Ltd. (hereinafter: "the Corporation") for the first quarter of 2026 (hereinafter: "the Reports").
- 2) To my knowledge, the reports do not contain any untrue statement of a material fact and do not omit a statement of a material fact necessary for the statements included therein, in light of the circumstances under which such statements were included, not to be misleading with respect to the period of the reports.
- 3) To my knowledge, the financial statements and other financial information included in the reports fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods referred to in the reports.
- 4) I have disclosed to the Corporation's auditing accountant, to the Board of Directors, to the Audit Committee and to the Committee for the Examination of Financial Statements of the Corporation (Balance Sheet Committee), based on my most recent evaluation of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure which are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts 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 CEO or those directly subordinate to him 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) I have established controls and procedures, or ensured the establishment and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar as it is relevant to the financial statements and other financial information included in the reports, is brought to my attention by others within the Corporation and the consolidated companies, particularly during the period of preparation of the reports; and -
 - (b) I have established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles.
 - (c)

No event or matter occurring during the period between the date of the last periodic report and the date of this report has been brought to my attention that would change the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

Nothing in the above derogates from my responsibility or the responsibility of any other person, under any law.

May 26, 2026

Harel Wizel, CEO and Director

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Managers' Declaration

Declaration of the Most Senior Officer in the Field of Finance

I, Shahar Rania, declare that:

- (1) I have examined the interim financial statements and other financial information included in the reports for the interim period of Fox-Wizel Ltd. (hereinafter: "the Corporation") for the first quarter of 2026 (hereinafter: "the Reports" or "the Interim Reports" or "the Interim Financial Statements").
- (2) To my knowledge, the interim financial statements and other financial information included in the reports for the interim period do not contain any untrue statement of a material fact, and do not omit a statement of a material fact necessary for the statements included therein, in light of the circumstances under which such statements were included, not to be misleading with respect to the reports' period.
- (3) To my knowledge, the interim financial statements and other financial information included in the reports for the interim period fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods referred to in the reports.
- (4) I have disclosed to the Corporation's auditing accountant, to the Board of Directors, to the Audit Committee and to the Committee for the Examination of Financial Statements of the Corporation (Balance Sheet Committee), based on my most recent evaluation of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure, as it relates to the interim financial statements and other financial information included in the reports for the interim period, which are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts 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 CEO or those directly subordinate to him 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) I have established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2011, insofar as it is relevant to the financial statements and other financial information included in the reports, is brought to my attention by others within the Corporation and the consolidated companies, particularly during the period of preparation of the reports; and -
- (b) I have established controls and procedures, or ensured the establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles.
- (c) No event or matter occurring during the period between the date of the last periodic report and the date of this report has been brought to my attention that would change, in my evaluation, the conclusion of the Board of Directors and the management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

Nothing in the above derogates from my responsibility or the responsibility of any other person, under any law.

May 26, 2026

Shahar Rania, Deputy CEO
and CFO