

Shapir Engineering and Industry Ltd.

Supplementary Immediate Report Regarding a Significant Private Allocation of Bonds (Series 3 and D) of the Company

To:
Israel Securities Authority
www.isa.gov.il

To:
Tel-Aviv Stock Exchange Ltd.
www.tase.co.il

20 November 2025

Re: Supplementary Immediate Report Regarding a Significant Private Allocation of Bonds (Series 3 and D) of the Company

The company is honored to report hereby, in accordance with the Securities Regulations (Private Placement of Securities in a Listed Company), 2000 (the Regulations), that on 19 November 2025, the company's Board of Directors approved a significant private allocation of NIS 121,244,186 par value bonds (Series 3) of the company, each of NIS 1 par value (the Offered Bonds (Series 3)), and NIS 100,000,000 par value bonds (Series 4) of the company (the Offered Bonds (Series 4)), each of NIS 1 par value, which will be registered for trading on the Tel-Aviv Stock Exchange Ltd. (the Exchange), by way of expanding the company's existing bond series (series 3 and D) (together, the Offered Bonds and the Private Placement, as applicable), all as detailed below.

1 The Offeree

The Offered Bonds will be allocated to Phoenix Insurance Company Ltd. (Phoenix) in exchange for the transfer of ordinary shares of 120 Senior Living Centers Ltd. (Ad 120) to Shapir Housing & Building Ltd. (a subsidiary of the company; Shapir Housing).

For further details, see section 7 below and the company's immediate report dated 20 November 2025 (Reference No.: 2025-01-089478).

The controlling shareholder of Phoenix is Phoenix Financials Ltd. (Phoenix Financials), which holds all of the share capital of Phoenix.¹⁰

Phoenix is an interested party in the company as defined in section 270(5) of the Companies Law, 1999, as Phoenix Financials (including through corporations under its control) is a significant shareholder of the company. Phoenix is one of the types of investors listed in the First Addendum to the Securities Law, 1968 (Securities Law).

2 Terms of the Offered Bonds (Series 3), Their Quantity and Proportion

2.1. The Company's bonds (Series 3) were originally issued pursuant to the shelf offering report dated 11 July 2021 (Reference No.: 2021-01-115320; the Shelf Offering Report for Series 3) and have been expanded from time to time under the company's shelf offering reports. It should be noted that as of the reporting date (prior to the private placement), there are in circulation NIS 915,416,667 par value bonds (Series 3) of the company.

2.2. The terms of the Offered Bonds (Series 3) in the private placement are identical to the terms of the bonds (Series 3) offered under the Shelf Offering Report for Series 3.

2.3. The bonds (Series 3) are repayable (principal) in sixteen (16) equal annual payments, each for 6.25% of the principal, which have been and will be paid on 30 November of each of the years 2022 to 2037 (inclusive).

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¹ According to the public reports of Phoenix Financials, Phoenix Financials has had no controlling shareholder since the third quarter of 2024.

The outstanding principal of the bonds (Series 3) bears a fixed annual interest rate of 2.34%. The interest on the outstanding balance, as it may be from time to time, of the bonds (Series 3) is paid in 33 installments starting from November 2021, twice a year, on May 31 each year from 2022 to 2037 (inclusive) and on November 30 each year from 2021 to 2037 (inclusive).

It is clarified that a holder of the offered bonds (Series 3), which will be issued pursuant to this shelf offering report, will not be entitled to receive any payment for interest and principal on the said bonds if the record date for the payment falls before the date of their issuance, as stated.

For more details about the terms of the bonds (Series 3) of the company, see the shelf offering report of series 3.

2.4 The company's bonds (Series 3) currently in circulation and the offered bonds (Series 3) will, from the date of their issuance, constitute one series for all intents and purposes, and the provisions of the trust deed, signed on July 11, 2021, between the company and Hermetic Trustees (1975) Ltd., the trustee for the holders of the company's bonds (Series 3) (the trust deed (Series 3) and the trustee, as applicable), shall apply to the offered bonds (Series 3), including with respect to the interest and principal payment dates thereof. The offered bonds (Series 3) shall have equal security ranking, *pari passu*, among themselves and with the existing bonds (Series 3) in circulation, with no priority or preference of one over another.

2.5 After completing the private allocation, if and to the extent completed, the total series of the company's bonds (Series 3) will stand at NIS 1,036,660,853 par value. The offered bonds will constitute, after allocation, approximately 11.7% of the remaining par value of the company's bonds (Series 3).

2.6 All the offered bonds (Series 3) shall be registered in the company's securities registry in the name of the company for registrations at the Tel Aviv Stock Exchange Ltd. or another registration company that will replace it, through which all the company's securities will be held (the registration company).

3. Terms of the Offered Bonds (Series 4), Their Quantity and Proportion

3.1 The company's bonds (Series 4) were first issued pursuant to the shelf offering report dated July 30, 2025 (Reference No.: 2025-01-056788; the shelf offering report of series 4). It should be noted that as of this report date (prior to the private allocation), there are 300,000,000 NIS par value bonds (Series 4) of the company in circulation.

3.2 The terms of the bonds (Series 4) in the private allocation are identical to the terms of the bonds (Series 4) offered under the shelf offering report for series 4.

3.3 The bonds (Series 4) are repayable (principal) in thirteen (13) annual installments, with each of the first four (4) payments being 7% of the par value of the bonds (Series 4), and the remaining nine (9) payments being 8% of the par value of the bonds (Series 4). The payments will be made on October 3, each year from 2028 to 2040.

The outstanding principal of the bonds (Series 4) bears a fixed annual interest rate of 5.22%. The interest on the outstanding balance, as it may be from time to time, of the bonds (Series 4), will be paid twice a year starting from April 2026, on April 3 each year from 2026 to 2040 (inclusive) and on October 3 each year from 2026 to 2040 (inclusive).

For more details about the terms of the bonds (Series 4) of the company, see the shelf offering report of series 4.

3.4 The company's bonds (Series 4) currently in circulation and the offered bonds (Series 4) will, from the date of their issuance, constitute one series for all intents and purposes and the provisions of the trust deed, signed on July 11, 2021, between the company and Hermetic Trustees (1975) Ltd., shall apply to the offered

Their issuance (series) will in all respects form a single series, and the provisions of the trust deed, which was signed on July 30, 2025, between the company and the trustee as trustee for the holders of the bonds (Series 4) of the company (the trust deed (Series 4)), shall apply to the offered bonds (Series 4) as well, including with respect to their interest and principal payment dates. The offered bonds (Series 4) will rank pari passu in security, among themselves and with the bonds (Series 4) currently outstanding, with no priority or preference for any one over another.

3.5. After completion of the private allocation, if and to the extent that it is completed, the total series of the company's bonds (Series 4) will amount to NIS 400,000,000 par value. The offered bonds will constitute, after allocation, 25% of the remaining par value of the company's bonds (Series 4).

3.6. All the offered bonds (Series 4) shall be registered in the company's securities registry in the name of the company for registrations.

4. The company's issued and paid-up share capital and the amount and rate of holdings, as far as known to the company, by interested parties, offerees, and the public in the company's securities²

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² The data in the tables regarding rates of holding in capital and in voting are net of 66,051 dormant shares held by the company. In addition, the data detailed below is to the best of the company's knowledge as of the date of this report.

4. The company's issued and paid-up share capital and the amount and rate of holdings, as far as known to the company, by interested parties, offerees, and the public in the company's securities²

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4. The issued and paid-up share capital of the company and the amount and rate of holdings, as far as known to the company, of interested parties, offerees, and the public in the company's securities²

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² The data in the tables regarding rates of holding in capital and in voting are net of 66,051 dormant shares held by the company. In addition, the data detailed below is to the best of the company's knowledge as of the date of this report.

5. Discount Rate for Bonds (Series 3 and 4)

5.1. The Bonds (Series 3) were initially issued according to the shelf offering report for Series 3 at their nominal value and without discount. On July 7, 2022, and August 2, 2023, expansions of the Bond Series (Series 3) were made, and as of the date of this report, the weighted discount rate of all Bonds (Series 3) outstanding is 10%.

The Bonds being offered (Series 3) will be issued at a price of NIS 0.90726 per NIS 1 par value, which is lower than the adjusted value of the Bonds (Series 3) prior to the publication of this report (NIS 1.011 per NIS 1 par value). Accordingly, the Bonds being offered (Series 3) issued under this report may be issued at a discount. On July 5, 2022, the company received approval from the Tax Authority under the green track, so that, for the purpose of withholding tax from the discount premium on the Bonds (Series 3), a uniform discount rate will be determined according to a formula weighting the various discount rates in the series, if any.

5.2. The Bonds (Series 4) were initially issued according to the shelf offering report for Series 4 at their nominal value and without discount.

The Bonds being offered (Series 4) will be issued at a price of NIS 1 per NIS 1 par value, which is lower than the adjusted value of the Bonds (Series 4) prior to the publication of this report (NIS 1.016 per NIS 1 par value). Accordingly, the Bonds being offered (Series 4) issued under this report may be issued at a discount. On October 21, 2025, the company received approval from the Tax Authority under the green track, so that, for the purpose of withholding tax from the discount premium on the Bonds (Series 4), a uniform discount rate will be determined according to a formula weighting the various discount rates in the series, if any.

5.3. If required, the company will publish a supplementary report before the listing for trading of the bonds being offered regarding the discount rate created for the offered bonds (with respect to each relevant series) and regarding the weighted discount rate of the offered bonds (with respect to each relevant series).

6. Bond Prices (Series 3 - 4) on the Stock Exchange

6.1. The price of the offered Bonds Series 3 is about 0.05% higher than the closing price of the company's Bonds (Series 3) on the stock exchange on November 19, 2025, which stood at NIS 0.9068 per NIS 1 par value Bonds (Series 3).

6.2. The price of the offered Bonds Series 4 is about 5% lower than the closing price of the company's Bonds (Series 4) on the stock exchange on November 19, 2025, which stood at NIS 1.0532 per NIS 1 par value Bonds (Series 3).

The Consideration and How It Was Determined

On November 19, 2025, a share purchase agreement was signed between the company and its subsidiaries, SHAPIR RESIDENTIAL and AD 120 LTD, and The Phoenix Insurance Company, whereby SHAPIR RESIDENTIAL will purchase from The Phoenix 1,163 shares of AD 120 LTD (the sold shares), with the consideration for the sold shares to be a total amount of NIS 279,750,000 (the consideration), which will be paid at completion as detailed below (the transaction):

A. An amount of approximately NIS 110,000,000 of the consideration will be paid to The Phoenix by way of a private placement of NIS 121,244,186 par value of the offered Bonds (Series 3);

B. An amount of approximately NIS 100,000,000 of the consideration will be paid to The Phoenix by way of a private placement of

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A. An amount of approximately NIS 110,000,000 of the consideration will be paid to The Phoenix by way of a private placement of NIS 121,244,186 par value of the offered Bonds (Series 3);

B. An amount of approximately NIS 100,000,000 of the consideration will be paid to The Phoenix by way of a private placement of

NIS 100,000,000 par value of the offered Bonds (Series 4);

c. The remaining consideration in the amount of approximately NIS 69,750,000 will be paid by way of a seller's loan.

For additional details regarding the transaction, see the immediate report of the company dated November 20, 2025 (reference number: 2025-01-089478), which is included in this report by way of reference.

Accordingly, the consideration for the allocation subject to this report is in the sold shares, with the amount of the consideration determined through negotiation between the parties, as part of the transaction.

8. Material Shareholder or Officer of the Company with a Personal Interest in the Consideration and the Nature of such Interest

To the best of the company's knowledge, except for The Phoenix Financials (which is the controlling shareholder in the offeree), none of the material shareholders or senior officers of the company have a personal interest in the consideration of the allocation subject to this immediate report.

9. Details of Agreements between the Offeree and Other Shareholders Regarding the Allocation of Securities of the Company

To the best of the company's knowledge and based on approval received from The Phoenix, there are no agreements, either written or oral, between the offeree and other shareholders in the company, regarding the purchase or sale of securities of the company or regarding the voting rights therein.

10. Approvals Required for the Execution of the Allocation of the Offered Bonds

10.1. On November 19, 2025, the company's Board of Directors approved the execution of the allocation of the offered Bonds (as part of the transaction) subject of this immediate report.

10.2. The company received approvals from the Tax Authority for the calculation of the weighted discount rate as detailed in section 5 above.

10.3. The company notified the trustee regarding the expansion of the Bonds (Series 3 and 4) and that the expansion meets the conditions set in section 3.2.2 of the Series 3 trust deed and in the Series 4 trust deed. It should also be noted that on November 20, 2025, S&P Maalot Ltd. (the rating agency) published a rating report in which a rating of iIA+ was given to the Bonds (Series 3 and 4) with an aggregate par value of up to NIS 230 million to be issued by the company by way of expanding Series 3 and 4. For details see the rating report dated November 20, 2025 (reference number: 2025-15-089534).

10.4. The private placement pursuant to this report is subject to and conditional upon receiving the Stock Exchange approval for listing of the offered Bonds (Stock Exchange approval). The company intends to approach the Stock Exchange to obtain such approval shortly after the publication of this report. It should be noted that except for the Stock Exchange's approval for the listing of the offered Bonds, all conditions for the issuance of the offered Bonds have been met.

It should also be noted that according to the terms of the transaction (as defined above), if Stock Exchange approval is not received by December 10, 2025, the transaction will not be completed and the private placement will not be carried out, unless otherwise agreed by the parties to the transaction, including the company and The Phoenix.

11. Prohibition or Restriction on the Execution of Actions in the Offered Bonds

The offered Bonds will be subject to restrictions on resale on the Stock Exchange in accordance with the provisions of Section 15C of the Securities Law and the Securities Regulations (Details with respect to Sections 15A and 15C of the Law), 2000 (Regulation 5 of the aforementioned regulations).

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12. Date of Allocation of the Offered BONDS

The date of allocation of the offered BONDS in accordance with the allocation subject to this report will be after receiving the Stock Exchange's approval for their listing for trading and concurrently upon completion of the transaction (as defined above).

Respectfully,
SHAPIR ENGINEERING AND INDUSTRY LTD
By: Adv. Amir Shaked, Chief Legal Advisor and Company Secretary