Shikun & Binui Energy Ltd.

("the Company")

To	To	Date: May 18, 2026
Securities Authority	**The Tel Aviv Stock Exchange Ltd.**	
www.isa.gov.il	www.tase.co.il	

Re: Entering into a Memorandum of Understanding regarding a reverse triangular merger transaction of the Company with Generation Capital Ltd.

Further to what was stated in the Company's immediate report dated May 15, 2026 (reference number: 2026-01-045017) regarding advanced negotiations of the Company and the controlling shareholder in the Company – Shikun & Binui Ltd. ("Shikun & Binui"), with Generation Capital Ltd. ("Generation"), a public company whose securities are traded on The Tel Aviv Stock Exchange Ltd., for the sale of 100% of the Company's share capital by way of a reverse triangular merger, the Company is pleased to update that on May 15, 2026, the Company signed with Shikun & Binui and with Generation a primarily non-binding memorandum of understanding regarding such a transaction[1].

A. The Transaction

In accordance with the memorandum of understanding, Generation will purchase, by itself or through a corporation under its control (the **"Purchaser"**), the full share capital (100%) of the Company by way of a reverse triangular merger, where the Company will be the surviving company and will become, following the completion of the transaction, a private company fully owned by Generation or by a corporation under its control, but will remain a reporting corporation.

At the transaction completion date, all of the Company's shares will be transferred to the Purchaser in exchange for consideration to be paid at the completion date to all the Company's shareholders according to their shareholding rate in its shares, for a total cash amount of NIS 4.05 billion (the **"Base Consideration"**), subject to customary adjustments in agreements of this type that will be implemented starting from the date of signing the memorandum of understanding. In addition to the Base Consideration, the Purchaser will pay all of the Company's shareholders at the transaction completion date an additional amount reflecting payment for the passage of time from the date of signing the memorandum of understanding until the completion date, in the amount of NIS 150 million (the **"Additional Consideration Amount"**).

Furthermore, subject to meeting milestones related to the advancement of certain existing material projects of the Company, in a period of up to 60 months from the completion date, an additional future contingent consideration in a cumulative maximum amount of up to NIS 300 million will be paid to those who are shareholders of the Company at the transaction completion date, under the terms detailed in the memorandum of understanding.

B. Conditions Precedent for Completing the Transaction

The completion of the transaction will be subject to the fulfillment of customary conditions precedent, including the approval of the Company's general meeting, regulatory approvals (including the Competition Authority and the Electricity Authority), the approval of the Company's BONDS holders and the approval of financing entities, as may be required.

C. Exclusivity Period

Within the framework of the memorandum of understanding, the parties committed to conduct negotiations in good faith for the purpose of entering into a detailed and binding reverse triangular merger agreement.

Upon signing the memorandum of understanding, the Purchaser will perform due diligence with respect to the Company for a period of 30 days from the date of opening a data room for the Purchaser and its advisors, in which the documents detailed in the memorandum of understanding will be included (the **"Examination Period"**).

During the Examination Period, the Company and Shikun & Binui committed to immediately cease all existing discussions and/or negotiations with any third party that were held before the signing of the memorandum of understanding, to the extent they exist, in connection with the possibility of performing a competing transaction (as defined in the memorandum of understanding) and until the end of the Examination Period not to conduct negotiations with any entity,

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1 The memorandum of understanding was approved by the boards of directors of the Company and Shikun & Binui on May 16, 2026 and by the board of directors of Generation on May 17, 2026.

Not to enter into any agreement and not to reach any understandings in anything related to or concerning a competing transaction (as defined in the Memorandum of Understanding). In addition, the Company and Shikun & Binui undertook that to the extent an unsolicited approach is received from a third party by the end of the examination period regarding a competing transaction (as defined in the Memorandum of Understanding), they will not promote it until the end of the examination period.

In accordance with the Memorandum of Understanding, agreed and binding mechanisms were established for the provision of monetary compensation to the Company by Generation in the event that a detailed agreement is not signed by the end of the examination period, and for the provision of compensation by Shikun & Binui or the Company in the event that Generation pays the said compensation and either of them completes a competing transaction (as defined in the Memorandum of Understanding) as a result of which a new controlling shareholder is created in the Company instead of Shikun & Binui or as a result of which the main assets of the Company will be sold, within a certain period of time from the end of the examination period.

The Memorandum of Understanding constitutes a document of principles only, intended to serve as a basis for negotiation between the parties, and is not binding on the parties, except with respect to certain provisions.

It will be clarified that there is no certainty that a binding agreement will be signed between the parties and to the extent that it is signed, there is no certainty that the transaction will be completed. The information provided in this report in connection with the possibility of entering into a binding agreement and the completion of the transaction, including its terms, is forward-looking information as defined in the Securities Law, 1968, which is based on the estimates of the Company's management as of this date, and which there is no certainty that it will be realized, in whole or in part, and it may be realized in a materially different manner, among other things due to the non-fulfillment of the conditions precedent, non-signing of a binding agreement or the realization of additional risk factors.

Sincerely,

Shikun & Binui Energy Ltd.

Signed by:

Yuval Skornik, CEO

Amri Kozak, VP General Counsel