Inrom

Construction Industries

Reports as of March 31, 2026

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Table of Contents :

The Group is loyal to a comprehensive strategic plan it formulated for growth and expansion[1], the core of which is building long-term values and creating significant growth engines, and accordingly, the Group has been making extensive investments in recent years, both in deepening and expanding existing activities and in expanding into new fields and extending its value chain through strategic acquisitions.

Group achievements during the report period and as of the report date and looking forward[2]

✓ **The company's Board of Directors approved the project to establish the central production plant for Nirlat's construction paint products in Kibbutz Nir Oz, which is expected to be a more technological and modern plant. Additionally, Nirlat received an additional payment of approximately NIS 108,000,000 as an additional advance from Property Tax, on account of the compensation Nirlat is entitled to for indirect damages caused to its activity so far. In addition, Nirlat continues to present a significant growth rate in its sales every quarter, all as described in Section 5C below.**

✓ **Continued establishment of gypsum board activity which is in full swing to create a new and powerful growth engine, with an investment volume of approximately NIS 225 million, with the operation of the new plant expected in the third quarter of 2026.**

✓ **Advancing the project to establish a new block plant in Ashkelon, with an estimated investment volume of approximately NIS 240 million.**

The Group's sales during the report period totaled approximately NIS 342.8 million, compared to approximately NIS 314.4 million in the corresponding period last year, representing a growth of approximately 9%.

The gross profit in the report period stood at approximately NIS 121.9 million (approx. 35.6% of sales) compared to approximately NIS 98.3 million (approx. 31.3% of sales) in the corresponding period last year. This figure reflects a growth of approximately 24%.

The EBITDA presented by the Group in the report period totaled approximately NIS 86.8 million (approx. 25.3% of sales), compared to approximately NIS 78 million (approx. 24.8% of sales) in the corresponding period last year. This figure reflects a growth of approximately 11.2%. Additionally, the EBITDA LTM[3] as of 31.03.2026 presented by the Group totaled approximately NIS 350.2 million compared to EBITDA LTM as of 31.03.25 which totaled approximately NIS 282.7 million.

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[1] For full details regarding the Group's business strategy, see the provisions of Section 128 of the Annual Report.

[2] The Company's assessments, forecasts and expectations in connection with the above regarding the subsidiary Nirlat, including regarding the compensation it is entitled to receive from the State and/or its plans to establish a new plant, are "forward-looking information" as defined in the Securities Law, and they are based, among other things, on the information available to it as of the date of publication of this report, however, it is possible that these assessments and estimates will not materialize or will materialize in a different manner than stated above, among other things, due to the prolongation of the war and its consequences and/or due to additional reasons beyond the Company's control and/or not known to it at the date of publication of the report.

[3] Last twelve months.

Inrom Construction Industries Ltd.

Board of Directors Report on the State of the Corporation's Affairs for a period of three months

ended March 31, 2026

(hereinafter: the "Report Period" or the "Quarter" and the "Report Date", respectively)

In accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 1970 ("the Report Regulations"), we are honored to submit herewith the Board of Directors Report of Inrom Construction Industries Ltd. ("the Company"), which includes a review in a condensed format of the matters it deals with, as well as an update regarding material changes that occurred in the Company's business relative to their description in its Periodic report for the year 2025, including the Board of Directors report for that year, which was published on March 20, 2026 (Ref. No.: 2026-01-024959) (hereinafter respectively: the "Annual Report" and the "Annual Board of Directors Report").

It should be emphasized that part of the description in this report below includes "forward-looking information", as defined in the Securities Law, 1968 (hereinafter: the "Securities Law"). "Forward-looking information" is uncertain information about the future, including a forecast, assessment, estimate, or other information relating to a future event or matter whose realization is uncertain due to factors beyond the Company's control.

A - Board of Directors' Explanations on the State of the Corporation's Business

1. Brief description of the Group, its business environment and areas of activity:

The Company and its subsidiaries (hereinafter together: the "Group"), are one of the largest and leading industrial groups in Israel in its field, engaged in the production, sale and marketing of a variety of products and solutions for the construction and renovation industries, as well as for infrastructure, industry and other uses, in four main areas of activity: construction solutions, construction finishing products, paint products and plumbing systems. For further details regarding the Group's operations and its areas of activity, see the description in Chapter A of the Annual Report.

For further details regarding the general environment and the influence of external factors on the Group's activities, including the effects of the security situation prevailing in the country since October 7, 2023 ("the War") on the Group's activities in general and the paint products area of activity in particular, see the provisions of Section 6 of Chapter A of the Annual Report, and Sections 5E and 5F of the Annual Board of Directors Report.

2. Operating Results:

Summary of the Consolidated Statement of Profit or Loss (in NIS thousands)	For the three-month period ended March 31, 2026	For the three-month period ended March 31, 2025	% Change	Explanation
Sales	342,753	314,411	*+9.0%*	See section 2a
Gross Profit	121,908	98,340	*+24.0%*	See section 2b
% of sales	*35.6%*	*31.3%*		
Operating Profit	58,918	51,899	*+13.5%*	See section 2c
% of sales	*17.2%*	*16.5%*		
EBITDA	86,786	78,031	*+11.2%*	See section 2d
% of sales	*25.3%*	*24.8%*		
Net Profit	42,595	37,396	*+13.9%*	See section 2f
% of sales	*12.4%*	*11.9%*		
Minority interest in profit	4,397	3,917		
Net profit attributable to the company's shareholders	38,198	33,479	*+14.1%*	
Basic net earnings per share attributable to the company's shareholders (in NIS)	0.26	0.23	*+13.0%*	
Diluted net earnings per share attributable to the company's shareholders (in NIS)	0.26	0.22	*+18.2%*	

EBITDA Calculation (in NIS thousands):	For the three-month period ended March 31, 2026	For the three-month period ended March 31, 2025	For the year ended December 31, 2025
Net Profit	**42,595**	**37,396**	**169,034**
Income taxes	13,779	11,030	51,943
Finance expenses, net	2,544	3,473	10,139
Depreciation and amortization	25,072	24,472	106,034
Expenses for employee warrants	2,796	1,660	4,317
EBITDA	**86,786**	**78,031**	**341,467**
EBITDA EXCLUDING IFRS16	**77,889**	**69,710**	**306,761**

a. **Sales** in the quarter totaled approximately NIS 342.8 million, compared to a total of approximately NIS 314.4 million in the corresponding period last year ("**Corresponding Quarter**"), reflecting an increase of approximately 9%.
The main increase in the quarter stems from an increase in sales as specified in the table presenting sales data for the quarter in this section below.

b. **Gross Profit** in the quarter totaled approximately NIS 121.9 million (approximately 35.6% of sales), compared to a total of approximately NIS 98.3 million (approximately 31.3% of sales) in the corresponding quarter, reflecting an increase of approximately 24%.

The primary growth in gross profit and its rate in the quarter compared to the corresponding quarter as mentioned resulted mainly from the increase in sales turnover as described above and production efficiency.

c. **Operating Profit** totaled approximately NIS 58.9 million in the quarter (approximately 17.2% of sales), compared to a total of approximately NIS 51.9 million (approximately 16.5% of sales) in the corresponding quarter, reflecting an increase of approximately 13.5%.

The increase in operating profit and its rate in the quarter compared to the corresponding quarter resulted mainly from the increase in sales turnover and gross profit as described above.

It should be noted that in the quarter, the Group recorded other income attributed to compensation from property tax, compared to the corresponding quarter last year in which income from property tax compensation was recorded, as described in section 5c below, as well as income in the amount of NIS 4.5 million due to income from a customs claim in the Construction Solutions field.

d. **EBITDA** as calculated in the table above, totaled approximately NIS 86.8 million in the quarter (approximately 25.3% of sales), compared to a total of approximately NIS 78 million (approximately 24.8% of sales) in the corresponding quarter, reflecting an increase of approximately 11.2%. The increase in the EBITDA figure and its rate resulted mainly from the rise in operating profit as described above.

e. **Finance expenses, net** totaled approximately NIS 2.5 million in the quarter, compared to finance expenses in the amount of approximately NIS 3.5 million in the corresponding quarter.

f. **Net Profit** totaled approximately NIS 42.6 million in the quarter (approximately 12.2% of sales), of which approximately NIS 37.4 million is attributable to the company's shareholders, reflecting an increase of approximately 11.7% compared to the net profit in the corresponding quarter, which totaled approximately NIS 37.4 million (approximately 11.9% of sales), of which approximately NIS 33.5 million is attributable to the company's shareholders.

In NIS thousands	2026	2025	% Change	Explanation of main changes
Sales in the quarter				
Construction Solutions segment	127,921	120,634	+6.0%	The main increase in the segment's sales is quantitative
Construction Finishing Products segment	105,206	90,266	+16.6%	The increase in sales of the construction finishing products segment is mainly quantitative.
Paint Products segment	93,851	86,206	+8.9%	The main increase is quantitative given the actions taken by Nirlat as described in section 5c below.
Plumbing Systems segment	20,319	20,799	-2.3%	The magnitude of the change in the plumbing systems segment stems from a quantitative decrease
Total sales (including adjustments to consolidated)	342,753	314,411	+9.0%	

In NIS thousands	2026	2025	% Change	Explanation of main changes
Operating profit in the quarter				
Construction Solutions segment	19,550	16,897	+15.7%	As a derivative of the increase in sales as described above
Construction Finishing Products segment	22,427	17,488	+28.2%	As a derivative of the increase in sales as described above
Paint Products segment	16,208	15,164	+6.9%	The main change is from the growth in sales as described above and production efficiency

In NIS thousands	2026	2025	% Change	Explanation of main changes
Plumbing Systems segment	2,782	2,540	+9.5%	Improvement in the quarter compared to last year in operating expenses despite the decrease in sales
Total operating profit (including adjustments to consolidated)	58,918	51,899	+13.5%	

3. Liquidity and Cash Flow:

Cash Flow Summary (in NIS thousands):	For the three-month period ended March 31, 2026	For the three-month period ended March 31, 2025	Explanation
Cash flow from operating activities	**36,555**	**44,230**	**See section 3a**
Cash flow used for investing activities	**(34,855)**	**(63,927)**	**See section 3b**
Net cash flow from (used for) financing activities	**(12,197)**	**(78,427)**	**See section 3c**
Total increase (decrease) in cash and cash equivalents	(10,497)	(98,124)	

a. The cash flow from operating activities totaled approximately NIS 36.6 million in the report period and resulted from the cash net profit (after adjustment of income and expenses not involving cash flow) which totaled approximately NIS 70.6 million in the report period, after deducting changes in asset and liability items in the amount of approximately NIS 34 million, due to an increase in operating working capital as a derivative of the increase in sales presented by the Group as described above.

b. The cash flow used for investing activities totaled approximately NIS 34.9 million in the report period, and resulted from the continued investments of the Group in machinery, strengthening, and expansion of the Group's plants at various sites in the amount of approximately NIS 34.2 million. A significant part of the flow is attributed to the new plant for the production of gypsum boards for construction at the Group's site in Pardes Hanna, with the operation of the new plant expected in the second quarter of 2026. In the corresponding quarter last year, the cash flow used for investing activities is primarily attributed to the establishment of the new plant for the production of gypsum boards for construction.

c. The cash flow for financing activities totaled approximately NIS 12.2 million in the report period and resulted primarily from net bank credit repayment in the amount of approximately NIS 2.8 million, dividend payment to non-controlling interest holders in the amount of approximately NIS 3.5 million, and repayment of lease liability in the amount of approximately NIS 5.9 million. In the corresponding quarter, the cash flow from financing activities resulted primarily from bank credit repayment in the amount of approximately NIS 68.8 million.

In light of the above, the balance of cash and cash equivalents decreased during the report period by a total of approximately NIS 10.5 million, and totaled approximately NIS 119.6 million as of the report date.

4. Financial Position and Funding Sources:

Summary of the Statement of Financial Position:	As of March 31, 2026	As of March 31, 2025	Explanation
Assets:			
Cash and cash equivalents	**119,594**	**130,091**	See section 3 above
Current assets (excluding cash)	**935,147**	**913,392**	See subsections 4a and 4b below

Summary of the Statement of Financial Position:	As of March 31, 2026	As of March 31, 2025	Explanation
Non-current assets	**1,120,335**	**1,099,162**	See subsection 4a below
Total	**2,175,076**	**2,142,645**	
Liabilities and Equity:			
Current liabilities	**364,531**	**355,957**	See subsection 4b below
Non-current liabilities	**480,418**	**474,807**	See subsection 4d below
Total equity	**1,330,127**	**1,311,881**	See subsection 4e below
Total	**2,175,076**	**2,142,645**	

a. Total assets in the consolidated statement of the company's financial position as of March 31, 2026, amounted to approximately NIS 2,175 million, compared to this figure as of December 31, 2025, which totaled approximately NIS 2,142.6 million. The increase in assets during the quarter was mainly due to an increase in the balance of debtors in the amount of approximately NIS 18.1 million and an increase in fixed assets in the amount of approximately NIS 15 million.

b. The working capital balance as of March 31, 2026, totaled approximately NIS 690.2 million, compared to a total of approximately NIS 687.5 million as of December 31, 2025. The main increase in working capital in the report period resulted from an increase in the balance of debtors and the decrease in the cash balance as described above, as well as an increase in the balance of creditors in the amount of approximately NIS 34.7 million which was mostly offset by a decrease in the balance of suppliers in the amount of approximately NIS 25.9 million.

c. The net financial debt balance (long and short-term credit, BONDS less cash and cash equivalents and short-term deposits) as of March 31, 2026, totaled approximately NIS 44.2 million, compared to a net financial debt balance of approximately NIS 37.6 million as of December 31, 2025. This is a derivative of the cash flow presented by the Group in the report period as described in section 3 above.

d. The balance of the company's non-current liabilities (consolidated) as of March 31, 2026, totaled approximately NIS 480.4 million, compared to a total of approximately NIS 474.8 million as of December 31, 2025. The growth results mostly from an increase in long-term liabilities for leases, offset by a decrease in long-term loans.

e. The company's equity balance (consolidated) as of March 31, 2026, totaled approximately NIS 1.33 billion, of which approximately NIS 1.25 billion is attributable to the company's shareholders. As of December 31, 2025, equity totaled approximately NIS 1.3 billion, of which approximately NIS 1.2 billion is attributable to the company's shareholders. The increase in the company's equity balance in the report period resulted mainly from the net profit presented by the Group.

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During the report period in a total amount of approximately NIS 42.6 million, of which approximately 37.4 million is attributed to the company's shareholders, which was partially offset mainly by a dividend declared and not yet paid to the company's shareholders, in the amount of approximately NIS 22.2 million and a dividend for minority rights in the amount of approximately NIS 4.95 million.

5. Material events during and after the report period:

A. Establishment of a production plant for Nirlat paint products in Kibbutz Nir Oz

On March 25, 2026, the company announced that addenda to the sub-lease agreement signed between the parties in August 2015 (hereinafter respectively: "Nirlat", the "Kibbutz" and the "Original Agreement") were signed between the subsidiary Nirlat Colors Ltd. and Kibbutz Nir Oz[4], under conditions similar to the Original Agreement and for a period of 24 years and 11 months; Furthermore, the company announced that the company's board of directors approved the construction project of the main production plant for architectural paint products by Nirlat (the "Plant"), which was burned and suffered substantial and extensive damage at the outbreak of the Iron Swords War[5], with the investment scope in establishing the plant estimated at approximately NIS 400 million over the next three years.

Alongside the establishment of the planned plant, which is expected to be an innovative, automatic, and advanced technological plant, an automated logistics center, new infrastructure, storage, and operational areas will also be built. As of the report date, Nirlat is in advanced negotiations with the main equipment suppliers for the plant and the logistics center.

As part of the plant's establishment, the group intends to leverage the many years of experience it has gained in the production of paint products for the construction, infrastructure, renovation, and industrial markets, and its vast capabilities and knowledge as one of the largest and leading industrial groups in Israel in its field, including in the worlds of operation, mechanization, automation, quality control, logistics, marketing, and more, at the highest market qualities, as well as to strengthen and expand its value proposition to its diverse range of customers in the paint products field.

As is customary in investments of this type, the establishment and completion of the plant are subject, among other things, to receiving all necessary approvals and permits, engagements with third parties, etc., whereby accordingly, the construction period of the plant is expected to last about three years and the estimated investment involved as stated above is expected to be carried out over this period[6].

B. The influence of the war on the group's activities

Further to what is stated in Section 15 of the Annual Board of Directors Report, on Saturday, October 7, 2023, the war broke out, while as of the report date, there is still uncertainty regarding the continuation of the war's future effects and its duration, intensity, scope, and/or timeframe.

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[4] Kibbutz Nir Oz is an interested party in the company by virtue of its holdings in the company's shares as well as by virtue of a voting agreement regarding joint holdings it has with Kibbutz Nirim in the company's shares.

[5] For full details regarding the broad and material damage suffered by the company's main production plant for paint products at the outbreak of the events of October 7, 2023, and the Iron Swords War, see the contents of Section 15 of the Board of Directors report attached to the company's Periodic report for the year 2023, published on March 31, 2024 (Reference No. 2024-01-036189) which is included by way of reference.

[6] It is clarified that the information provided in this report above regarding the establishment of the plant, the estimated scope of investment in it, and the expected period for its establishment, constitutes "forward-looking information" as defined in the Securities Law, 1968, the realization of which and the manner of realization of which, naturally depends, among other things, on factors beyond the company's control, including receiving various approvals and/or permits and/or completing engagements with third parties, required as stated above for the establishment of this plant and its operation, and therefore the aforementioned information may not materialize at all and/or materialize in a manner different from what is stated in this report above.

At the outbreak of the war[7], the main production plant of Nirlat Colors Ltd. ("Nirlat") in Kibbutz Nir Oz was hit and significantly damaged (the "Plant"), with most of the production lines, storage facilities, and inventories of architectural paint products at the core of Nirlat's activity being burned. As a result, a material impact occurred on the activity of Nirlat and the company as a whole, as the significant damages caused to the plant will require prolonged rehabilitation and reconstruction.

Nirlat acted vigorously and succeeded during the years 2024 and 2025 in establishing temporary production alternatives, most of them internal, and returned to routine activity, this being done simultaneously with its actions to promote the planning and execution of rehabilitation and reconstruction of the plant that was damaged as stated, as well as to receive compensation funds for the war to which it is entitled from the state (Property Tax), both direct damages to the plant as stated and indirect damages caused and that will be caused to its activity as a result.

Thanks to the aforementioned actions, Nirlat established production capabilities for the main products in architectural paint products[8] that were produced at the plant, in volumes close to those it had for those products on the eve of October 7, 2023, when the plant was hit, and succeeded in reducing the war damages caused to its activity accordingly, although with a less efficient cost structure and labor-intensive operations, specifically referring to the core products as stated.

Operation 'Lion\'s Roar'

On February 28, 2026, a military campaign was opened against Iran ("War with Iran"), during which the group's companies were defined as an essential enterprise by the National Emergency Authority, and accordingly, production in the group's companies' plants continued as usual.

As of the report date, the effects of the war with Iran are not material to the group's consolidated activities. However, since this is an event beyond the company's control, factors such as the continued duration of the war with Iran and its expansion to additional sectors may affect the group, its financial position, the results of its operations, and its cash flows. The company continues to monitor the various developments to examine how the war with Iran impacts its activity.

C. The impact of the war on Nirlat's activity

Further to what is stated in Section 5B above, in the financial reports for the report period, compensation for indirect damage caused to Nirlat's activity in a total amount of approximately NIS 16 million was recorded as other income, while in the years 2023 to 2025 (inclusive), other income was recorded in a total amount of approximately NIS 216 million, this being in accordance with the company's assessment and based, among other things, on its professional advisors, that there is reasonable certainty that these compensations will be received from the state for the indirect damages caused as stated to its activity since the outbreak of the war and during the report period.

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[7] The company's assessments, forecasts, and expectations regarding the above, including with respect to the subsidiary Nirlat and assessments regarding its actions, constitute "forward-looking information" as defined in the Securities Law, and are based, among other things, on information available to it as of the date of publication of this report, but it is possible that these assessments and estimates will not materialize or will materialize differently from the above, among other things, due to the extension and/or intensification of the war and its consequences, and/or due to additional reasons beyond the company's control and/or unknown to it at the time of the report's publication.

[8] For details about the aforementioned product group, see the contents of Section 63.1(a) of Chapter A attached to the annual report.

In this context, it should be noted that as of the date of publication of the report, Nirlat has submitted requests to Property Tax for advance payments of the compensation funds to which it is entitled for indirect damages caused to its activity and, in addition, is entitled to submit additional requests for payment for compensation funds for indirect damages that will be caused to its activity. Further to the above, for the requests submitted by Nirlat to Property Tax for receiving advances on account of the aforementioned compensation funds, Nirlat received from Property Tax until March 31, 2026, advances in a total amount of approximately NIS 161 million.

In this context, it should be noted that on April 15, 2026, Nirlat received an additional payment in the amount of approximately NIS 108 million as an additional advance from Property Tax, on account of the compensations to which Nirlat is entitled for indirect damages.

Furthermore, on August 12, 2025, an agreement was signed between Nirlat and the Director of Property Tax and the Compensation Fund (**"Property Tax"**) regarding the scope of compensation to which Nirlat is entitled for direct damages that occurred to the plant in the Kibbutz (**"the Agreement"**). According to the Agreement, Property Tax will pay Nirlat an additional amount of approximately NIS 216 million plus VAT, on top of the advance paid to Nirlat on October 23, 2023[9], for the direct damages caused to inventory, equipment, and buildings (including the share of the Kibbutz which is the owner of the buildings[10]). As of March 31, 2026, Nirlat received from Property Tax for compensation for direct damages a total of approximately NIS 158 million as part of the agreement, and the balance of the amount will be paid according to the provisions of the agreement.

For full details about the Agreement, see the company's report dated August 13, 2025 (Reference No. 2025-01-060114).

The company's assessments, forecasts, and expectations regarding the above in relation to the subsidiary Nirlat, including regarding the compensation it is entitled to receive from the state and/or its plans for the establishment of a new plant, constitute "forward-looking information" as defined in the Securities Law, and are based, among other things, on the information available to it as of the date of publication of this report, but it is possible that these assessments and estimates will not materialize or will materialize differently from the above, among other things, due to the extension of the war and its consequences and/or due to additional reasons beyond the company's control and/or unknown to it at the time of the report's publication.

D. Decisions of Special General Meeting

After the balance sheet date, on May 13, 2026, the general meeting of the company's shareholders approved the engagement with Ms. Sapir Baron-Danoch, who serves as a director in the company, for her role as a director in the group's subsidiaries on behalf of the company's board of directors, at a scope of one-third position for a period of three years starting from January 1, 2026 onwards, in exchange for a payment of 33,000 + VAT. In addition, the Special General Meeting decided to approve the amendment to the company's remuneration policy in the version attached to the published meeting notice report. For full details regarding the aforementioned engagement terms and the version of the updated remuneration policy approved by the shareholders, see

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[9] For further details regarding the receipt of the aforementioned advance, see the company's immediate report dated October 23, 2023 (Reference No. 2023-01-096979).

[10] The buildings were leased by the Kibbutz to Nirlat under a sub-lease agreement signed in August 2015 and extended in June 2021, but given the war events and the material damage that occurred to the plant in the war, and in accordance with the dialogue held with representatives of Property Tax and the Kibbutz, in the period starting from January 1, 2024 onwards, Nirlat stopped paying lease fees to the Kibbutz (except for the land that was not damaged and is still in its use), and to the best of the company's knowledge, the aforementioned rental fees are paid to the Kibbutz directly by Property Tax.

The contents of the meeting notice report published by the company on March 31, 2026 (Reference No. 2026-01-030604), the contents of which are included by way of reference. For details regarding the results of the general meeting, see the contents of the immediate report dated May 13, 2026 (Reference No. 2026-01-044314) which is included by way of reference.

E. Dividends distributed during and after the report period

1. On March 19, 2026, the company's board of directors approved a dividend distribution to the company's shareholders in a total amount of approximately NIS 22,194.5 thousand (approximately NIS 0.15 per share), representing 50% of the net profit attributed to the company's shareholders in the fourth quarter of 2025. This dividend amount was paid to the shareholders on April 15, 2026.

2. Furthermore, after the report date, on May 25, 2025, the company's board of directors decided on a dividend distribution to the company's shareholders in a total amount of approximately NIS 19,099 thousand (approximately NIS 0.128 per share), representing 50% of the net profit attributed to the company's shareholders for the first quarter of 2026.

6. Qualitative report regarding exposure to market risks and their management:

No material changes occurred during the report period relative to the disclosure given on this subject in Section 6 of the Annual Board of Directors Report.

The following is a consolidated linkage basis report:
As of March 31, 2026

To reduce the aforementioned exposures, the Company, among other things, operates and executes hedging transactions in financial derivatives from time to time.

	Unlinked	CPI Linked	USD	Euro	Other	Non-monetary item	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Current Assets:							
Cash and cash equivalents	102,016	-	2,974	14,419	185	-	119,594
Other financial assets	41,430	227	-	-	-	-	41,657
Trade receivables	559,287	-	1,237	776	14	(355)	560,959
Other receivables and debit balances	126,836	54	1,873	2,514	-	4,386	135,663
Inventory	-	-	-	-	-	193,972	193,972
Current tax assets	2,896	-	-	-	-	-	2,896
Non-Current Assets:							
Long-term receivables and debit balances	-	-	-	-	-	163	163
Deferred tax assets	-	-	-	-	-	4,219	4,219
Right-of-use asset	-	-	-	-	-	234,319	234,319
Fixed and other assets	-	-	-	-	-	881,634	881,634
Total Assets	**832,465**	**281**	**6,084**	**17,709**	**199**	**1,318,338**	**2,175,076**
Current Liabilities:							
Credit from banking and other institutions	12,800	-	-	400	-	-	13,200

	Unlinked	CPI Linked	USD	Euro	Other	Non-monetary item	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Trade payables and service providers	169,512	-	13,991	22,340	(24)	-	205,820
Other payables and credit balances	65,083	-	798	-	-	9,400	75,281
Current tax liabilities	18,603	-	-	-	-	4,889	23,492
Current maturities of lease liabilities	260	23,129	-	-	-	-	23,389
Other financial liabilities	-	-	101	564	-	-	665
Other liabilities (provisions)	490	-	-	-	-	-	490
Dividend payable	22,194	-	-	-	-	-	22,194
Non-Current Liabilities:							
Loans from banking and other institutions	25,600	-	-	-	-	-	25,600
Employee benefit liabilities	-	-	-	-	-	6,149	6,149
Lease liability	321	228,982	-	-	-	-	229,303
BONDS	166,440	-	-	-	-	-	166,440
Deferred tax liabilities	28,169	-	-	-	-	24,757	52,926

	Unlinked	CPI Linked	USD	Euro	Other	Non-monetary item	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Total Liabilities	509,472	252,111	14,890	23,304	(24)	45,195	844,949
Total exposure in the statement of financial position	322,993	(251,830)	(8,806)	(5,595)	223	1,273,143	1,330,127

Consolidated linkage basis report (continued):

As of March 31, 2025

	Unlinked	CPI Linked	USD	Euro	Other	Non-monetary item	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Current Assets:							
Cash and cash equivalents	24,409	-	993	600	41	-	26,043
Other financial assets	507	816	-	-	-	-	1,323
Trade receivables	498,522	-	1,747	414	14	(355)	500,342
Other receivables and debit balances	169,399	105	1,485	3,728	-	5,387	180,104
Inventory	-	-	-	-	-	195,603	195,603
Current tax assets	4,542	41	-	-	-	-	4,583
Non-Current Assets:							
Long-term receivables and debit balances	-	-	-	-	-	202	202
Deferred tax assets	-	-	-	-	-	3,595	3,595
Right-of-use asset	-	-	-	-	-	243,695	243,695
Fixed and other assets	-	-	-	1,706	-	868,829	870,535
Total Assets	**697,379**	**962**	**4,225**	**6,448**	**55**	**1,316,956**	**2,026,025**
Current Liabilities:							
Credit from banking and other institutions	80,708	-	-	-	-	-	80,708
Trade payables and service providers	168,844	-	37,519	65,787	38	-	272,188
Other payables and credit balances	48,997	-	490	-	-	3,438	52,925
Current tax liabilities	8,462	5,302	-	-	-	-	13,764

	Unlinked	CPI Linked	USD	Euro	Other	Non-monetary item	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Current maturities of lease liabilities	246	25,238	-	-	-	-	25,484
Other financial liabilities	-	-	-	436	-	-	436
Other liabilities (provisions)	1,980	-	-	-	-	-	1,980
Dividend payable	13,981	-	-	-	-	-	13,981
Non-Current Liabilities:							
Loans from banking and other institutions	38,400	-	-	-	-	-	38,400
Employee benefit liabilities	-	-	-	-	-	6,185	6,185
Lease liability	580	231,571	-	-	-	-	232,151
Deferred tax liabilities	-	-	-	-	-	54,930	54,930
Total Liabilities	**362,198**	**262,111**	**38,009**	**66,223**	**38**	**64,553**	**793,132**
Total exposure in the statement of financial position	**335,181**	**(261,149)**	**(33,784)**	**(59,775)**	**17**	**1,252,403**	**1,232,893**

7. Sensitivity tests

No material changes occurred during the report period relative to the disclosure provided on this matter in Section 7 of the annual board of directors report.

8. Influence of inflation and interest rate changes in the economy

No material changes occurred during the report period relative to the disclosure provided on this matter in Section 5H of the annual board of directors report.

9. Critical accounting estimates

No material changes occurred during the report period relative to the disclosure provided on this matter in Section 9 of the annual board of directors report.

B – Corporate Governance Aspects

10. Donations

As part of the importance the Group sees in social involvement and contribution to the community, the Group formulated a policy regarding donations, under which the Group designates donations for various fields in the community and needy populations.

11. Legal proceedings

No material changes occurred during the report period relative to the disclosure provided on this matter in Section 8 of the annual board of directors report.

12. Directors with accounting and financial expertise

No material change occurred during the report period relative to the disclosure provided on this matter in Section 11 of the annual board of directors report.

13. Independent directors

No material change occurred during the report period relative to the disclosure provided on this matter in Section 12 of the annual board of directors report.

14. Disclosure regarding the internal auditor of the corporation

As stated in Section 13 of the annual board of directors report, on March 19, 2026, the company's board of directors decided to terminate the tenure of the previous internal auditor, Mr. Daniel Shapira, following the audit committee's recommendation. At that same date, the company's board of directors appointed Mr. Arnon Idan from the accountants firm RSM Shiff Hazenfratz & Co. as the company's internal auditor, following the audit committee's recommendation for the appointment. For further details, see the contents of Section 13 of the annual board of directors report.

15. Internal enforcement program

No material changes occurred during the report period relative to the disclosure provided on this matter in Section 15 of the annual board of directors report.

C – Specific disclosure for HOLDERS OF BONDS

16. Liabilities Certificates of the Company

Below are details regarding the outstanding liability certificates whose issuance was completed after the balance sheet date.

Subject	BONDS (Series 1)
Series issuance date	October 27, 2025
Total par value at the time of issuance	NIS 168,000,000
Par value as of the report publication date	NIS 168,000,000
Linkage terms	Not linked
Accrued interest amount as of the report date	3,211,239
Market value of the BONDS series as of 31.3.2026	170,536,800
Interest type and rate	Fixed annual at a rate of 4.56%
Principal and interest payment dates	**Principal**: Ten (10) equal annual installments at a rate of 10% of the par value of the principal (each). The payments will be consecutive and paid on June 30 of each of the years 2027 – 2036 (inclusive). **Interest**: Payment in twenty-one (21) installments starting from June 2026, twice a year, on June 30 and December 31 of each of the years 2026 to 2035 (inclusive) and on June 30, 2036, such that the first interest payment will be paid on June 30, 2026, and the final payment will be paid on June 30, 2036. As detailed in Section 9 of the terms registered on the back of the trust deed for the BONDS (Series 1), the Company shall be entitled to initiate early redemption of the BONDS (Series 1).
Materiality	The BONDS series is material to the Company
Trustee details	Strauss Lazar Trust Company (1992) Ltd, 94 Yigal Alon St. Tel Aviv; Phone: 03-6237777; Fax: 03-5613824; Contact person: Ori Lazar; Email: ori.lazar@crowe.co.il

Compliance with Financial Covenants

(a) In accordance with the provisions of the trust deed, the Company's equity (as defined in the trust deed)[11] shall not fall below an amount of NIS 500 million (regarding interest rate adjustment) and shall not fall below an amount

[11] "Trust Deed" is the deed attached to the shelf offering report published by the Company on 26.10.2025 (Reference No. 2025-01-080127).

of NIS 450 million (regarding immediate repayment) for two consecutive quarters. As of the report date, the Company's equity is approximately NIS 1,248.4 million and the Company complies with the aforementioned covenant.

(b) In accordance with the provisions of the trust deed, the Company's equity (as defined in the trust deed) equity-to-balance-sheet ratio shall not fall below 22.5% (regarding interest rate adjustment) and shall not fall below 20% (regarding immediate repayment) for two consecutive quarters. As of the report date, the equity-to-balance-sheet ratio is 61.15%, and the Company complies with the aforementioned covenant.

The Company's Board of Directors and its management thank the Group's employees for their efforts, contribution, and dedicated work for the promotion and development of the Group and its business.

Binyamin Baron	**Ehud Danoch**
Chairman of the Board of Directors	CEO

Date: May 25, 2026.

<u>Inrom Construction Industries Ltd</u>

Condensed Consolidated Financial Statements

<u>As of March 31, 2026</u>

<u>(Unaudited)</u>

Inrom Construction Industries Ltd

Condensed Consolidated Financial Statements

As of March 31, 2026

(Unaudited)

Table of Contents

Inrom Construction Industries Ltd.

Condensed Consolidated Financial Statements

As of March 31, 2026

(Unaudited)

Table of Contents

Somekh Chaikin

KPMG Millennium Tower

17 Ha'arba'a St., P.O. Box 609

Tel Aviv 6100601

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Review Report of the Auditors to the Shareholders of
Inrom Construction Industries Ltd.

Introduction

We have reviewed the accompanying condensed consolidated financial information of Inrom Construction Industries Ltd. and its subsidiaries (hereinafter - "the Company"), which comprises the condensed consolidated statement of financial position as of March 31, 2026, and the condensed consolidated statements of profit or loss and other 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 financial information for this interim period in accordance with International Accounting Standard 34 IAS "Interim Financial Reporting", and for the preparation and presentation of financial information for this interim period 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.

The condensed interim financial information as of March 31, 2025, and for the three-month period then ended, was reviewed by other auditors whose report dated May 21, 2025, included an unqualified conclusion.

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, nothing has come to our attention that causes us to believe that the above financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 IAS.

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

Somekh Chaikin

Certified Public Accountants

Tel Aviv

May 25, 2026

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

Inrom Construction Industries Ltd.
Condensed Consolidated Statements of Financial Position

	As of March 31, 2026	As of March 31, 2025	As of December 31, 2025
	NIS in thousands	NIS in thousands	NIS in thousands
	(Unaudited)	(Unaudited)	(Audited)
Assets			
Current assets			
Cash and cash equivalents	119,594	26,043	130,091
Other financial assets	41,657	1,323	40,420
Trade receivables	560,959	500,342	560,718
Other receivables and debit balances	135,663	180,104	117,561
Inventory	193,972	195,603	190,725
Current tax assets	2,896	4,583	3,968
Total current assets	**1,054,741**	**907,998**	**1,043,483**
Non-current assets			
Deferred tax assets	4,219	3,595	3,872
Long-term receivables and debit balances	163	202	30
Property, plant and equipment, net	620,535	602,083	605,557
Right-of-use assets	234,319	243,695	226,785
Goodwill	158,637	158,637	158,637
Other intangible assets, net	102,462	109,815	104,281
Total non-current assets	**1,120,335**	**1,118,027**	**1,099,162**
Total assets	**2,175,076**	**2,026,025**	**2,142,645**
Liabilities and equity			
Current liabilities			
Credit from banking and other institutions	13,200	80,708	12,800
Other financial liabilities	665	436	1,298
Trade payables and service providers	205,820	272,188	231,676
Current maturities of lease liabilities	23,389	25,484	24,410
Other payables and credit balances	75,281	52,925	62,759
Current tax liabilities	23,492	13,764	22,559
Other liabilities (provisions)	490	1,980	455
Dividend payable	22,194	13,981	-

	As of March 31, 2026	As of March 31, 2025	As of December 31, 2025
	NIS in thousands	NIS in thousands	NIS in thousands
	(Unaudited)	(Unaudited)	(Audited)
Total current liabilities	**364,531**	**461,466**	**355,957**
Non-current liabilities			
Loans from banking and other institutions	25,600	38,400	28,800
BONDS	166,440	-	166,410
Lease liability	229,303	232,151	219,884
Employee benefit liabilities	6,149	6,185	6,132
Deferred tax liabilities	52,926	54,930	53,581
Total non-current liabilities	**480,418**	**331,666**	**474,807**
Equity			
Total equity attributable to owners of the Company	1,248,446	1,159,717	1,229,647
Non-controlling interests	81,681	73,176	82,234
Total equity	**1,330,127**	**1,232,893**	**1,311,881**
Total liabilities and equity	**2,175,076**	**2,026,025**	**2,142,645**

May 25, 2026
Date of approval of the financial statements **Benny Baron - Chairman of the Board** **Ehud Danoch – CEO** **Sagi Mauda - CFO**

The notes to the condensed consolidated financial statements form an integral part thereof.

Inrom Construction Industries Ltd.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the three-month period ended March 31, 2026	For the three-month period ended March 31, 2025	For the year ended December 31, 2025
	NIS in thousands	NIS in thousands	NIS in thousands
	(Unaudited)	(Unaudited)	(Audited)
Revenue from sales	342,753	314,411	1,398,654
Cost of sales	220,845	216,071	941,983
Gross profit	**121,908**	**98,340**	**456,671**

	For the three-month period ended March 31, 2026 NIS in thousands (Unaudited)	For the three-month period ended March 31, 2025 NIS in thousands (Unaudited)	For the year ended December 31, 2025 NIS in thousands (Audited)
Selling and marketing expenses	55,041	52,649	228,817
General and administrative expenses	24,127	20,753	81,692
Other income, net	(16,178)	(26,961)	(84,954)
Total expenses	**62,990**	**46,441**	**225,555**
Operating profit	**58,918**	**51,899**	**231,116**
Finance expenses	5,301	8,938	18,826
Finance income	(2,757)	(5,465)	(8,687)
Finance expenses, net	**2,544**	**3,473**	**10,139**
Profit before income taxes	**56,374**	**48,426**	**220,977**
Income taxes	13,779	11,030	51,943
Total net profit for the period	**42,595**	**37,396**	**169,034**
Attributable to:			
Owners of the Company	38,198	33,479	156,129
Non-controlling interests	4,397	3,917	12,905
Other comprehensive income:			
Actuarial gains	-	-	565
Total comprehensive income for the period	**42,595**	**37,396**	**169,599**
Attributable to:			
Owners of the Company	38,198	33,479	156,624
Non-controlling interests	4,397	3,917	12,975
Total comprehensive income for the period	**42,595**	**37,396**	**169,599**
Basic net profit to owners of the Company - in NIS	0.26	0.23	1.06
Diluted net profit to owners of the Company - in NIS	0.26	0.22	1.06

The notes to the condensed consolidated financial statements form an integral part thereof.

Inrom Construction Industries Ltd.

Condensed Consolidated Statements of Changes in Equity

For the three-month period

Ended March 31, 2026

(Unaudited)

	Share capital	Capital reserves and premium	Capital reserve for share-based payment transactions	Capital reserve from transactions with non-controlling interests	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
Balance as of January 1, 2026	147,421	370,269	13,594	57,418	**640,945**	**1,229,647**	**82,234**	**1,311,881**
Total comprehensive income for the period	-	-	-	-	38,198	38,198	4,397	42,595
Dividends to shareholders of the Company	-	-	-	-	(22,194)	(22,194)	-	(22,194)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,950)	(4,950)
Share-based payments	-	-	2,795	-	-	2,795	-	2,795
Warrants exercised	111	1,019	(1,130)	-	-	-	-	-
Balance as of March 31, 2026	**147,532**	**371,288**	**12,959**	**57,418**	**656,949**	**1,248,446**	**81,681**	**1,330,127**

The notes to the condensed consolidated financial statements form an integral part thereof.

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Inrom Construction Industries Ltd.
Condensed Consolidated Statements of Changes in Equity

For the three-month period ended March 31, 2025 (Unaudited)	Share capital	Capital reserves and premium	Capital reserve for share-based payment transactions	Capital reserve from transactions with non-controlling interests	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	147,421	370,269	13,594	57,418	640,945	**1,229,647**	**82,234**	**1,311,881**
Total comprehensive income for the period	-	-	-	-	33,479	33,479	3,917	37,396
Dividend declared	-	-	-	-	(13,981)	(13,981)	-	(13,981)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(4,500)	(4,500)
Share-based payments	-	-	1,660	-	-	1,660	-	1,660
Warrants exercised	436	4,539	(4,975)	-	-	-	-	-
Balance as of March 31, 2025	**146,599**	**361,859**	**19,674**	**57,418**	**574,167**	**1,159,717**	**73,176**	**1,232,893**

The notes to the condensed consolidated financial statements form an integral part thereof.

Inrom Construction Industries Ltd.
Condensed Consolidated Statements of Changes in Equity

For the year ended December 31, 2025 (Audited)

	Share capital	Capital reserves and premium	Capital reserve for share-based payment transactions	Capital reserve from transactions with non-controlling interests	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance as of January 1, 2025	146,163	357,320	22,989	57,418	554,669	1,138,559	73,759	1,212,318
Total comprehensive income for the year	-	495	-	-	156,129	156,624	12,975	169,599
Dividends to owners of the Company	-	-	-	-	(69,853)	(69,853)	-	(69,853)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,500)	(4,500)
Share-based payments	-	-	4,317	-	-	4,317	-	4,317
Warrants exercised	1,258	12,454	(13,712)	-	-	-	-	-
Balance as of December 31, 2025	**147,421**	**370,269**	**13,594**	**57,418**	**640,945**	**1,229,647**	**82,234**	**1,311,881**

The notes to the condensed consolidated financial statements form an integral part thereof.

Inrom Construction Industries Ltd.
Condensed Consolidated Statements of Cash Flows

	For the three-month period ended March 31	For the three-month period ended March 31	For the year ended December 31
	2026	2025	2025
	NIS thousands (Unaudited)	NIS thousands (Unaudited)	NIS thousands (Audited)
Cash flows - operating activities			
Net profit for the period	42,595	37,396	169,034
Adjustments required to present cash flows from operating activities (Appendix A)	(6,040)	6,834	63,908
Total net cash from operating activities (*)	**36,555**	**44,230**	**232,942**

	For the three-month period ended March 31	For the three-month period ended March 31	For the year ended December 31
	2026	2025	2025
	NIS thousands (Unaudited)	NIS thousands (Unaudited)	NIS thousands (Audited)
Cash flows - investing activities			
Purchase of fixed assets	(34,224)	(64,318)	(168,539)
Property tax advances attributed to direct damages to fixed assets in Nirlat	-	-	56,486
Investment in deposits	(700)	-	(40,000)
Proceeds from disposal of fixed assets	324	129	374
Granting of long-term loans and credit	(311)	(70)	(290)
Repayment of long-term loans and collection of long-term debts	56	332	1,065
Total net cash for investing activities	**(34,855)**	**(63,927)**	**(150,904)**
Cash flows - financing activities			
Repayment of long-term loans	(3,200)	(3,200)	(12,800)
Dividend paid to owners of the Company	-	-	(69,853)
Dividend paid to non-controlling interests	(3,465)	(4,500)	(4,500)
Repayment of lease liabilities	(5,931)	(5,133)	(21,840)
Short-term credit from banking corporations, net	399	(65,594)	(133,502)
Issuance of BONDS (net of issuance expenses)	-	-	166,381
Total net cash for financing activities	**(12,197)**	**(78,427)**	**(76,114)**
Increase (decrease) in cash and cash equivalents	**(10,497)**	**(98,124)**	**5,924**
Cash and cash equivalents balance at the beginning of the period	**130,091**	**124,167**	**124,167**
Cash and cash equivalents balance at the end of the period	**119,594**	**26,043**	**130,091**
(*) Including:			
Interest paid	4,561	4,136	15,896
Interest received	1,270	318	2,669
Income taxes paid, net	13,967	10,960	45,937
Tax not yet paid on dividends to non-controlling interests	1,485	-	-

The notes to the condensed consolidated financial statements form an integral part thereof.

Inrom Construction Industries Ltd.

Condensed Consolidated Statements of Cash Flows

	For the three-month period ended March 31 2026 NIS thousands (Unaudited)	For the three-month period ended March 31 2025 NIS thousands (Unaudited)	Year ended December 31 2025 NIS thousands (Audited)
Appendix A - Adjustments required to present cash flows from (for) operating activities			
Income and expenses not involving cash flows			
Depreciation and amortization	25,072	24,472	106,036
Property tax compensation recognized for direct damages, net	-	-	(9,700)
Change in deferred taxes, net	(1,005)	(1,857)	(3,652)
Change in liabilities for long-term employee benefits, net	17	(606)	75
Capital loss (gain) from disposal of fixed assets	67	(5)	(200)
Share-based payment	2,796	1,660	4,317
Financing expenses for BONDS including amortization of issuance expenses	1,918	-	1,352
Revaluation of other financial assets	-	-	(286)
Revaluation of financial liabilities at fair value through profit or loss	(873)	(6,205)	(4,844)
	27,992	17,459	93,098
Changes in asset and liability items			
Increase in trade receivables	(246)	(130)	(60,505)
Increase in other receivables and debit balances	(17,862)	(22,339)	(6,318)
Decrease (increase) in inventory	(2,941)	(2,323)	3,300
Increase (decrease) in trade payables and service providers	(24,009)	14,120	17,524
Increase (decrease) in other payables and credit balances	10,991	(251)	18,036
Increase (decrease) in other liabilities (provisions)	35	298	(1,227)

	For the three-month period ended March 31 2026 NIS thousands (Unaudited)	For the three-month period ended March 31 2025 NIS thousands (Unaudited)	Year ended December 31 2025 NIS thousands (Audited)
	(34,032)	(10,625)	(29,190)
Total	(6,040)	6,834	63,908
Appendix B - Material non-cash activities			
Purchases of fixed assets on trade credit	7,391	25,979	10,966
Recognition of lease liability, net	14,353	25,795	26,073
Dividend declared but not yet paid at the end of the period	22,194	13,981	-

The notes to the condensed consolidated financial statements form an integral part thereof.

Note 1 - General

a) Inrom Construction Industries Ltd. (hereinafter - "the Company") together with its subsidiaries (hereinafter - "the Group") are an industrial group engaged in the production, sale, and marketing of a variety of products and solutions for the construction and renovation markets, industry, and other uses. Additional information regarding the Group's operating segments is presented in Note 5.

Note 2 - Basis of Preparation of the Financial Statements

a) Statement of Compliance with International Financial Reporting Standards:

The condensed interim consolidated financial statements of the Company as of March 31, 2026 (hereinafter - "the reporting period") were prepared in accordance with International Accounting Standard 34, IAS, "Interim Financial Reporting". They should be read in conjunction with the financial statements as of and for the year ended December 31, 2025 (hereinafter: "the annual reports"). Furthermore, these reports were prepared in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

b) Use of Estimates and Judgment:

In preparing the condensed interim consolidated financial statements in accordance with IFRS, Company management is required to use judgment for the purpose of making assessments, estimates, and assumptions that affect the application of policies and the amounts of assets and liabilities, income, and expenses. It is clarified that actual results may differ from these estimates.

c) Exchange Rates and Linkage Basis:

(1) Balances in foreign currency, or linked to it, are included in the financial statements according to the representative exchange rates published by the Bank of Israel and valid as of the end of the reporting period.

(2) Balances linked to the Consumer Price Index (CPI) are presented in accordance with the last known index at the end of the reporting period, or in accordance with the index for the last month of the reporting period according to the transaction terms.

(3) Below are the data for the Consumer Price Index, the exchange rate of the US Dollar and the Euro:

	Representative US Dollar exchange rate (NIS per 1 USD)	Representative Euro exchange rate (NIS per 1 Euro)	Index for (points)
Financial statement date:			
As of March 31, 2026	3.17	3.64	147.05
As of March 31, 2025	3.72	4.02	144.36
As of December 31, 2025	3.19	3.75	146.63
Rate of change:	**%**	**%**	**%**
For the three-month period ended:			
On March 31, 2026	(0.8)	(2.9)	0.3

	Representative US Dollar exchange rate (NIS per 1 USD)	Representative Euro exchange rate (NIS per 1 Euro)	Index for (points)
On March 31, 2025	1.9	5.9	1.1
For the year ended:			
On December 31, 2025	(12.5)	(1.3)	2.6

The notes to the condensed consolidated financial statements form an integral part thereof.

Inrom Construction Industries Ltd.

Notes to the Condensed Consolidated Financial Statements

Note 3 - Significant Accounting Policies

The accounting policies of the Group in these condensed interim consolidated financial statements are the accounting policies applied in the annual financial statements for the year 2025.

Note 4 - Financial Instruments

The carrying amount of certain financial assets and financial liabilities including cash and cash equivalents, clients, debtors and debit balances, short-term credit from banking corporations, suppliers and service providers, creditors and credit balances and other short-term items, BONDS and long-term loans essentially resembles their fair value.

Note 5 - Segment Reporting

The Group has four reportable segments as detailed below, which constitute its main business units:

- Construction Solutions Activity - Focused on the production, sale, and marketing of products and solutions for construction and environment and landscape development, including blocks, internal partitions, panels, solutions and formwork engineering for concrete casting, interlocking stones, concrete products for underground infrastructure, etc.
- Construction Finishing Products Field - Focused on the production, sale, and marketing of finishing products for construction for various uses, including plaster products, adhesives, mortar, grout, sealing materials, additives and more.
- Painting Products Activity - Focused on the production, sale, and marketing of a variety of paints, infrastructure products for paint, coatings and sealing products, powder paints, industrial paints and more, for various uses mainly for construction, renovations and industry.
- Plumbing Systems Field - Focused on the production, sale, and marketing of plumbing pipe systems, intended for fluid conduction mainly in domestic plumbing, institutions and other buildings, and include pipes made of cross-linked polyethylene in a variety of technologies and related accessories.

For the three-month period ended March 31, 2026 (unaudited)

	Construction Solutions	Construction Finishing Products	Painting Products	Plumbing Systems	Adjustments to Consolidated	Total Consolidated
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
Total external revenues	127,921	100,662	93,851	20,319	-	**342,753**
Revenues from inter-segment sales		4,544			(4,544)	-
Consolidated revenues						**342,753**
Operating profit	19,550	22,427	16,208	2,782	(2,049)	**58,918**
Finance expenses, net						2,544
Profit before tax						**56,374**
Tax expenses						13,779
Net profit for the period						**42,595**
Additional data:						
(*) EBITDA	32,434	25,644	24,210	4,348	150	**86,786**

The notes to the condensed consolidated financial statements form an integral part thereof.

Note 5 - Segment Reporting (Cont.)

For the three-month period ended March 31, 2025 (unaudited)

	Construction Solutions	Construction Finishing Products	Painting Products	Plumbing Systems	Adjustments to Consolidated	Total Consolidated
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
Total external revenues	120,634	86,772	86,206	20,799	-	314,411
Revenues from inter-segment sales		3,494			(3,494)	-
Consolidated revenues						**314,411**
Operating profit	16,897	17,488	15,164	2,540	(190)	51,899
Finance expenses, net						3,473
Profit before tax						48,426
Tax expenses						11,030
Net profit for the year						**37,396**
Additional data:						
(*) EBITDA	31,136	20,927	21,875	4,217	(124)	**78,031**

For the year ended December 31, 2025

	Construction Solutions	Construction Finishing Products	Painting Products	Plumbing Systems	Adjustments to Consolidated	Total Consolidated
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
Total external revenues	500,266	396,247	400,263	101,878	-	1,398,654
Revenues from inter-segment sales		15,794			(15,794)	-
Consolidated revenues						**1,398,654**
Gross profit	164,802	160,628	92,816	38,425	-	456,671
Operating profit	60,937	85,779	64,662	18,153	1,585	231,116
Finance expenses, net						10,139
Profit before tax						220,977
Tax expenses						51,943
Net profit for the year						**169,034**
(*) EBITDA	121,068	99,472	93,197	24,541	3,189	**341,467**
Total segment assets	860,469	543,278	617,505	180,121	(58,728)	**2,142,645**
Total segment liabilities	571,496	220,003	200,661	147,331	(308,727)	**830,764**
Depreciation and amortizations	58,898	12,812	27,611	5,897	818	106,036
Other income, net	(4,513)	(67)	(80,368)	(6)	-	(84,954)

(*) Operating profit, neutralizing depreciation and amortization expenses and expenses for options to employees

The notes to the condensed consolidated financial statements form an integral part thereof.

Note 6 - Events during and after the reporting period

(a) Impact of the war on the Group's activities

As of the date of publication of the report, uncertainty exists regarding the war that broke out on Saturday, October 7, 2023 ("the war"), as well as the future effects of the war, their intensity, scope, and/or duration.

Upon the outbreak of the war, Nirlat's central production plant in Kibbutz Nir Oz was hit and significantly damaged ("the plant"), when most of the production lines, storage facilities, and inventories of decorative paint products at the core of Nirlat's activities were burned. As a result, there was a material impact on the activities of Nirlat and the Company as a whole, as the considerable damage caused to the plant will require prolonged rehabilitation and reconstruction.

Nirlat acted vigorously and succeeded during 2024 and 2025 in setting up temporary production alternatives, most of them self-owned, and returned to routine activity, while simultaneously advancing the planning and execution of rehabilitation and reconstruction of the plant that was damaged as stated, and also towards receiving the compensation funds for the war to which it is entitled from the state (Property Tax), both direct for the plant as stated and indirect caused and to be caused to its activity as a result.

Thanks to the aforementioned actions, Nirlat established production capabilities for the main products in decorative paint products produced in the plant at volumes close to those it had for those products on the eve of October 7, 2023, when the plant was hit, and succeeded in reducing the war damage caused to its activity accordingly, although at a less efficient and more labor-intensive cost structure, and with reference to the core products as stated.

On February 28, 2026, a military campaign against Iran ("the operation") was opened, where the Group companies are defined as an essential economy by the National Emergency Authority, and accordingly, production for the Group companies' plants continued as usual.

As of the date of publication of the report, the effects of the war with Iran are not material to the Group's activity on a consolidated basis. However, since this is an event beyond the Company's control, factors such as the continued duration of the war with Iran and its expansion to additional sectors may affect the Group, its financial position, its results of operations, and its cash flows. The Company continues to monitor the various developments in order to examine how the war with Iran affects its activity.

<u>The impact of the war on Nirlat's activity</u>

In the financial statements for the reporting period, indirect compensations totaling approximately NIS 16 million were recognized as other income, while in the years 2023 to 2025 (inclusive), other income totaling approximately NIS 216 million was recognized, this in accordance with the Company's assessment, based, among other things, on its professional advisors, that there is reasonable certainty that these compensations will be received from the state for the indirect damages caused as stated to its activity since the outbreak of the war and during the reporting period.

In this context, it should be noted that as of the date of publication of the report, Nirlat has submitted requests to the Property Tax authority for advance payments of the compensation funds to which it is entitled for the indirect damages caused to its activity and in addition, is entitled to submit further requests for payment for the compensation funds for the indirect damages that will be caused to its activity. Following the above, for the requests submitted by Nirlat to the Property Tax authority for advance payments on account of the aforementioned compensation funds, Nirlat received from Property Tax until March 31, 2026, advances in a total amount of approximately NIS 161 million.

Note 6 - Events During and After the Reporting Period (Continued)

(a) Impact of the war on the Group's activities (Continued)

In this context, it should be noted that on April 15, 2026, Nirlat received an additional payment of approximately NIS 108 million as an additional advance from the Property Tax Authority, on account of the compensation to which Nirlat is entitled regarding indirect damages.

Furthermore, on August 12, 2025, an agreement was signed between Nirlat and the Property Tax and Compensation Fund Director ("Property Tax Authority") regarding the scope of compensation to which Nirlat is entitled regarding the direct damages that occurred at the factory in the Kibbutz ("the Agreement"). According to the Agreement, the Property Tax Authority will pay Nirlat an additional amount of NIS 215.6 million plus VAT, in addition to the advance paid to Nirlat on October 23, 2023, in the amount of NIS 100 million, regarding the direct damages caused to inventory, equipment, and buildings (including the share of the Kibbutz, which is the owner of the buildings). As of March 31, 2026, Nirlat received from the Property Tax Authority regarding compensation for direct damages a total of approximately NIS 158 million as part of the Agreement, and the remaining balance will be paid in accordance with the provisions of the Agreement.

It is clarified that the Company is unable to estimate the full indirect damages caused and being caused to Nirlat's operations due to the war, nor the future effects of the war and its duration, intensity, and scope. On March 25, 2026, an addendum to the sub-lease agreement signed between Nirlat and Kibbutz Nir Oz was signed, under terms similar to the original agreement and for a period of 24 years and 11 months; furthermore, the Company's Board of Directors approved the establishment project of the central production plant for finishing paint products by Nirlat in Nir Oz, with the investment scope for the plant's establishment estimated at approximately NIS 400 million over the next three years.

(b) Franchise Agreement

On March 19, 2026, XELLA, the international franchisor, and Itong signed an addendum to the existing agreement, extending Itong's exclusive rights to continue using the "Itong" (and "Ytong") trademark exclusively in Israel and the Judea and Samaria area for an additional period of 15 years until December 31, 2040, while updating and adjusting the commercial terms existing in the agreement.

(c) BONDS

On October 29, 2025, the Company issued NIS 168 million par value BONDS (Series 1). The BONDS bear an annual interest rate of 4.56% per annum, non-linked, which will be paid semi-annually on June 30 and December 31 of each year from 2026 to 2035 and on June 30, 2036. The principal of the BONDS will be due for repayment in 10 annual installments to be paid on June 30 of each of the years 2027 through 2036 inclusive. The weighted effective interest on the BONDS is 4.8%, and the BONDS are not secured by any collateral. The issuance costs totaled approximately NIS 1,620 thousand. Furthermore, within the framework of the trust deed's provisions, several grounds were established for making the BONDS due for immediate repayment or for adjusting the interest rate as detailed below:

(a) The equity attributable to the Company's owners shall not be less than NIS 500 million (regarding interest rate adjustment) and shall not be less than NIS 450 million (regarding immediate repayment) for two consecutive quarters. As of March 31, 2026, the Company's equity is approximately NIS 1,247.6 million, and the Company complies with the aforementioned financial covenant.

(b) The Company's equity-to-balance-sheet ratio shall not be less than 22.5% (regarding interest rate adjustment) and shall not be less than 20% (regarding immediate repayment) for two consecutive quarters. As of March 31, 2026, the equity-to-balance-sheet ratio stands at 61.15%, and the Company complies with the aforementioned financial covenant.

Inrom Construction Industries Ltd.
Notes to the Condensed Consolidated Financial Statements

Note 6 - Events During and After the Reporting Period (Continued)

(d) Dividend distributions during the reporting period and thereafter

1. On March 19, 2026, the Company's Board of Directors decided on a dividend distribution to its shareholders in a total amount of approximately NIS 22,194 thousand (approximately NIS 0.15 per share), which was paid on April 15, 2026. The sources of the distribution were carried out from the Company's share in dividends from the subsidiaries.

2. On May 25, 2026, after the date of the statement of financial position, the Company's Board of Directors decided on a dividend distribution to its shareholders in a total amount of approximately NIS 19,099 thousand (approximately NIS 0.128 per share), which is due for payment on June 24, 2026. The sources for this distribution are expected to be from the Company's independent sources and/or its share in dividends from the subsidiaries.

Attached hereto is a quarterly report regarding the effectiveness of internal control over financial reporting and disclosure according to Regulation 38C(a) of the Securities Regulations (Periodic reports and immediate reports), 1970:

Management, under the supervision of the Board of Directors of Inrom Construction Industries Ltd. (hereinafter – the Corporation), is responsible for the determination and existence of adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

1. Ehud Danoch, CEO;
2. Sagi Mauda, CFO;
3. Avi Mutzafi, General Manager Building Solutions Sector;
4. Thomas Amnon Hardy, General Manager Building Finishing Products Sector;

5. Omri Lotan, General Manager Paints Sector;
6. Osnat Rosenberg, General Manager Plumbing Systems Sector;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation which were designed by the General Manager and the most senior officer in the finance field or under their supervision or by those who actually perform the said functions, 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 the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes according to the provisions of the law is collected, processed, summarized, and reported at the time 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 General Manager and the most senior officer in the finance field or to whoever actually performs the said functions, in order to enable timely decision-making with respect to disclosure requirements.

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

In the annual report regarding 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 Internal Control Report), the Board of Directors and Management assessed the Corporation's internal control; based on this assessment, the Corporation's Board of Directors and Management concluded that the said internal control, as of March 31, 2026, is effective.

Up to 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 the internal control, as presented in the last Annual Internal Control Report.

As of the date of the report, based on the assessment of the effectiveness of internal control in the last Annual Internal Control Report, and based on information brought to the attention of management and the Board of Directors as stated above, the internal control is effective.

<u>Management Declarations:</u>

<u>General Manager Declaration according to Regulation 38C(d)(1):</u>

Management Declaration
General Manager Declaration

I, Ehud Danoch, declare that:

(1) I have examined the quarterly report of Inrom Construction Industries Ltd. (hereinafter – **the Corporation**) for the first quarter of 2026 (hereinafter – **the Reports**);

(2) To my knowledge, the Reports do not include any incorrect representation of a material fact and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances in which those representations were included, will not 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 for the dates and periods to which the Reports refer;

(4) I have disclosed to the Corporation's auditing accountant, the Board of Directors, and the Audit and Financial Statement Committees of the Corporation, based on my most recent assessment of internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in the determination or operation of 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 financial reporting and the preparation of financial statements in accordance with legal provisions; and –

(b) Any fraud, whether material or not material, involving the General Manager or anyone directly subordinate to him or involving other employees who have a significant role in internal control over financial reporting and disclosure;

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

(a) Have determined controls and procedures, or ensured the determination 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, is brought to my attention by others in the Corporation and in the consolidated companies, particularly during the period of preparation of the Reports; and –

(b) Have determined controls and procedures, or ensured the determination and existence under my supervision of controls and procedures, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with legal provisions, including in accordance with accepted accounting principles.

(c) No event or matter has been brought to my attention that occurred during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, which would change the conclusion of the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure of the Corporation.

Nothing in the above shall derogate from my responsibility or the responsibility of any other person, according to any law.

May 25, 2026.

Ehud Danoch

CEO

Declaration of the Most Senior Officer in the Finance Field pursuant to Regulation 38C(d)(2) :

Officers' Declaration

Declaration of the Most Senior Officer in the Finance Field

I, Sagi Mauda, declare that :

(1) I have examined the interim financial statements and the other financial information included in the interim reports of Inrom Construction Industries Ltd. (hereinafter – **the Corporation**) for the first quarter of 2026 (hereinafter – **the Reports or the Interim Reports**) ;

(2) To the best of my knowledge, the interim financial statements and the other financial information included in the interim reports do not contain any misrepresentation of a material fact, and do not lack a representation of a material fact necessary so that the representations included therein, in light of the circumstances under which such representations were included, will not be misleading with respect to the period of the reports ;

(3) To the best of my knowledge, the interim financial statements and the other financial information included in the interim 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 to which the reports refer ;

(4) I have disclosed to the Corporation's accountant, the Board of Directors, and the Audit and Financial Statements Committees of the Corporation, 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 interim reports, which could reasonably 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 immaterial, involving the General Manager or those directly reporting 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) 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, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the period of preparation of the reports ; and –

(b) Have established controls and procedures, or ensured the establishment and existence under my supervision of controls and procedures, designed to provide reasonable assurance as to the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles ;

(c)

No event or matter has been brought to my attention that occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report, relating to the interim financial statements and any other financial information included in the interim reports, which 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, according to any law.

May 25, 2026

Sagi Mauda

CFO