

MRC Alon Tavor Power Ltd.

**Condensed Consolidated
Statements**

As at September 30, 2025

Consolidated statements of interim financial position

Contents**Page****Consolidated Interim Financial Statements**

Review report on the Consolidated Interim financial statements	3
Consolidated statements of interim financial position	4
Consolidated interim income statements	5
Consolidated interim statements of changes in equity	6
Consolidated interim statements of cash flows	8
Notes to the Consolidated Interim financial statements	9



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Review Report to the Shareholders of MRC Alon Tavor Power Ltd.

Introduction

We have reviewed the accompanying financial information of MRC Alon Tavor Power Ltd ("the Company") comprising of the condensed consolidated interim statement of financial position as of September 30, 2025 and the condensed consolidated income statement, statement of changes in equity and statement of cash flows for the nine and three month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "*Interim Financial Reporting*".

Scope of Review

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

Conclusion

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


Somekh Chaikin

Certified Public Accountants (Isr.)

November 10, 2025

MRC Alon Tavor Power Ltd

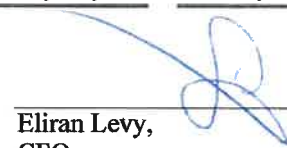
Consolidated statements of interim financial position

	September 30 2025 (Unaudited) NIS thousands	September 30 2024 (Unaudited) NIS thousands	December 31 2024 (Audited) NIS thousands
Current assets			
Cash and cash equivalents	348,164	212,225	162,852
Trade receivables	135,411	75,115	43,286
Other receivables	24,397	30,046	30,518
Derivative instruments	-	13,198	280
Total current assets	507,972	330,584	236,936
Non-current assets			
Pledged deposits	24,789	22,949	29,667
Inventory	28,191	39,204	39,960
Derivative instruments	-	57,021	-
Fixed assets	2,332,890	1,981,788	2,289,644
Intangible assets	280,632	311,196	303,509
Total non-current assets	2,666,502	2,412,158	2,662,780
Total assets	3,174,474	2,742,742	2,899,716
Current liabilities			
Loans and borrowings	252,671	234,413	228,002
Trade payables	33,074	53,443	24,036
Other payables	177,873	24,742	359,626
Derivative instruments	1,770	-	4,829
Total current liabilities	465,388	312,598	616,493
Non-current liabilities			
Liabilities to banks	1,883,233	1,623,097	1,486,902
Other long-term payables	7,953	6,138	7,067
Derivative instruments	50,721	-	55,335
Deferred tax liabilities	183,522	172,043	175,839
Total non-current liabilities	2,125,429	1,801,278	1,725,143
Total liabilities	2,590,817	2,113,876	2,341,636
Equity			
Share capital	*	*	*
Share premium	163,000	163,000	163,000
Retained earnings	420,657	465,866	395,080
Total equity	583,657	628,866	558,080
Total liabilities and equity	3,174,474	2,742,742	2,899,716

* Less than one thousand NIS.


Erez Balasha,
Chairman of the Board of
Directors


Elad Cohen,
CEO


Eliran Levy,
CFO

Date of approval of the financial statements November 10, 2025

The accompanying notes are an integral part of these Consolidated financial statements.

Consolidated Interim Income Statements

	For the nine months ended September 30 2025 (Unaudited) NIS thousands	For the nine months ended September 30 2024 (Unaudited) NIS thousands	For the three months ended September 30 2025 (Unaudited) NIS thousands	For the three months ended September 30 2024 (Unaudited) NIS thousands	For the year ended December 31 2024 (Audited) NIS thousands
Revenues	521,346	485,954	172,397	209,338	646,145
Other income	98	2,607	6	61	2,628
Total Revenues	521,444	488,561	172,403	209,399	648,773
Production & maintenance expenses	(304,163)	(258,539)	(96,657)	(104,682)	(334,673)
Salaries and subcontractors' expenses	(26,412)	(22,012)	(6,369)	(8,506)	(29,207)
Administrative and IT expenses	(1,755)	(1,361)	(296)	(430)	(1,749)
	(332,330)	(281,912)	(103,322)	(113,618)	(365,629)
Operating profit before depreciation and amortization	189,114	206,649	69,081	95,781	283,144
Depreciation and amortization	(83,535)	(69,787)	(28,577)	(27,630)	(98,077)
Operating profit	105,579	136,862	40,504	68,151	185,067
Financing income	10,819	66,966	23,341	45,728	82,001
Financing expenses	(82,991)	(81,737)	(47,963)	(52,402)	(128,465)
Financing expenses, net	(72,172)	(14,771)	(24,622)	(6,692)	(46,464)
Profit before taxes on income	33,407	122,091	15,882	61,459	138,603
Tax expenses	(7,830)	(28,151)	(3,722)	(14,137)	(31,949)
Profit for the period	25,577	93,940	12,160	47,322	106,654

The accompanying notes are an integral part of these Consolidated interim financial statements.

Consolidated Interim Statements of Changes in Equity

	<u>Share Capital</u> <u>(Unaudited)</u> <u>NIS thousands</u>	<u>Share premium</u> <u>(Unaudited)</u> <u>NIS thousands</u>	<u>Retained earnings</u> <u>(Unaudited)</u> <u>NIS thousands</u>	<u>Total</u> <u>(Unaudited)</u> <u>NIS thousands</u>
For the nine months ended September 30, 2025 (unaudited)				
Balance as at January 1, 2025	*	163,000	395,080	558,080
Profit for the period	-	-	25,577	25,577
Balance as at September 30, 2025	<u>*</u>	<u>163,000</u>	<u>420,657</u>	<u>583,657</u>
For the nine months ended September 30, 2024 (unaudited)				
Balance as at January 1, 2024	*	163,000	376,726	539,726
Dividends to shareholders	-	-	(4,800)	(4,800)
Profit for the period	-	-	93,940	93,940
Balance as at September 30, 2024	<u>*</u>	<u>163,000</u>	<u>465,866</u>	<u>628,866</u>
For the three months ended September 30, 2025 (unaudited)				
Balance as at July 1, 2025	*	163,000	408,497	571,497
Profit for the period	-	-	12,160	12,160
Balance as at September 30, 2025	<u>*</u>	<u>163,000</u>	<u>420,657</u>	<u>583,657</u>

* Less than one thousand NIS.

The accompanying notes are an integral part of these Consolidated interim financial statements.

Consolidated Interim Statements of Changes in Equity

	Share Capital	Share premium	Retained earnings	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
For the three months ended September 30, 2024 (unaudited)				
Balance as at July 1, 2024	*	163,000	418,544	581,544
Profit for the period	-	-	47,322	47,322
Balance as at September 30, 2024	*	163,000	465,866	628,866
For the year ended December 31, 2024 (audited)				
Balance as at January 1, 2024	*	163,000	376,726	539,726
Dividends to shareholders	-	-	(88,300)	(88,300)
Profit for the year	-	-	106,654	106,654
Balance as at December 31, 2024	*	163,000	395,080	558,080

* Less than one thousand NIS.

The accompanying notes are an integral part of these Consolidated interim financial statements.

Consolidated interim statements of cash flows

	For the nine months ended September 30 2025 (Unaudited) NIS thousands	For the nine months ended September 30 2024 (Unaudited) NIS thousands	For the three months ended September 30 2025 (Unaudited) NIS thousands	For the three months ended September 30 2024 (Unaudited) NIS thousands	For the year ended December 31 2024 (Audited) NIS thousands
Cash flows from operating activities					
Profit for the period	25,577	93,940	12,160	47,322	106,654
Adjustments for:					
Depreciation	60,659	46,890	20,868	19,943	67,492
Amortization of intangible assets	22,876	22,897	7,708	7,688	30,585
Change in fair value of derivatives	18,877	(63,395)	37,738	(46,653)	69,759
Realization of economic derivative	(3,397)	4,387	(2,001)	1,480	3,351
Financing expenses (income), net	54,249	77,073	(12,886)	53,523	(24,121)
Income tax expenses	7,830	28,151	3,722	14,139	31,949
Change in inventory	11,769	2,660	6,317	1,073	1,904
Change in trade and other receivables	(86,004)	22,835	539	(1,964)	54,192
Change in trade and other payables	26,680	1,428	136,026	(1,592)	(24,304)
Income taxes paid	(148)	(70)	(70)	-	(70)
Net cash from (used in) operating activities	138,968	236,796	210,121	94,959	317,391
Cash flows from investing activities					
Decrease (Increase) in pledged deposits	4,878	19,741	(143)	7,227	13,023
Interest received	3,307	3,571	1,397	1,111	3,575
Realization of economic derivative	(22,873)	26,861	(13,499)	6,071	24,846
Acquisition of fixed assets	(232,900)	(199,636)	(185,828)	(26,069)	(221,717)
Net cash used in investing activities	(247,588)	(149,463)	(198,073)	(11,660)	(180,273)
Cash flows from financing activities					
Interest paid	(43,261)	(27,694)	(16,866)	(9,419)	(35,875)
Repayment of bank loans	(109,656)	(107,517)	(36,683)	(39,305)	(144,986)
Loans received from banks	477,000	183,000	327,000	-	183,000
Payment of principal of lease liabilities	(247)	(247)	(82)	(82)	(329)
Dividends paid	(30,000)	(4,800)	-	-	(58,300)
Net cash from (used in) financing activities	293,836	42,742	273,369	(48,806)	(56,490)
Net increase in cash and cash equivalents	185,216	130,075	285,417	34,493	80,628
Cash and cash equivalents at the beginning of the period	162,852	82,439	62,708	177,871	82,439
Effect of exchange rate fluctuations on cash and cash equivalents	96	(289)	39	(139)	(215)
Cash and cash equivalents at the end of the period	348,164	212,225	348,164	212,225	162,852

Notes to the Condensed Interim Financial Statements

Note 1 - General

A. Reporting entity

MRC Alon Tavor Power Ltd. (the “**Company**”), is an Israeli resident private company incorporated on May 7, 2019. The Company has purchased the Alon Tavor Power Plant Site (the “**Alon Tavor Site**”) in accordance with a tender published by the Israeli Electricity Company (“**IEC**”) and its primary objective is to operate Alon Tavor Site. The Company initiated its operation in December, 2019.

The Shareholders and their interest in the Company are as follows: (1) Mivtach Shamir Holdings Ltd **33.3%**; (2) China Harbor Engineering Company Ltd., **33.3%**; and (3) Generation Rapac Holdings MRC General Partnership **33.3%**. Additional 0.1% of the Company’s shares is dormant shares held by the Company.

The Company is the sole limited partner of MRC A.T Power Development Limited Partnership (the “**Peaker Partnership**”) and the sole shareholder (100%) of M.R.C Alon Tavor Energy 1 General Partner Ltd, the general partner of the Peaker Partnership. The financial standings of the Peaker Partnership have been consolidated with the financial standings of the company.

B. Material events in the reporting period

(1) *Iron Swords War*

On October 7, 2023, the State of Israel declared war against the murderous terrorist organization Hamas operating from the Gaza Strip. Subsequently, during 2024 and 2025, military operations were also conducted against the terrorist organization Hezbollah in Lebanon, as well as against targets in Iran during second quarter of 2025 (the “War”). On October 2025, the State of Israel signed an cease fire agreement.

Existing Generating Units’ production

As of the date of these financial statements, the War has no direct effect on the current electricity production activity of Alon Tavor Site. During 2023, Alon Tavor Site's emergency preparations were completed, including preparations to operate the Combined Cycle Unit with back-up fuel (diesel fuel oil) and maintaining the required emergency and backup quantities of back-up fuel, as required by applicable law and regulations. Also, there is no effect on the manpower that operates and maintains Alon Tavor Site, since in light of the definition of the Alon Tavor Site as an "Essential Plant" according to applicable law, Alon Tavor Site serves as the reserve unit of the operation and maintenance personnel.

The Group's management continues to analyze and monitor the effects of the War on the operation of Alon Tavor Site daily.

Notes to the Condensed Interim Financial Statements

Note 1 – General (cont'd)

B. Material events in the reporting period (cont'd)

(1) *Iron Swords War (cont'd)*

Peaker Project

The construction of the Peaker Project has been adversely affected on several occasions due to the ongoing state of war declared by the Government of Israel, the significant security events and hostilities along the northern border, as well as the recent conflict with Iran. Periodic updates and requests for recognition of these security-related events as force majeure were submitted to the Electricity Authority, following multiple instances in which the construction works were suspended due to instructions given to foreign experts of the EPC Contractor and subcontractors to leave Israel until the situation stabilized.

The suspension of works and the various limitations imposed on the Israeli economy during the months of conflict — including disruptions to shipping and imports, the mobilization of personnel for reserve military service, and the inability to bring or retain the necessary experts in Israel — have had, and continue to have, a direct impact on the project timeline, resulting in a material delay in the construction and commercial operation of the project.

Construction activities have resumed at the site, and the commissioning process was performed, see also note 7.

(2) *Regulatory Hearings*

Following a hearing process held by the Electricity Authority, On February 12, 2025, the EA published its decision with respect to caps to be applied on the supplementary tariffs set in Standard ('Amat Mida') 106F.

In accordance with the Electricity Authority's decision, the Company may choose between two alternatives with respect to the Caps on the supplementary tariffs that will apply to it: (a) a factor of 1.4 on the gas price; or (b) a factor of 1.6 on the gas price, retroactive as of the Power Plant's acquisition.

The electricity authority published a decision to postpone the final date for choosing between the two above mentioned options to December 31, 2025.

MRC Group is currently holding discussions with the Electricity Authority and Noga regarding the implementation of the decision and receiving several clarifications regarding it and its implications for the Company, while evaluating various courses of action, including legal steps such as appealing to the relevant courts or authorities, in relation to the decision and its implementation by the Electricity Authority and Noga

In parallel, on August 27, 2024, Noga has published principles for the wholesale price (SMP) update mechanism, which is planned to be applied During 2026.

The Company has submitted a comprehensive response to the document on November 12, 2024.

Based on the Group's assessments with respect to the EA's decision and Noga's abovementioned document, no material adverse effect on the Group's current financial statements is expected.

Notes to the Condensed Interim Financial Statements

Note 1 – General (cont'd)

B. Material events in the reporting period (cont'd)

(3) Dividends

Following a dividend declaration made in 2024, the Company distributed NIS 30 million in January 2025.

Note 2 - Basis of Preparation

A. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended December 31, 2024.

The condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on November 10, 2025.

B. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to exercise judgment when making assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements.

Note 3 - Significant Accounting Policies

A. Accounting policies consistency

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its annual financial statements.

Note 4 – Seasonality

The demand for electricity is seasonal and is influenced, among other things, by the climate that prevails during that season. The months of the year are divided into three periods as follows: Summer season - June to September; Winter season - December, January and February; And transitional seasons - (spring and autumn), from March to May and from October to November. The electricity demand is higher in the winter and the summer, the average electricity consumption during these seasons is higher than in the transitional season and is, moreover, even characterized by peak days demand due to extreme cold or hot climatic conditions.

Notes to the Condensed Interim Financial Statements

Note 5- Related and Interested Parties

A. Transactions with related and interested parties

	Transaction value				
	For the nine months ended September 30, 2025	For the nine months ended September 30, 2024	For the three months ended September 30, 2025	For the three months ended September 30, 2024	For the year ended December 31, 2024
	(Unaudited)				(Audited)
	NIS thousands				
Natural gas sales to Company's Shareholder	(1,370)	86	-	-	86
O&M services expenses to entity held by the same shareholders	47,036	39,429	13,922	14,429	46,236

B. Balances with related and interested parties

	Balance in the statement of financial position		
	September 30		December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS thousands	NIS thousands	NIS thousands
Other receivables - Entity held by the same shareholders	4,559	3,796	5,698
Trade payables - Entity held by the same shareholders	7,506	8,259	6,253

Notes to the Condensed Interim Financial Statements

Note 6 - Financial Instruments

(1) Financial instruments measured at fair value for disclosure purposes only

The carrying amounts of certain financial assets and liabilities, including cash, trade receivables, other receivables, deposits, derivatives, short-term loans and borrowings, shareholders loans, trade payables, other payables and lease liabilities are the same or proximate to their fair value.

The fair value of the Long-term bank loans including current maturities, together with the carrying amounts shown in the statement of financial position, are as follows:

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2024 (Audited)
	NIS thousands		
Fair Value	1,941,017	1,547,992	1,478,451
Carrying amount *	2,048,610	1,776,974	1,632,728

* Including current maturities.

(2) Fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of financial instruments measured at fair value on the temporal basis using valuation methodology in accordance with the fair value hierarchy levels (for a definition of the various hierarchy levels, see Note 2 in the annual financial statements regarding the basis of preparation of the financial statements).

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	December 31, 2024 (Audited)	Fair Value Level
	NIS thousands	NIS thousands	NIS thousands	
Financial assets (liabilities) measured at fair value through profit or loss:				
Economic hedging derivatives	(935)	2,467	(816)	Level 2
Embedded derivative	(51,556)	67,751	(59,068)	Level 2
Cash-settled share-based payment arrangements	(6,774)	(4,678)	(5,674)	Level 3

Notes to the Condensed Interim Financial Statements

Note 6 - Financial Instruments (Cont'd)

(3) Details regarding fair value measurement at Levels 2

<u>Financial instrument</u>	<u>Valuation method for determining fair value</u>	<u>Significant unobservable inputs</u>	<u>Interrelationships between significant unobservable inputs and fair value measurement</u>
Economic hedging derivatives	Fair value measured on the basis of the difference between the forward price in the contract and the current forward price for the delivery date using market interest rates appropriate for similar instruments.	Not applicable	Not applicable
Embedded derivative	Fair value measured on the basis of discounting the difference between the forward price in the contract and the current forward price for the residual period until redemption using market interest rates appropriate for similar instruments, including the adjustment required for the credit risks	Discount rate, based on the risk-free rate, adjusted for a risk premium to reflect the credit risk.	The differential cash flow discounted using the calculated credit risk rate

(4) Details regarding fair value measurement at Levels 3

<u>Valuation method for determining fair value</u>	<u>Significant unobservable inputs</u>	<u>inputs and fair value measurement</u>	<u>Interrelationships Between significant unobservable</u>
Share-based payment	The fair value of the liability is re-measured at the end of each period. Measurement inputs include the most recent Group valuation, the exercise price of the instrument, expected volatility expected term of the instruments and the risk-free interest. Service and non-market performance conditions are not taken into account in determining fair value.	Not applicable	Not applicable

Notes to the Condensed Interim Financial Statements

Note 6 - Financial Instruments (Cont'd)**(5) Valuation processes used by the Group**

The fair value of economic hedging derivatives is determined by external valuers on a regular quarterly basis. The valuations are reviewed by the Group's financial department and presented to the Group's Management for perusal.

The fair value of embedded derivative is determined by external valuers on a regular annual basis and updated internally during the year. The valuations are presented to the Group's Management for perusal. Unobservable inputs relate to the discount rate, which is based on the observable risk-free rate, adjusted for a risk premium to reflect the credit risk.

The fair value of cash-settled share-based payment arrangements is determined on a yearly basis accordance to external valuation of the Group published by its shareholders. Measurement inputs include the Group valuation on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments and the risk-free interest. Service and non-market performance conditions are not taken into account in determining fair value.

Note 7 - Subsequent Events

Subsequent to the balance sheet date, the Company finalized the commissioning process of the Peaker Project, including completion of all required tests and receipt of all regulatory approvals and licensing. The units entered into full commercial operation on October 16, 2025.