# Shikun & Binui Ltd.

## Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2026

2026

# Shikun & Binui Ltd.

Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2026

# Table of Contents



## Shikun & Binui Ltd.

## Chapter A -

# Board of Directors' Report on the State of the Corporation's Affairs

# For the period ended March 31, 2026



# Board of Directors' Report on the State of the Corporation's Affairs

# For the period ended March 31, 2026

The Board of Directors of Shikun & Binui Ltd. (hereinafter: "**the Company**") is pleased to submit herewith the Board of Directors' Report on the State of the Company's Affairs (the Company together with the corporations under its control, hereinafter: "**the Group**") for the three-month period ended March 31, 2026 (hereinafter: "**the reporting period**").

# Part A

## 1. General

The Company operates directly through its held companies (together "**Shikun & Binui Group**" or "**the Group**") in Israel and outside of Israel in six operating segments: (1) **Infrastructure and construction contracting in Israel**; (2) **Infrastructure and construction contracting in the USA**; (3) **Real estate development in Israel**; (4) **Real estate development abroad**; (5) **Energy**; and (6) **Concessions**. In addition, the Group has activities that do not reach the level of operating segments in its financial statements. See Note 35 to the financial statements for 2025.

The Company operates in several countries and its activities mainly include projects of high financial scope and high complexity for both the private and public sectors.

### Deployment of the Group's main areas of activity worldwide

# Part B - Disclosure Regarding the Corporation's Financial Reporting

## 2. Notable events during the report period and after the reporting date

### 2.1. In the Real Estate Development Sector in Israel

**Extension of the Company's rights in Ramat Efal lands** - In February 2026, a consolidated company entered into an agreement with the ILA under which the lease rights in the Ramat Efal lands were regulated. As part of the regulation of said rights, separate lease contracts will be signed for each of the plots and the lease period will be extended for an additional period of 99 years, i.e., until the year 2125. Furthermore, it was agreed that in lieu of paying a permit fee, the consolidated company transferred plots 401 and 116-1 to the ILA.
Additionally, the Company recognized in the three-month period ended March 31, 2026, a profit from the revaluation of investment property in the amount of approximately NIS 53 million in Ramat Efal. For further details, see Note 4(2) to the financial statements.

**Settlement of the Company's rights in a combination transaction in Tel Aviv** - In January 2026, within the framework of an arbitration process approved by the court, an agreement was signed with landowners in a complex in Tel Aviv such that a consolidated company exercised an option to purchase 15 dunams of the complex, and an update was made to the combination rate, so that on the remainder of the land, the landowners' share will stand at 40% for residential designation and 39% for commercial and employment designation.
Additionally, within the framework of said settlement, the landowners repaid loans in the amount of NIS 108 million granted to them by the consolidated company, of which approximately NIS 48 million was repaid in cash and the balance of the loans was repaid against the receipt of rights in the land. For further details, see Note 4(3) to the financial statements.

**Merger of REIT S.B. Real Estate Assets shares** - Further to Note 37(6) to the annual financial statements, in April 2026 a tax ruling was received stating that the signing of the MOU will be considered the date on which the shares of REIT S.B. Real Estate Assets were listed for trading (as required by the Ordinance in relation to real estate investment funds). However, if the share exchange is not performed within 90 days from the date the tax ruling was granted, the Tax Authority will have the right to cancel the tax ruling retroactively (and in such a case, REIT S.B. Real Estate Assets would be exposed to consequences due to the cancellation of the tax benefits of a real estate investment fund, including a demand for the payment of additional purchase tax).
Additionally, on April 30, 2026, the parties to the MOU agreed to a further extension of the timelines set therein, and also reserved the right to mutually agree on further future extensions of the timeline in the MOU.
Accordingly, the period set as the target for signing a binding agreement was extended until June 15, 2026, and the exclusivity period for conducting contacts regarding the merger was extended until August 31, 2026.
It should be emphasized that as of the date of approval of the financial statements, there is no certainty that a binding agreement will be signed and that if a binding agreement is signed, the conditions precedent for the completion of the transaction will be met.
It should also be noted that in March, Amendment No. 285 to the Income Tax Ordinance (5786-2026) (the "**Amendment**") was published, which includes, among other things, authority for the Real Estate Taxation Director to extend the periods for completing construction set in legislation, including expanding the definition of real estate under construction and extending development and holding periods for rental housing purposes.
In light of the legislative amendment, the Company approached the Real Estate Taxation Director with a request to use his authority and extend the deadlines for completing construction in order to meet the REIT conditions. For further details, see Note 4(4) to the financial statements.

**Signing of an agreement to introduce partners in the student dormitories in Tel Aviv** - Further to Note 31(d)(20) to the annual financial statements, it was agreed that the parties agreed to postpone the final deadline for the fulfillment of the remaining conditions precedent for the completion of the transaction to June 30, 2026.
According to the Company's assessment, the completion of the transaction, to the extent it is realized, is expected to occur during the second quarter of 2026.
The Company classified in its financial statements the total assets and liabilities of the partnership as held for sale. For further details, see Note 4(5) to the financial statements.

## 2.2. In the Real Estate Development Sector Abroad

**Sale of land in the Czech Republic** - During the first quarter of 2026, the Company signed an agreement for the sale of its holdings (50%) in an associate company holding land in the Czech Republic for a total of approximately 6.8 million Euros (approximately NIS 25 million). Accordingly, the Company classified its holdings and the net owner loans granted to the associate company as held for sale in the financial statements for the first quarter of 2026. After the balance sheet date, in April 2026, the transaction was completed and the full consideration was received. For further details, see Note 4(6) to the financial statements.

## 2.3. In the Energy Sector

**Introduction of partners in Ramat Beka** – Further to Note 37(2) to the annual financial statements, regarding the Ramat Beka project and the signing by a consolidated company of a detailed agreement with Azrieli Group Ltd. for the sale of 50% of the consolidated company's rights in the project (the "Agreement"), on March 25, 2026, the Competition Authority's approval was received, which constituted a condition precedent to the Agreement. After the balance sheet date, on April 14, 2026, the steering committee was established and the parties began to jointly manage the project. In light of the fulfillment of the conditions precedent and the establishment of management mechanisms, the consolidated company believes that as of the said date, there was a loss of control in the project, and at this date, the holding transferred to joint control in the project and it will be presented according to the equity method. For further details, see Note 4(7) to the financial statements.

**Contacts for the sale of a project in Hof HaBonim** - A consolidated company that holds approximately 40% of the rights in the Hof HaBonim project is taking substantial steps to sell its share in the project, including advancing contacts with potential parties for the purpose of executing such a transaction. In the estimation of the consolidated company's management, and subject to the fulfillment of customary conditions precedent and the completion of negotiations with the relevant parties, the realization transaction is expected to close during the next 12 months. It should be emphasized that there is no certainty regarding the completion of the transaction or its final terms. For further details, see Note 4(8) to the financial statements.

**Pumped Storage**

- Further to Note 37(8) to the annual financial statements, regarding malfunctions in the production units of the facility, the second stage of the malfunction repair began on February 4, 2026, in unit number 2 and on February 25, 2026, in unit number 1. The repair was expected to last between 6-7 months; however, due to Operation "Lion's Roar" at the end of February 2026, PSP was updated by the construction contractor that due to the operation, and according to an instruction received from GE management, GE employees stopped the repair work at the site and left the country. Following discussions with the construction contractor, an alternative was found for the temporary return of turbine 1 to operation. Unit number 1 was returned to full production activity on April 5, 2026, and it is expected to operate until June 8, 2026, from which date the repair work will begin, with the expected completion of repairs for this unit being January 5, 2027.

On May 6, 2026, unit 2 is in the process of repairs by the contractor's team of foreign experts, with the expected completion of repairs for this unit being November 11, 2026.

Furthermore, PSP demanded the contractor submit an updated repair plan, including an acceleration plan to reduce repair times. The cessation of work as mentioned is expected to cause a prolongation of the shutdown relative to the original schedule. PSP is examining the impact of these changes and is acting to minimize their effect. Additionally, following the agreement reached on November 9, 2025, between PSP and its shareholders (including a consolidated company) and the lenders, the project's contractor representatives, and the contractor's shareholders (including the Company), for the shutdown of the facility to perform the second stage of the repair, due to the changes in the security situation in Israel and the construction contractor's departure from the site, PSP is examining the need for an update to the framework and/or the financing agreement, as required. For further details, see Note 4(17) to the financial statements.





## 2.4. In Infrastructure Contracting and Construction in Israel

**Tikshuv Project** – After the balance sheet date, on May 5, 2026, the concessionaire received a letter in which the work orderer, the Ministry of Defense, approved a milestone: for the operation of Phase A. On May 14, 2026, the concessionaire received another letter claiming that due to non-compliance with the schedules for completing said milestone, there is no eligibility for an invoice in the amount of approximately NIS 60 million to the concessionaire (on a "back-to-back" basis with the construction contractor - a consolidated company). According to the opinion of the construction contractor's legal advisors, the orderer's claim regarding non-eligibility is expected to be rejected with a very high probability (Highly probable). In addition, according to the agreement, the Company is entitled to additional payment due to the impact of the escalation of the Iron Swords War in an amount higher than the said amount. For further details, see Note 4(16) to the financial statements.

## 2.5. In the Concessions Sector

**Smart Waste – Receiving compensation from the State for war damages** - After the balance sheet date, on May 6, 2026, an amendment to the facility's concession agreement was signed between the concessionaire in the Smart Waste project (a facility under construction in the Shafdan complex for sorting and recycling municipal waste under a BOT agreement) and the State regarding the receipt of compensation for war damages and the update of the project's schedules (on a "back-to-back" basis with the construction contractor). Under the amendment to the agreement, it was agreed that the deadline for completing the construction of the facility would be extended until March 12, 2027 (except for certain components in the facility detailed in the amendment to the agreement, whose completion of construction will be carried out by the end of September 2027). It was further agreed that the State would compensate the concessionaire in the following amounts: (a) a one-time payment of NIS 147 million, plus VAT; (b) a payment of NIS 50 million on account of the facility's safety net; with both payments being paid to the concessionaire within 90 days from the date of signing the amendment to the agreement; and- (c) a payment of an additional NIS 50 million to be paid according to milestones set in the agreement in connection with the operation of the facility. According to the Company's assessment, the amendment to the agreement does not have a material impact on the Company's financial statements. For further details, see Note 4(11) to the financial statements.

**Increase in the Company's holding rates in the Drive Group** - Further to Note 37(4) to the annual financial statements, on May 13, 2026, approval was received from Cross Israel Highway Ltd. ("the Authorized Authority") that it has no objection to the execution of the transaction, which constitutes one of the conditions precedent for the completion of the transaction. For further details, see Note 4(13) to the financial statements.

## 2.6. Discontinued Activity

**Discontinuance of Activity** – Starting from January 1, 2026, since the balance of work in the project of a consolidated company in Uganda, which is mostly performed by subcontractors and whose completion is expected during 2026, is negligible, this project was added to the Group's discontinued operations in Africa and Central America. As a result, starting from these reports, all of this activity is presented as discontinued activity. The remaining activity focuses on debt collection, sale of equipment, and termination of engagements. Therefore, the Infrastructure Contracting and Construction Abroad (except the USA) sector ceased to be a reportable sector. Comparative figures for the three-month period ended March 31, 2025, and for the year ended December 31, 2025, were restated. For further details, see Note 2.d.2 to the financial statements.





**Sale of activity in Nigeria** – Further to Note 37(4) to the annual financial statements, on February 11, 2026, all conditions precedent were met and the sale agreement was completed, and autonomous bank guarantees were provided in favor of SBI AG by a bank in London with an international rating of A+ to secure the remaining payments of the intercompany balance in the amount of approximately USD 26.2 million (the remaining intercompany balance is after a repayment of approximately USD 15 million performed in December 2025 and for which payment dates were set in April 2026, April 2027, and April 2028).

During the report period, the full consideration for the sale of RCC shares in the amount of USD 42.3 million was received.

As a result of the completion of the transaction, the consolidated company recorded a capital gain from the sale of the shares in the amount of approximately NIS 131 million within the framework of discontinued activity. Conversely, a translation difference reserve in the amount of approximately NIS 433 million previously recorded in other comprehensive income was also reclassified to the loss from discontinued activity line within financing expenses, without any cash flow impact. It should be emphasized that the transfer of the translation difference reserve through profit and loss did not affect the consolidated company's total equity because the impact of the reserve had already been recorded in equity in the past. This classification action, as mentioned, is non-cash.

Following the completion of the transaction, its results, assets, and liabilities of Nigeria are not consolidated in the Company's financial statements. After the balance sheet date, in April 2026, an additional payment in the amount of USD 11.2 million was received from the intercompany balance of RCC to the consolidated company in accordance with the agreement set between the parties, and a balance remains for payment in the amount of USD 15 million, backed by autonomous bank guarantees, in accordance with the set milestones. For further details, see Note 4(15) to the financial statements.

## 2.7. Issuances and Credit Raising –

Confirmation of Company Rating – In March 2026, the rating agency Maalot reaffirmed the long-term rating of the Company at ilA with a stable outlook.

Expansion of BONDS – After the balance sheet date, on April 16, 2026, the Company performed an expansion of BONDS Series 11 for a total of approximately NIS 508 million net (after issuance expenses). For details regarding the Company's BONDS Series 11, see Section 8 of the report.

**Issuance of Shikun & Binui Energy shares** – On January 27, 2026, a consolidated company completed an issuance of 62,662,900 ordinary shares, registered in name, of NIS 1 par value each and 31,331,450 warrants (Series 1) exercisable into ordinary shares of the consolidated company (each warrant (Series 1) is exercisable into one ordinary share from the date of their listing for trade on the Stock Exchange until the final exercise date on July 27, 2027 (inclusive)) in consideration for a total of approximately NIS 232 million net (after issuance expenses).

After the issuance, as mentioned, the Company holds approximately 66.79% of the issued and paid-up capital and voting rights of the consolidated company, and on a fully diluted basis, it is approximately 64.08%.

## 2.8. Additional Events

**Examinations and Investigations by Authorities –** For further details and developments regarding examinations and investigations by authorities, see Note 25.C to the financial statements.

**Contacts for the Sale of Shikun & Binui Energy Shares –** Further to Note 31.D.25 to the annual financial statements, after the balance sheet date, on May 18, 2026, the Company and Shikun & Binui Energy signed a memorandum of understanding with a third party not related to the Company (hereinafter: the "Purchaser") regarding the sale of its entire holding in the share capital of Shikun & Binui Energy (approximately 66.79%) in a reverse triangular merger transaction with the Purchaser.

It was further established in the memorandum of understanding that the base consideration for all shareholders (100%) is NIS 4.05 billion, and in addition, an amount of NIS 150 million will be paid for the passage of time until the completion date (a total of NIS 4.2 billion). Furthermore, subject to meeting milestones related to project promotion, over a period of up to 60 months from the completion date, additional consideration will be paid in a maximum cumulative amount of up to NIS 300 million, under the terms specified in the memorandum of understanding.

In the Company's estimation, subject to the completion of the merger transaction if and to the extent it is established, and according to estimates as of the date of this report, the cash flow (after tax, excluding transaction costs) expected to be generated for the Company from the sale of Shikun & Binui Energy shares and the receipt of the base consideration amount, the additional consideration amount, and the future consideration amount is in the range of approximately NIS 2.7-2.9 billion, and the Company will record a profit in its financial statements (after tax, excluding transaction costs) in the range of approximately NIS 1.5-1.7 billion. For further details, see Note 4 (10) to the financial statements.

**Change in Accounting Policy Regarding Investment Property Measurement -** Starting from the annual financial statements for 2025, the Company changed its accounting policy regarding the subsequent measurement of investment property assets such that it applies the fair value model instead of the cost model for investment property in its possession.

The policy change was applied retrospectively, and accordingly, the Company restated the comparative figures for the three-month period ended March 31, 2025, according to the fair value model.

As part of the Company's strategy, which is reflected in the work plans for the coming years, the Company is working to enhance the investment property it owns. In the Company's estimation, the fair value method will reflect the economic value of the assets and its business results more appropriately compared to the cost method.

**Lands revalued to fair value are only those classified as investment property, such as income-generating properties as well as lands intended for the construction of income-generating properties.**

**To emphasize, the Group's lands classified as inventory - some of which are historical and were purchased many years ago, and which are intended for construction and marketing of apartments, were not revalued to fair value and will continue to be presented unchanged using the cost method.**

For further details, see also Note 2.G to the financial statements.

Regarding items in which a change has occurred, see detailed explanations in Section 3.1.

**"Iron Swords" War, "With a Lion's Heart" Operation, and "Lion's Roar" Operation (hereinafter "the War") – Further to Note 1.1 to the annual financial statements, following are the main consequences of the War on the Group's various operating segments in Israel:**

- **In the Infrastructure and Construction Contracting segment in Israel** - As a result of the War, the execution pace in construction and infrastructure projects was affected. The reduction in activity was felt mainly in the first week of the operation, when in most projects there was a slowdown to approximately 50%-70% of output and several security projects were completely closed for work. In the second week of the War, most projects returned to full or nearly full work (over 80% output), but nevertheless, at this stage, restrictions still applied to work with cranes and in several projects the output stood at only 60%-70%.

  The Group is working to reduce delays in projects and is working to streamline planning and, accordingly, update schedules in cooperation with the clients. Simultaneously, the Company is working with the clients to receive compensation for War damages.

  As of the reporting date, the Group is operating regularly at all its sites throughout the country.

- **In the Real Estate Development segment in Israel** – Following the security situation, a slowdown in demand for apartments was evident and, in addition, there were delays in the progress of construction in the Group's projects.

As of the date of approval of the report, there is uncertainty regarding the continuation or escalation of the War; therefore, the Company is unable to assess the future impact of the War on the Group's operations and on its financial results and on the Group's future cash flows.

### 2.9 Effects of Inflation and Interest Rate Increases

**A.** The Consumer Price Index in Israel (known index) decreased during the first quarter of 2026 by a rate of 0.1%, compared to an increase of 0.29% in the corresponding period last year. According to the Bank of Israel forecast published in March 2026, the inflation rate in the next four quarters (ending in the first quarter of 2027) is expected to stand at 2.3%, and during the entire year of 2027, it is expected to stand at 1.8%. As of December 31, 2025, the Group has an excess of financial liabilities over financial assets linked to the Consumer Price Index in the amount of approximately NIS 3.9 billion. As long as the excess of liabilities over assets linked to the Consumer Price Index remains without material change relative to the above, every 1% increase in the Consumer Price Index will cause an increase in finance expenses in a range between 36 and 42 million NIS. During the report period, there was a decrease in finance expenses, net, regarding Consumer Price Index linkage differences in the amount of approximately NIS 10 million, compared to the corresponding period last year.

**B.** Alongside the global price increase trend and in order to restrain the inflation rate, central banks began raising interest rates, including the Bank of Israel which raised the basic interest in several stages since April 2022, from a rate of 0.1% to a rate of 4.5% as of December 31, 2023. Starting from 2025 and up to the date of the report, there has been a decrease in the interest rate down to a rate of 4%. According to the Bank of Israel forecast, at the beginning of 2027, the monetary interest is expected to stand at an average rate of 3.5%.

**c.** As of December 31, 2025, the Group has an excess of financial liabilities over financial assets at variable interest in the amount of approximately NIS 2.8 billion. As long as the excess of liabilities over financial assets at variable interest remains without material change relative to the above, every change in the Bank of Israel interest at a rate of approximately 0.5% will cause a change in the Company's finance costs, net, in the amount of approximately NIS 14 million.

As of December 31, 2025, the Group has an excess of financial liabilities over financial assets at fixed interest in the amount of approximately NIS 6.6 billion, mainly due to BONDS series issued by the Company and its consolidated companies.





# Part C – Board of Directors' Explanations of the Corporation's Business State

## 3. Results of Operations

Following is a summary of data regarding the results of operations:

| Results of Operations \| NIS millions | | |
|---|---|---|
| | For the three-month period ended March 31 | |
| **Results of Operations** | **2026** | **2025** |
| **Revenues from work performance and sales** | **2,056** | **2,198** |
| **Cost of works performed and sales** | (1,868) | (1,866) |
| **Gross profit** | **188** | **332** |
| **Gross profit margin** | 9.1% | 15.1% |
| **Change in fair value of investment property** | (17) | (67) |
| **Selling and marketing expenses** | (13) | (11) |
| **General and administrative expenses** | (112) | (110) |
| **Company's share in profits of investee companies** | 2 | 59 |
| **Other income (expenses), net** | 8 | 16 |
| **Operating profit** | **56** | **219** |
| **Operating profit margin** | 2.7% | 10% |
| **Finance expenses, net** | (61) | (17) |
| **Profit (loss) before income taxes** | **(5)** | **202** |
| **Income taxes** | (37) | (64) |
| **Profit (loss) from continuing operations** | **(42)** | **138** |
| **Loss from discontinued operations (after tax)** | **(318)** | **(9)** |
| **Profit (loss) for the period** | **(360)** | **129** |

**A.** Following are detailed analyses of the main changes that occurred in the first quarter of 2026 compared to the first quarter of 2025.

**B.** Starting from the annual financial statements for 2025, the Company changed its accounting policy regarding the subsequent measurement of investment property assets such that it applies the fair value model instead of the cost model for investment property in its possession. Investment property does not include inventory of buildings for sale and inventory of lands which will continue to be measured without change on a historical cost basis and will not be revalued to fair value. The policy change was applied retrospectively, and accordingly, the comparative figures for the three months ended March 31, 2025, were restated according to the fair value model. For further details, see also Note 2.D to the financial statements.





C. As of January 1, 2026, because the remaining work on the project in Uganda, which is performed by a consolidated company and whose completion is expected during 2026, is negligible, the discontinued operations were restated such that starting from 2026 the discontinued operations include all of Africa and Central America. Following the completion of the sale of Nigeria, the remaining activity focuses on debt collection, equipment sales, and termination of contracts. Therefore, the Infrastructure and Construction Contracting segment abroad (except for the USA) ceased to be a reportable segment. Comparative figures for the three-month period ended March 31, 2025, and for the year ended December 31, 2025, were restated. For further details, see also Note 2.D to the financial statements.

D. Regarding items in which a change has occurred, see detailed explanations in Section 3.1.

## 3.1. The Change in Accounting Policy and the Manner of Retrospective Application

| Results of Operations \| NIS millions | | | | | |
|---|---|---|---|---|---|
| **Explanation** | **For the three-month period ended March 31, 2025** | | | | |
| | **As reported in these financial statements** | **Retrospective application for restatement of discontinued operations** | **Retrospective application for change in accounting policy** | **As previously reported** | |
| The change results from the classification of revenues for a contracting project in Uganda, for which the remaining execution is negligible, to discontinued operations. | 2,198 | (12) | - | 2,210 | **Revenues from work performance and sales** |
| The change results from the reversal of depreciation expenses recorded for investment property according to the cost model due to its presentation at fair value, as well as from the classification of costs for a contracting project in Uganda for which the remaining execution is negligible to discontinued operations. | (1,866) | 6 | 4 | (1,876) | **Cost of works performed and sales** |
| | **332** | **(6)** | **4** | **334** | **Gross profit** |
| Loss in the amount of approximately NIS 6 million from devaluation of investment property assets which was added to the provision for devaluation in an amount of NIS 61 million in residential rental projects (the said provision was presented last year as part of other operating expenses). | (67) | - | (67) | - | **Loss from revaluation of investment property** |

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

| Results of Operations \| NIS millions | | | | | |
|---|---|---|---|---|---|
| **Explanation** | **For the three-month period ended March 31, 2025** | | | | |
| | **As reported in these financial statements** | **Retrospective application for restatement of discontinued operations** | **Retrospective application for change in accounting policy** | **As previously reported** | |
| The change results from the classification of costs for a contracting project in Uganda for which the remaining execution is negligible to discontinued operations. | (110) | 1 | - | (111) | **General and administrative expenses** |
| Mainly due to a provision for impairment in residential rental projects that was classified as loss from revaluation of investment property due to policy change to the fair value model. | 16 | (2) | 61 | (43) | **Other operating income (expenses)** |
| **219** | **219** | **(7)** | **(2)** | **228** | **Operating profit** |
| - | (17) | 4 | - | (21) | **Finance expenses, net** |
| **202** | **202** | **(3)** | **(2)** | **207** | **Profit before income taxes** |
| Mainly due to change in tax assets due to the difference in the fair value of investment property assets relative to their cost for tax purposes, as well as from the classification of taxes for a contracting project in Uganda for which the remaining execution is negligible to discontinued operations. | (64) | 4 | (6) | (62) | **Income taxes** |
| **138** | **138** | **1** | **(8)** | **145** | **Profit (loss) from continuing operations** |
| **(9)** | **(9)** | **(1)** | **-** | **(8)** | **Profit (loss) from discontinued operations (after tax)** |
| **129** | **129** | **-** | **(8)** | **137** | **Profit (loss) for the period** |

## 3.2. Revenues from performance of works and sales

| Revenues from performance of works and sales \| in NIS millions | | | | |
|---|---|---|---|---|
| Activity segment | For the three-month period ended March 31 | | | Explanation |
| | 2026 | 2025 | Difference | |
| **Infrastructure and construction contracting in Israel** | 1,292 | 1,158 | 134 | *An increase of approximately NIS 42 million in the volume of performance of defense projects and residential construction in Israel, an increase of approximately NIS 42 million in the volume of activity of the foundation division, and an increase of approximately NIS 55 million from the execution of electro-mechanical systems.* |
| **Infrastructure and construction contracting in the USA** | 307 | 384 | (77) | *Mainly due to a decrease of approximately USD 11 million in revenues from the execution of the Fargo project and an additional decrease of approximately NIS 48 million as a result of the average dollar exchange rate against the NIS during the period decreasing by approximately 13.5% compared to the corresponding period last year.* |
| **Real estate development in Israel** | 299 | 318 | (19) | *The main decrease stems from a different mix of projects, whereas in the corresponding period last year, projects were included for which significant revenue was recognized due to advanced sales and completion rates, such as Lod Ben Shemen and the Tsukei Hashmura project. Conversely, the first quarter of the year included projects in early stages of execution with a low sales rate.* |
| **Real estate development abroad** | 152 | 261 | (109) | *Revenues from the sale of apartments in this segment are recorded at the time of apartment occupancy. Decrease of approximately EUR 28 million resulting from the occupancy of 163 apartments during the report period (74 housing units in Belgrade, 48 housing units in Romania, 33 housing units in Warsaw, and 8 housing units in Prague), compared to the occupancy of 249 apartments in the corresponding period last year (130 housing units in Warsaw, 94 housing units in Prague, and 25 housing units in Belgrade).* |
| **Energy** | 89 | 34 | 55 | *Increase due to the operation of the Etgal power station, as well as from electricity supply activity and electricity production during the commissioning period of PV projects in Romania.* |
| **Total Revenues** | **2,056** | **2,198** | **(142)** | |

**Revenues from performance of works and sales | in NIS millions**

| Activity segment | For the three-month period ended March 31 | | | Explanation |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | |
| **Concessions** | 146 | 528 | (382) | *Decrease of approximately NIS 342 million from the cessation of consolidation of construction revenues of concessionaire companies in defense projects due to the sale of 50% of the holdings in these corporations (for details see Note 27.D.31 to the annual financial statements). Additionally, a decrease of approximately NIS 35 million from revenues in the construction of Safra dormitories in Jerusalem.* |
| **Others** | 2 | 7 | (5) | *Regarding Elcon activity.* |
| **Adjustments** | (231) | (492) | 261 | *Decrease of approximately NIS 381 million due to the elimination of intercompany revenues mainly due to the cessation of consolidation of concessionaire companies in defense projects (for details see Note 27.D.31 to the annual financial statements) and regarding the construction of Safra dormitories in Jerusalem. Conversely, an increase in the elimination of intercompany revenues of approximately NIS 120 million mainly due to an increase in the volume of performance of residential apartment construction projects.* |
| **Total Revenues** | **2,056** | **2,198** | **(142)** | |



## 3.3. Gross Profit

**Gross Profit | in NIS millions**

| Activity segment | For the three-month period ended March 31 | | | Explanation |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | |
| **Infrastructure and construction contracting in Israel** | 46 | 47 | (1) | - |
| **Infrastructure and construction contracting in the USA** | (12) | 41 | (53) | The change stems from an update of estimates in projects under execution and from the fact that the average dollar exchange rate against the NIS during the period decreased by approximately 13.5% compared to the corresponding period last year. |
| **Real estate development in Israel** | 79 | 104 | (25) | The main decrease stems from a different mix of projects and also due to an update of estimates in a project under execution. |

| Gross Profit \| in NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| Activity segment | 2026 | 2025 | Difference | Explanation |
| **Real estate development abroad** | 45 | 95 | (50) | Due to a decrease in the volume of apartment deliveries (see also section 6.2 of the report). |
| **Energy** | 19 | 3 | 16 | Increase from the operation of the Etgal power station and from electricity production during the commissioning period of PV projects in Romania. |
| **Concessions** | 44 | 47 | (3) | - |
| **Others** | (5) | (2) | (3) | Regarding Elcon activity. |
| **Adjustments** | (28) | (3) | (25) | Stemming from the elimination of intercompany profits. |
| **Total Gross Profit** | **188** | **332** | **(144)** | |
| **Gross Profit Margin** | **9.1%** | **15.1%** | | |





## 3.4. Change in fair value of investment property

| Change in fair value of investment property \| in NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | 2026 | 2025 | Difference | Explanation |
| **Rental housing under construction** | (69) | (59) | (10) | During the report period mainly regarding the Derech Hashalom project in Tel Aviv; last year, mainly regarding the Sde Dov projects. |
| **Income-generating rental housing** | 8 | - | 8 | Mainly regarding the Chalomot Arnona project in Jerusalem. |
| **Other rental properties** | 44 | (8) | 52 | Mainly regarding land intended for the construction of investment property in Ramat Efal (see also Note 4(2) to the financial statements). |
| **Total** | **(17)** | **(67)** | **50** | |

## 3.5. Selling and marketing expenses

| Selling and marketing expenses \| in NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | 2026 | 2025 | Difference | Explanation |
| **Selling and marketing expenses** | 13 | 11 | 2 | The item mainly includes advertising and sales promotion expenses. |

### 3.6. General and administrative expenses

| General and administrative expenses \| in NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | 2026 | 2025 | Difference | Explanation |
| **General and administrative expenses** | 112 | 110 | 2 | An increase in salary expenses of approximately NIS 8 million, among other things due to preparations for the operation of defense projects. On the other hand, a decrease of approximately NIS 3 million in legal expenses, most of which are regarding the international activity, and a decrease of approximately NIS 3 million in expenses regarding bidding on tenders, mainly in the energy segment. |





## 3.7 Company's share in profits of investees, net

| Company's share in profits of investees, net \| in NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | **2026** | **2025** | **Difference** | **Explanation** |
| **Company's share in profits of investees** | 2 | 59 | (57) | A decrease of approximately NIS 28 million in the energy segment mainly due to the company's share in the results of the Ramat Hovav power station (due to a malfunction in one of the units at the power station combined with a cap on the supplementary tariff set by the Electricity Authority). Additionally, a decrease of approximately NIS 30 million in the concessions segment mainly due to the company's share in the results of a road construction project in Colombia, a bridge construction project in Pennsylvania (mainly as a result of the average dollar exchange rate against the NIS during the period decreasing by approximately 13.5% compared to the corresponding period last year) and due to the inclusion of the company's share in the results of defense projects which were consolidated in the corresponding period last year (for details see Note 27.D.31 to the annual financial statements). |

## 3.8. Other operating income (expenses), net

Below is a breakdown of the main income and expenses included in this section:

**Other operating income (expenses), net | In NIS millions**

| | For the three-month period ended March 31 | | | Explanation |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | |
| **Additional capital gain (loss) from realization of investments in previous years** | (1) | 1 | (2) | - |
| **Capital loss from sale of fixed assets** | (1) | (2) | 1 | - |
| **Reduction of liability to tax partner** | 15 | 17 | (2) | Regarding energy activity in the USA. |
| **Income from providing services to held companies** | 2 | 2 | - | Income from providing services to affiliated companies in the concessions segment. |
| **Amortization of intangible assets** | (8) | (10) | 2 | Amortization of excess cost attributed to the acquisition of companies which is amortized over the economic life of the intangible assets identified in the acquisition. |
| **Provision for impairment of assets, net** | - | 5 | (5) | Last year, income was recorded from the reversal of an impairment provision mainly in the Schneider parking project. |
| **Change in provisions for legal claims and contingent claims, and for balances whose realization is doubtful, net** | - | 1 | (1) | - |
| **Income from gas trading activity** | 2 | 2 | - | - |
| **Others, net** | (1) | - | (1) | - |
| **Other operating expenses, net** | **8** | **16** | **(8)** | |

# 3.9. Operating profit (loss)

**Operating profit | In NIS millions**

| Activity Segment | For the three-month period ended March 31 | | | Explanation |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | |
| **Infrastructure and construction contracting in Israel** | 7 | 14 | (7) | In the report period compared to the same period last year, a decrease of approximately NIS 4 million in other operating income as a result of the reversal of an impairment provision recorded last year (see also section 3.9 of the report) and an increase of approximately NIS 4 million in general and administrative expenses. |
| **Infrastructure and construction contracting in the USA** | (29) | 18 | (47) | In the report period compared to the same period last year, a decrease in gross profit of approximately NIS 53 million (see also section 3.3 of the report). Conversely, there was a decrease of approximately NIS 7 million in general and administrative expenses, mainly due to the average dollar exchange rate relative to the shekel in the period decreasing by approximately 13.5% compared to the same period last year. |
| **Real estate development in Israel** | 55 | 42 | 13 | In the report period compared to the same period last year, a decrease of approximately NIS 43 million from losses due to changes in the fair value of investment property (mainly due to a value increase recorded in the report period at Ramat Efal, see also Note 4 (2) to the financial statements). Conversely, a decrease of approximately NIS 25 million in gross profit was recorded (see also section 3.3 of the report) and an increase of approximately NIS 5 million in selling and marketing expenses and general and administrative expenses. |
| **Real estate development abroad** | 29 | 75 | (46) | In the report period compared to the same period last year, a decrease of approximately NIS 50 million in gross profit (see also section 3.3 of the report) and an increase of approximately NIS 4 million in selling and marketing expenses and general and administrative expenses. |
| **Energy** | 6 | 23 | (17) | In the report period compared to the same period last year, a decrease in profits from affiliated companies of approximately NIS 28 million (see also section 3.7 of the report) and a decrease of approximately NIS 2 million from the reduction of liability to a tax partner (see also section 3.7 of the report). Conversely, an increase of approximately NIS 16 million in gross profit was recorded (see also section 3.3 of the report). |
| **Concessions** | 26 | 60 | (34) | In the report period compared to the same period last year, a decrease in profits from affiliated companies of approximately NIS 30 million (see also section 3.7 of the report). |
| **Others** | (6) | (2) | (4) | Regarding Elcon activity. |
| **Total operating profit** | **56** | **219** | **(163)** | |

| Activity Segment | For the three-month period ended March 31 | | | Explanation |
|---|---|---|---|---|
| | 2026 | 2025 | Difference | |
| **Adjustments, sector-wide expenses** | (32) | (11) | (21) | In the report period compared to the same period last year, a decrease of approximately NIS 7 million due to additional impairment losses on investment property recorded mainly against the capitalization of borrowing costs. Conversely, an increase in adjustments and inter-segment expenses of approximately NIS 28 million was recorded. |
| **Total operating profit** | **56** | **219** | **(163)** | |





## 3.10. Financing costs, net

| Financing costs, net \| In NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | 2026 | 2025 | Difference | Explanation |
| **Financing costs regarding loans and BONDS** | 177 | 233 | (56) | A decrease of approximately NIS 38 million results from the cessation of consolidation of defense projects due to the introduction of partners into these projects (see Note 27.d.31 to the annual financial statements). In addition, a decrease of approximately NIS 19 million was recorded in linkage difference expenses due to a 0.1% decrease in the index increase rate compared to an increase of approximately 0.29% in the same period last year. |
| **Loss (gain), net from change in exchange rates including hedging transactions** | 19 | (39) | 58 | A change of approximately NIS 51 million results from the strengthening of the shekel in the period relative to the Euro by approximately 2.9% compared to a weakening of 5.9% in the same period last year. A change of approximately NIS 6 million results from NGN holdings in the period relative to the dollar by approximately 3.3% compared to a weakening of 4.9% in the same period last year. |
| **Income from debtors regarding concession arrangements** | (14) | (52) | 38 | A change of approximately NIS 35 million results from the cessation of consolidation of defense projects due to the introduction of partners into these projects (see also Note 27.d.31 to the annual financial statements). |
| **Income regarding loans provided to affiliated companies** | (20) | (15) | (5) | The change results from an increase in interest income and from the measurement of loans provided to affiliated companies in the energy segment and the concessions segment according to fair value. |
| **Interest income from bank deposits** | (13) | (26) | 13 | The change results mainly from a decrease in cash surpluses in deposits in Israel and abroad. |
| **Others, net** | 8 | 8 | - | |
| **Less capitalized credit costs** | (96) | (92) | (4) | The main increase results from the capitalization of credit costs to investment property (mainly regarding housing for rent) and to qualifying assets. |

| Financing costs, net \| In NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | 2026 | 2025 | Difference | Explanation |
| **Financing costs, net** | **61** | **17** | **44** | |

### 3.11. Taxes on income

| Taxes on income \| In NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | |
| | 2026 | 2025 | Difference | Explanation |
| **Tax expenses** | 37 | 64 | (27) | A decrease of approximately NIS 31 million from the decrease in profits in the real estate development abroad segment, in the infrastructure and construction contracting in the USA segment, and also in the energy segment. Conversely, an increase of approximately NIS 3 million resulting from the real estate development in Israel segment. |
| | | | | |





## 3.12. Discontinued operations

| Results of discontinued operations \| In NIS millions | | | | |
|---|---|---|---|---|
| | For the three-month period ended March 31 | | | Explanation |
| | 2026 | 2025 | Difference | |
| **Revenue from performance of works and sales** | 11 | 49 | (38) | In the report period due to a project to build an airport in Uganda. Last year, mainly projects in Nigeria and the project in Uganda. |
| **Cost of works performed and sales** | (7) | (47) | 40 | In the report period due to a project to build an airport in Uganda. Last year, mainly projects in Nigeria, Ethiopia, Tanzania and the project in Uganda. |
| **Gross loss** | 4 | 2 | 2 | |
| **General and administrative expenses** | (4) | (10) | 6 | - |
| **Company's share in profits of held companies** | - | 1 | (1) | - |
| **Other income, net** | 131 | 5 | 126 | The change results from a capital gain of approximately NIS 131 million recorded in the report period from the sale of activity in Nigeria (see also Note 4(15) to the financial statements) and a decrease of approximately NIS 6 million in capital gain from the sale of contracting equipment. |
| **Operating profit (loss)** | 131 | (2) | 133 | |

| Results of discontinued operations \| In NIS millions | | | | |
|---|---|---|---|---|
| **Financing expenses, net** | (441) | (2) | (439) | In the report period, includes a total of approximately NIS 433 million as a result of the realization of a translation reserve due to the sale of activity in Nigeria (see also Note 4(15) to the financial statements). |
| **Loss before taxes on income** | (310) | (4) | (306) | |
| **Taxes on income** | (8) | (5) | (3) | - |
| **Loss from discontinued operations (after tax)** | **(318)** | **(9)** | **(309)** | |

## 3.13. Profit (loss) for the period

| Profit (loss) for the period \| In NIS millions | | |
|---|---|---|
| | For the three-month period ended March 31 | |
| | **2026** | **2025** |
| **Profit (loss) from continuing operations** | (42) | 138 |
| **Loss from discontinued operations (after tax)** | (318) | (9) |
| **Profit (loss) for the period** | **(360)** | **129** |

# 4. Financial Position

## 4.1. Equity

| Equity \| in NIS millions | | | |
|---|---|---|---|
| **Financial Position** | **As of 31.03.2026** | **As of 31.12.2025** | **Explanation** |
| **Equity** | 7,422 | 7,164 | The increase in equity mainly stems from the issuance of shares and capital notes in consolidated companies to non-controlling shareholders totaling NIS 263 million, from an increase in other comprehensive income due to translation adjustments of the financial statements of held companies abroad conducted mainly in Dollars and Euros totaling approximately NIS 367 million (including a total of approximately NIS 433 million resulting from the realization of translation adjustments due to the sale of activity in Nigeria (see also Note 4(15) to the financial statements)) and also from an increase in other comprehensive income due to cash flow hedge transactions totaling approximately NIS 41 million and the attribution of a benefit to officers in the company totaling approximately NIS 2 million. Conversely, a decrease due to a loss totaling approximately NIS 360 million recorded in the first three months of the year (the loss includes a total of approximately NIS 433 million resulting from the realization of translation adjustments due to the sale of activity in Nigeria (see also Note 4(15) to the financial statements)), from a dividend totaling approximately NIS 47 million distributed by consolidated companies to non-controlling interests and from financial assets measured at fair value totaling NIS 7 million. |





## 4.2. Current Assets

| Current Assets \| in NIS millions | | | | |
|---|---|---|---|---|
| **Current Assets** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Cash and cash equivalents** | 2,191 | 2,365 | (174) | For major changes see section 5 of the report. |

| Current Assets \| in NIS millions | | | | |
|---|---|---|---|---|
| **Current Assets** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Deposits in banking corporations** | 622 | 680 | (58) | In the report period compared to the corresponding period last year, a decrease of approximately NIS 90 million in the international real estate entrepreneurship segment mainly due to the release of funds in projects that reached completion. On the other hand, an increase of approximately NIS 26 million in the real estate entrepreneurship in Israel segment and in the energy segment. |
| **Short-term loans and investments** | 99 | 112 | (13) | Decrease in current maturities of contract assets in respect of concession arrangements in the project for the establishment of dormitories at Givat Ram in Jerusalem. |
| **Short-term loans to held companies** | 71 | 65 | 6 | Increase in current maturities of loans to associates in the energy segment. |
| **Customers – revenue receivable** | 3,243 | 3,138 | 105 | In the report period compared to the corresponding period last year, an increase of approximately NIS 180 million in the infrastructure and construction contracting in Israel segment resulting mainly from a growth in activity and the early receipt of payments from customers at the end of 2025. On the other hand, a decrease of approximately NIS 42 million due to the activity in the infrastructure and construction contracting in the USA segment as a result of collecting debts for meeting payment milestones as well as receiving a cash advance on account of open receivable balances. An additional decrease of approximately NIS 26 million was recorded in the real estate entrepreneurship in Israel segment mainly because the occupancy date arrived in significant projects where the payment terms in the sale of apartments were 20/80. |
| **Inventory of buildings for sale** | 2,345 | 2,448 | (103) | In the report period compared to the corresponding period last year, a decrease of approximately NIS 95 million in inventory of buildings for sale abroad mainly due to delivery of apartments and a decrease of approximately NIS 8 million in inventory of buildings for sale in Israel. |
| **Receivables and others** | 533 | 534 | (1) | - |
| **Other investments including derivatives** | 15 | 25 | (10) | Decrease of approximately NIS 10 million in the fair value of derivatives used for hedging. |
| **Current tax assets** | 87 | 86 | 1 | - |
| **Inventory** | 82 | 79 | 3 | Mainly due to the activity in the infrastructure and construction contracting in Israel segment. |
| **Assets held for sale** | 756 | 974 | (218) | Decrease of approximately NIS 236 million from the cessation of consolidation as a result of completing the sale transaction of the company in Nigeria. On the other hand, an increase of approximately NIS 17 million due to the classification of an investment in an associate that owns land in the Czech Republic as held for sale. After the balance sheet date, the transaction was completed and the full consideration was received (see also Note 4(6) to the financial statements). |

| Current Assets \| in NIS millions | | | | |
|---|---|---|---|---|
| **Current Assets** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Total current assets** | **10,044** | **10,506** | **(462)** | **-** |



### 4.3. Non-Current Assets

| Non-Current Assets \| in NIS millions | | | | |
|---|---|---|---|---|
| **Non-Current Assets** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Receivables and contract assets in respect of concession arrangements** | 682 | 699 | (17) | The main decrease was recorded from the classification of current maturities of contract assets in respect of concession arrangements in the project for the establishment of dormitories at Givat Ram in Jerusalem to current assets and from the repayment of concession assets in the Ashalim project in the energy segment. |
| **Land inventory** | 2,373 | 2,303 | 70 | An increase of approximately NIS 92 million due to the real estate entrepreneurship in Israel segment mainly due to the purchase of land totaling approximately NIS 62 million. Also, a combination transaction in Tel Aviv within the framework of repayment of loans given to the landowner (see also Note 4(3) to the financial statements) and from classification of approximately NIS 29 million relative to land in Ramat Efal (see also Note 4(2) to the financial statements). Conversely, a decrease of approximately NIS 21 million was recorded for the international real estate entrepreneurship segment. |
| **Investment property, net** | 6,223 | 6,206 | 17 | An increase of approximately NIS 63 million was recorded due to investments and capitalization of credit costs mainly for the establishment of residential projects for rent. On the other hand, write-downs of approximately NIS 17 million were recorded due to changes in the fair value of investment property assets and a classification of approximately NIS 29 million to land inventory for the Ramat Efal project (see also Note 4(2) to the financial statements). |
| **Total non-current assets** | **16,679** | **16,622** | **57** | |

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

| Non-Current Assets \| in NIS millions | | | | |
|---|---|---|---|---|
| **Non-Current Assets** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Receivables, loans and deposits** | 126 | 187 | (61) | The section includes loans to land purchasers in the real estate entrepreneurship in Israel segment and restricted deposits in the energy segment. A decrease of approximately NIS 108 million in the real estate entrepreneurship in Israel segment stems mainly from the repayment of a loan given to land purchasers in a combination transaction (see also Note 4(3) to the financial statements). Conversely, an increase of approximately NIS 47 million was recorded, resulting from the payment not yet received for the intercompany balance in the Nigeria transaction (approx. $15 million which will be paid in equal parts in April 2027 and April 2028). |
| **Investments and loans to held companies** | 2,750 | 2,724 | 26 | The section includes investments and loans in companies in the concession and energy segments. The main change stems from a change in the fair value of cash flow hedges. |
| **Deferred tax assets** | 141 | 146 | (5) | - |
| **Fixed assets and right-of-use assets, net** | 3,598 | 3,581 | 17 | An increase of approximately NIS 110 million due to investments mainly in engineering equipment in PV projects in Romania and at the start of Etgal power station, minus depreciation of approximately NIS 70 million and minus translation adjustments of approximately NIS 25 million resulting from changes in exchange rates. |
| **Intangible assets, net** | 786 | 776 | 10 | Increase due to investments (including capitalization of credit costs) of approximately NIS 22 million mainly for the establishment of dormitories at Givat Ram in Jerusalem. Conversely, write-downs of approximately NIS 12 million. |
| **Total non-current assets** | **16,679** | **16,622** | **57** | |





## 4.4. Current Liabilities

| Current Liabilities \| in NIS millions | | | | |
|---|---|---|---|---|
| **Liability** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Short-term credit from banking corporations and others** | 5,126 | 4,267 | 859 | Increase of approximately NIS 681 million resulting from an increase in the volume of current maturities of BONDS and long-term loans, from a net raising of approximately NIS 165 million, and from interest and linkage differences accrued minus interest paid on short-term loans totaling approximately NIS 11 million. |
| **Subcontractors, suppliers and other service providers** | 1,686 | 1,941 | (255) | Decrease of approximately NIS 215 million in the infrastructure and construction contracting in Israel segment mainly due to payments made. In addition, a decrease of approximately NIS 27 million in the infrastructure and construction contracting in the USA segment as a result of paying balances to subcontractors. |
| **Short-term employee benefits** | 216 | 209 | 7 | Increase of approximately NIS 7 million mainly for the activity in the infrastructure and construction contracting in the USA segment. |
| **Payables and credit balances including derivatives** | 565 | 724 | (159) | Decrease of approximately NIS 98 million in the real estate entrepreneurship in Israel segment mainly due to a reduction in the provision for completion for finished projects (such as Zukei HaShmura) and also due to a reduction in the liability for construction services and a reduction in the liability for rental payments due to progress in urban renewal projects. In addition, a decrease of approximately NIS 31 million in the energy segment and a decrease of approximately NIS 21 million in the infrastructure and construction contracting in Israel segment. |
| **Current tax liabilities** | 91 | 168 | (77) | Decrease of approximately NIS 55 million in the international real estate entrepreneurship segment due to a decrease in profits from the sale of residential apartments and also a decrease of approximately NIS 23 million in the real estate entrepreneurship in Israel segment mainly due to payment of advances and closing of assessments. |
| **Provisions** | 102 | 109 | (7) | - |
| **Payables – customers/clients** | 705 | 707 | (2) | - |
| **Advances received from apartment purchasers** | 476 | 553 | (77) | Decrease of approximately NIS 36 million from the activity in the international real estate entrepreneurship segment due to the handover of apartments to apartment purchasers. Also, an additional decrease of approximately NIS 41 million from the activity in the real estate entrepreneurship in Israel segment. |
| **Liabilities held for sale** | 426 | 613 | (187) | Decrease of approximately NIS 189 million due to the cessation of consolidation resulting from the completion of the sale transaction of the company in Nigeria (see also Note 4(15) to the financial statements). Conversely, an increase of approximately NIS 2 million was recorded for an associate in the energy segment intended for sale (see also Note 4(8) to the financial statements). |
| **Total current liabilities** | **9,393** | **9,291** | **102** | |

## 4.5. Non-current Liabilities

| Non-current Liabilities \| in NIS millions | | | | |
|---|---|---|---|---|
| **Liabilities** | **As of 31.03.2026** | **As of 31.12.2025** | **Difference** | **Explanation** |
| **Liabilities to banking corporations and others** | 4,985 | 5,767 | (782) | A decrease of approximately NIS 665 million resulting from an increase in current maturities and an additional decrease of approximately NIS 145 million as a result of loan repayments. On the other hand, long-term loans of approximately NIS 17 million were raised and translation adjustments of approximately NIS 10 million were recorded resulting from exchange rate changes. |
| **BONDS** | 3,900 | 3,943 | (43) | Repayment of BONDS in the amount of approximately NIS 40 million. An additional decrease due to an increase of approximately NIS 16 million in the scope of current maturities. On the other hand, an increase of approximately NIS 13 million was recorded due to interest accrued less linkage differences recorded due to the decrease in the index. |
| **Employee benefits** | 34 | 32 | 2 | - |
| **Deferred tax liabilities** | 631 | 597 | 34 | An increase of approximately NIS 18 million due to activity in the Real Estate Development in Israel sector and an additional increase of approximately NIS 16 million in the Energy sector. |
| **Payables and credit balances including derivatives** | 210 | 191 | 19 | An increase of approximately NIS 32 million due to liabilities regarding the Nigeria sale transaction. On the other hand, a reduction of approximately NIS 16 million relative to the liability to a tax partner for energy activity in the USA. |
| **Provisions** | 122 | 124 | (2) | - |
| **Excess of accumulated losses over investment cost and deferred credit balance in investee companies** | 26 | 19 | 7 | Mainly due to investment in the concessionaire company in Colombia and companies in the Energy sector. |
| **Total Non-current Liabilities** | **9,908** | **10,673** | **(765)** | |

# 5. Liquidity and Financing Sources

## Cash Flow

| Liquidity and Financing Sources \| in NIS millions | | | | |
|---|---|---|---|---|
| Liquidity | For a three-month period ended on March 31 | | | Explanation |
| | 2026 | 2025 | Difference | |
| **Cash flow from operating activities** | (399) | (651) | 252 | Mainly stems from a change in asset and liability balances totaling approximately NIS 447 million, net of profit recorded in the report period from the realization of activities in Nigeria totaling NIS 131 million (the consideration for which was received in full and is included within investing activities). |
| **Cash flow for investing activities** | 140 | (353) | 493 | The change stems from consideration received from the realization of activities in Nigeria totaling approximately NIS 127 million, a decrease totaling approximately NIS 250 million in investments in deposits with banking corporations, and a decrease totaling approximately NIS 112 million in investments in investment property. |
| **Cash flow from financing activities** | 93 | (50) | 143 | The change results from an increase of NIS 225 million due to equity issuances in consolidated companies (including minority interest in said issuances), a decrease totaling approximately NIS 653 million in BONDS repayments, and a decrease totaling approximately NIS 49 million due to interest paid and a decrease totaling approximately NIS 24 million due to dividends paid. On the other hand, there was a decrease totaling approximately NIS 784 million in net raising of long-term and short-term loans. |
| **Impact of exchange rate fluctuations** | (9) | 27 | (36) | - |
| **Cash adjustments for assets held for sale** | 1 | (12) | 13 | Last year, mainly due to the assets of the Nigeria activity (see also Note 4(15) to the financial statements). |
| **Change in cash and cash equivalents** | **(174)** | **(1,039)** | **865** | |
| **Cash flow from operating activities excluding investments in land inventory** | **(388)** | **(566)** | **178** | |

## 5.1. Working Capital

The Group's working capital totaled approximately NIS 651 million on March 31, 2026, compared to NIS 1,215 million at the end of 2025.

The working capital in the separate reports totaled approximately NIS 480 million on March 31, 2026, compared to NIS 651 million at the end of 2025.

### Financial Credit Facilities

In addition, the Group has unutilized financial credit facilities in the amount of approximately NIS 1,164 million, of which a total of approximately NIS 478 million is in the company.





## 5.2. Net Financial Debt

| Net Financial Debt \| in NIS millions | | | | | | | |
|---|---|---|---|---|---|---|---|
| As of March 31, 2026 | | | | | | | |
| Debt | BONDS and credit from banking and other corporations (1) (2) | Cash and cash equivalents | Deposits and short and long-term loans (3) | Net | Lease liability | Project credit and Non-Recourse credit | Net non-project credit (4) |
| **Infrastructure and construction contracting in Israel** | (315) | 288 | - | (27) | (72) | - | 45 |
| **Infrastructure and construction in the USA** | (87) | 285 | 166 | 364 | (44) | - | 408 |
| **Real Estate Development in Israel** | (6,344) | 158 | 155 | (6,031) | (3) | (5,853) | (175) |
| **Real Estate Development Abroad** | (61) | 226 | 270 | 435 | - | - | 435 |
| **Energy** | (3,228) | 432 | 124 | (2,672) | (300) | (1,989) | (383) |
| **Concessions** | (478) | 104 | 36 | (338) | (19) | (380) | 61 |
| **Others** | (1) | 107 | 11 | 117 | (1) | - | 118 |
| **Total** | **(14,403)** | **2,191** | **762** | **(11,450)** | **(492)** | **(8,222)** | **(2,736)** |

| Net Financial Debt \| in NIS millions | | | | | | | |
|---|---|---|---|---|---|---|---|
| **As of March 31, 2026** | | | | | | | |
| **Debt** | **BONDS and credit from banking and other corporations (1) (2)** | **Cash and cash equivalents** | **Deposits and short and long-term loans (3)** | **Net** | **Lease liability** | **Project credit and Non-Recourse credit** | **Net non-project credit (4)** |
| **Shikun & Binui Headquarters** | (3,889) | 591 | - | (3,298) | (53) | - | (3,245) |
| **Total** | **(14,403)** | **2,191** | **762** | **(11,450)** | **(492)** | **(8,222)** | **(2,736)** |

| | |
|---|---|
| (3,900) | **Long-term BONDS** |
| (4,985) | **Liabilities to banking corporations and others** |
| (4,308) | **Current maturities and short-term credit** |
| (818) | **Current maturities of BONDS** |
| (392) | **Liabilities held for sale** |
| **(14,403)** | **Total** |

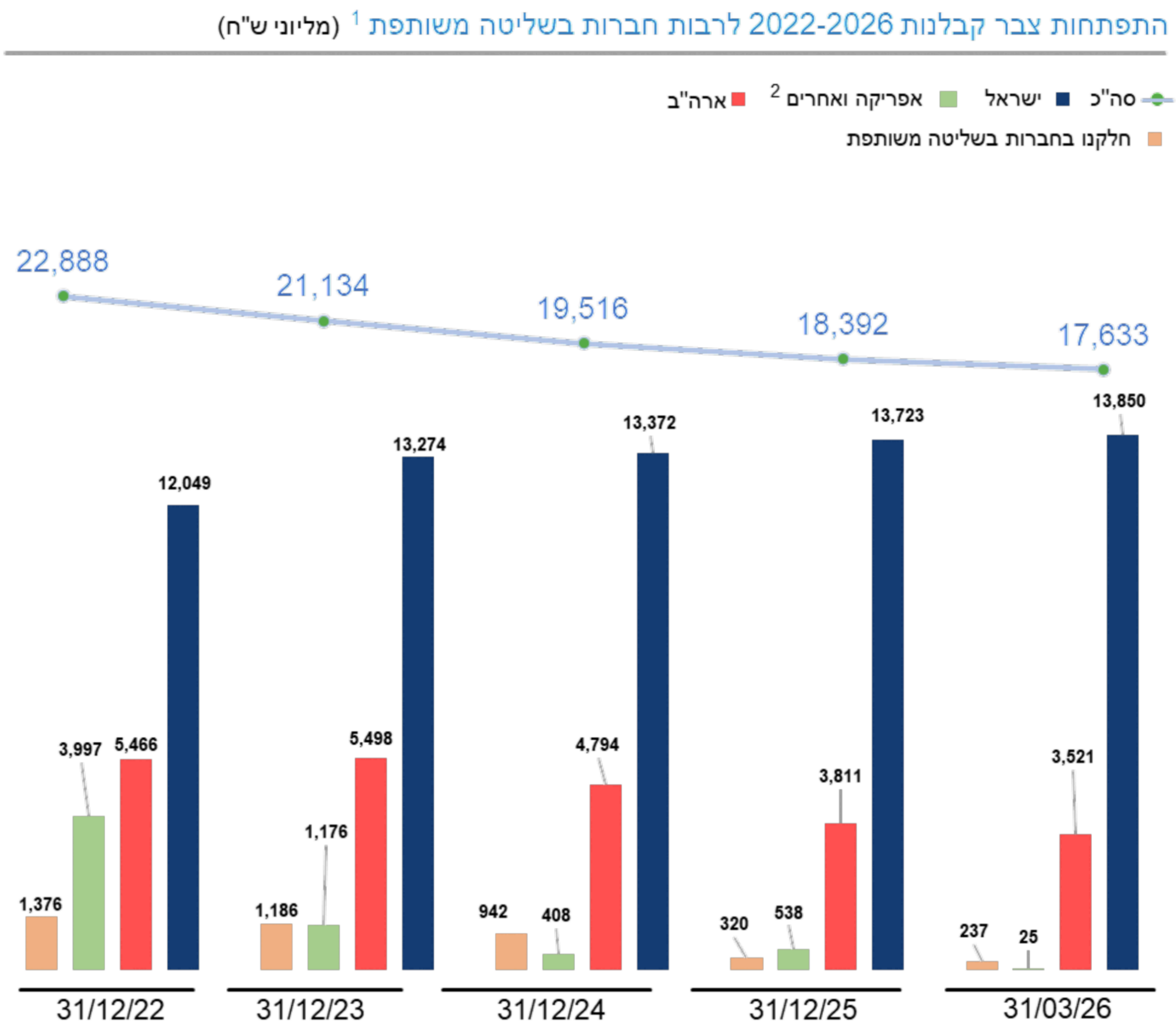
(1) Including BONDS in the amount of approximately NIS 4,796 million without deduction of deferred costs.

(2) In sectors where the operating cycle exceeds one year (see Note 2.d. to the financial statements), liabilities taken specifically to finance these residential activities which are intended and expected to be realized during the operating cycle, are classified as current liabilities. The rest of the liabilities (including the company's headquarters liabilities) are attributed to activities where the operating cycle is one year.

(3) Does not include other assets in the amount of approximately NIS 133 million (for other assets included within receivables and deposits) and includes approximately 52 million mainly from the Concessions sector within assets held for sale.

(4) Net non-project credit - without debt secured by specific assets and without lease liabilities.

## Spread of principal payments regarding BONDS issued by the company 2026 - 2033 (NIS millions)



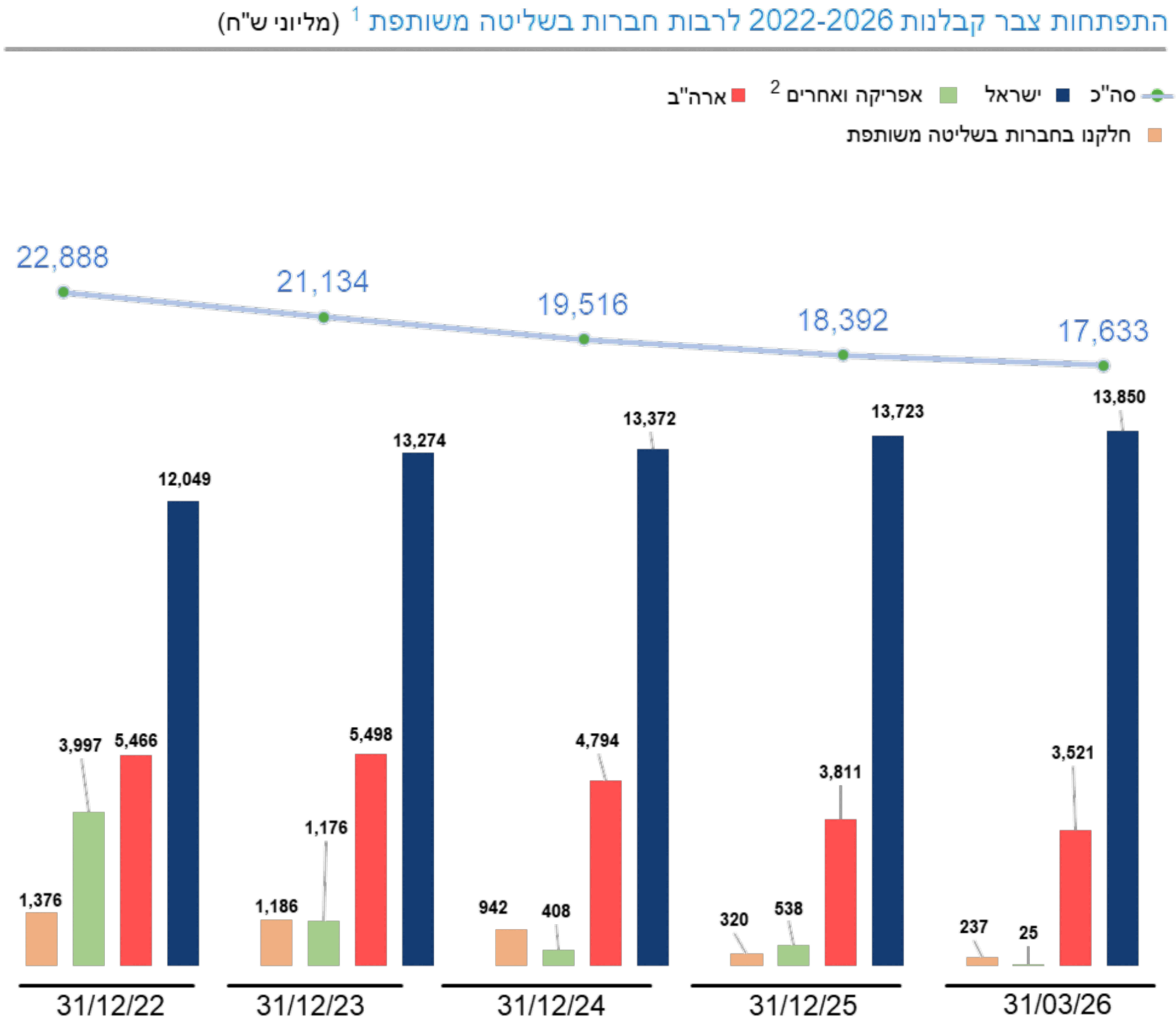





# 6. Order Backlog and Sale of Apartments

## 6.1. Order Backlog

The company's order backlog in the field of infrastructure and construction contracting as of March 31, 2026, totaled approx. NIS 17.63 billion, of which approx. NIS 3.5 billion (approx. USD 1.1 billion at an exchange rate of NIS 3.165 per USD) was regarding activity in the USA. The company's order backlog in the field of infrastructure and construction contracting as of December 31, 2025, totaled approx. NIS 18.39 billion, of which approx. NIS 3.8 billion (approx. USD 1.2 billion at an exchange rate of NIS 3.190 per USD) was regarding activity in the USA.




.1 The order backlog includes expected revenues which have not yet been recognized as revenue in the financial statements. Data regarding the order backlog constitute forward-looking information based on the company's estimates and plans, and there is no certainty of realization. It is possible that as a result of factors not dependent on the company, this forward-looking information will not be realized or will be partially realized. The backlog does not include a backlog of receipts expected to be received from energy projects or franchise projects.

.2 The data regarding Africa and others refer to discontinued operations. The data as of March 31, 2026, do not include the backlog of activity in Nigeria which was sold during the report period, see also Note 4 (15) to the financial statements.





## 6.2 Sale of Apartments

The Group entered into transactions for the sale of apartments in Israel and abroad as detailed below (consolidated companies' share - excluding the share of partners in joint projects).

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

**Below is a breakdown of the consolidated companies' transactions (excluding VAT) signed**

| Transactions signed in Israel \| in NIS millions | | |
|---|---|---|
| | For the three-month period ended March 31 | |
| **Transactions in Israel** | **2026** | **2025** |
| Scope of transactions – in NIS millions (excluding VAT) | 95 | 72 |
| No. of signed contracts for the sale of housing units | 33 | 26 |
| Average price per apartment - in NIS millions excluding VAT (1) | 2.85 | 2.77 |

| Transactions signed abroad \| in NIS millions | | |
|---|---|---|
| | For the three-month period ended March 31 | |
| **Transactions abroad** | **2026** | **2025** |
| Scope of transactions – in NIS millions | 82 | 160 |
| No. of signed contracts for the sale of housing units | 86 | 119 |
| Average price per apartment - in NIS millions (1) | 0.95 | 1.34 |

It should be noted that revenue recognition from the sale of apartments abroad occurs at the time of delivery to the customer and not at the time of the sale transaction. In Israel, revenues are recognized over time, according to the construction progress rate.

Below is a breakdown of sales (excluding VAT) of apartments that were occupied:

| Apartments delivered abroad \| in NIS millions | | |
|---|---|---|
| | For the three-month period ended March 31 | |
| **Transactions abroad** | **2026** | **2025** |
| Sales revenue in NIS millions (*) | 148 | 256 |
| No. of housing units delivered (*) | 163 | 249 |
| Average price per apartment - in NIS millions (1) | 0.91 | 0.95 |

(1) The change in the average price stems from a different mix of apartments sold.

(*) In the three-month period ended March 31, 2025, includes 7 commercial units.

For additional details, see also sections 7 and 8 of the Corporate Business Description Report for 2025.





# Part D - Exposure to Market Risks, Their Management, and Sensitivity Tests

For details regarding other risk factors that are not market risks, see Section 26 of the Corporate Business Description Report for 2025.

## 7. The Person Responsible for Market Risk Management in the Corporation

The person responsible for market risk management in the company is Mr. Ran David Krakowsky, Chief Financial Officer, a senior officer in the corporation. The company conducts monitoring regarding exposure to market risks.

# Part E - Specific Disclosure to BONDS Holders

## 8. Details regarding debt certificates (BONDS) as of March 31, 2026

| | BONDS – Series 8 | BONDS – Series 9 |
|---|---|---|
| **Issue Date** | 24.6.2015<br>Expanded on January 21, 2017 and June 5, 2018 | 12.7.2020<br>Expanded on April 12, 2022 |
| **Trustee** | Reznik Paz Nevo Trusts Ltd.<br>14 Yad Harutzim, Tel Aviv | Reznik Paz Nevo Trusts Ltd.<br>14 Yad Harutzim, Tel Aviv |
| **Par value at the time of issuance in NIS millions** | 358 | 222 |
| **Outstanding par value balance as of 31.03.2026 in NIS millions** | 1,380 | 308 |
| **Revalued outstanding par value balance in NIS millions based on linkage terms** | Linked to the Consumer Price Index for May 2015<br>1,634 | Linked to the Consumer Price Index for May 2020<br>363 |
| **Stated Interest Rate** | 3.9% linked | 3.25% linked |
| **Accrued interest amount as of 31.03.2026 in NIS millions** | 27 | - |
| **Market value of NIS 1 par value as of 31.03.2026** | 1.223 | 1.189 |
| **Fair value as of 31.03.2026 in NIS millions** | 1,688 | 366 |
| **Fair value interest 31.03.2026** | 2.83% | 2.84% |
| **Principal Repayment** | 14 unequal installments such that each of the 4 installments to be paid on May 1 of each of the years 2016 through 2019 (inclusive) shall be at a rate of 7% of the par value of the BONDS principal, (Series 8), each of the 6 installments to be paid on May 1 of each of the years 2020 through 2025 (inclusive) shall be at a rate of 2% of the par value of the BONDS principal (Series 8), and each of the last 4 installments to be paid on May 1 of each of the years 2026 through 2029 (inclusive) shall be at a rate of 15% of the par value of the BONDS principal. | 10 unequal installments such that each of the 4 installments to be paid on March 31 of each of the years 2022 through 2025 (inclusive) shall be at a rate of 6% of the par value of the BONDS principal, (Series 9), each of the 4 installments to be paid on March 31 of each of the years 2026 through 2029 (inclusive) shall be at a rate of 7.5% of the par value of the BONDS principal (Series 9), one installment to be paid on March 31, 2031 shall be at a rate of 25% of the par value of the BONDS principal and the final installment to be paid on March 31, 2031 shall be at a rate of 21% of the par value of the BONDS principal. |
| **Interest Payment** | Interest shall be paid on November 1, 2015, and on May 1 and November 1 of each of the years 2016 through 2028 (inclusive), and the final interest payment shall be paid on May 1, 2029. | Interest shall be paid on September 30, 2020, and on March 30 and September 30 of each of the years 2021 through 2030 (inclusive). Final repayment date (principal and interest) March 31, 2031. |
| **Early Redemption** | The Company shall be entitled, at its sole discretion, to put the BONDS Series 8 for full or partial early redemption. For details, see Section 9.2 of the Trust Deed for the BONDS (Series 8) and the amendment and supplement thereto, which were attached to the shelf offering report published by the Company on June 22, 2015 (Reference No.: 2015-01-053178) | The Company shall be entitled, at its sole discretion, to put the BONDS Series 9 for full or partial early redemption. For details, see Section 6.2 of the Trust Deed for the BONDS (Series 9) and the amendment and supplement thereto, which were attached to the shelf offering report published by the Company on July 12, 2020 (Reference No.: 2020-01-066877) |

### Measurable Financial Covenants as of 31.03.2026

| | | |
|---|---|---|
| Net financial liabilities relative to the total Statement of Financial Position below 70% | The ratio is 43% | The ratio is 45% |

| | | |
|---|---|---|
| Dividend up to 60% of distributable profits | The ratio is 0% | N/A |
| Company equity shall not be less than NIS 550 million | Equity excluding non-controlling interests is NIS 6,006 million | N/A |
| Company equity shall not be less than NIS 1,150 million | N/A | Equity excluding non-controlling interests is NIS 6,006 million |
| Equity ratio (solo) to the balance sheet shall not be less than 15% | N/A | The ratio is 53% |
| Additional details in the financial statements | In Note 27.4 to the financial statements for the year 2025 | In Note 27.4 to the financial statements for the year 2025 |
| **Maalot Rating as of 05.03.2026** | ilA with a stable outlook | ilA with a stable outlook |
| **Is there a cross-default clause** | Yes regarding all outstanding BONDS series issued by the Company | Yes regarding all outstanding BONDS series issued by the Company |
| **Materiality of the Series** | Material | Material |





| | BONDS – Series 10 | BONDS – Series 11 |
|---|---|---|
| **Issue Date** | 28.4.2021<br>Expanded on April 12, 2022 and April 3, 2025. | 9.9.2025<br>Expanded on April 16, 2026. |
| **Trustee** | Reznik Paz Nevo Trusts Ltd.<br>14 Yad Harutzim, Tel Aviv | Reznik Paz Nevo Trusts Ltd.<br>14 Yad Harutzim, Tel Aviv |
| **Par value at the time of issuance in NIS millions** | 514 | 308 |
| **Outstanding par value balance as of 31.03.2026 in NIS millions** | 1,558 | 308 |
| **Revalued outstanding par value balance in NIS millions based on linkage terms** | Unlinked | Unlinked |
| **Stated Interest Rate** | 2.8% | 5.52% |
| **Accrued interest amount as of 31.03.2026 in NIS millions** | 18 | - |
| **Market value of NIS 1 par value as of 31.03.2026** | 0.969 | 1.018 |
| **Fair value as of 31.03.2026 in NIS millions** | 1,510 | 314 |
| **Fair value interest 31.03.2026** | 4.49% | 4.62% |
| **Principal Repayment** | 5 equal annual installments where each payment is at a rate of 20% of the BONDS principal, which shall be paid on April 30 of each of the years 2026 through 2030 (inclusive). | 4 unequal annual installments such that the first payment to be paid on March 31, 2030 shall be at a rate of 10% of the par value of the BONDS principal, and the remaining installments to be paid on March 31 of each of the years 2031 through 2033 (inclusive) shall be at a rate of 30% of the par value of the BONDS principal. |

| | BONDS - Series 10 | BONDS - Series 11 |
|---|---|---|
| **Interest Repayment** | Interest shall be paid on October 31, 2021 and on April 30 and October 31 of each of the years 2022 through 2029 (inclusive) and also on April 30, 2030. | Interest shall be paid on March 31 and September 30 of each of the years 2026 through 2032 (inclusive) and also on March 31, 2033. |
| **Early Redemption** | The Company shall be entitled, at its sole discretion, to put the BONDS Series 10 for full or partial early redemption. For details, see Section 6.2 of the Trust Deed for the BONDS (Series 10) and the amendment and supplement thereto, which were attached to the shelf offering report published by the Company on April 4, 2021 (Reference No.: 2021-01-055146) | The Company shall be entitled, at its sole discretion, to put the BONDS Series 11 for full or partial early redemption. For details, see Section 6.2 of the Trust Deed for the BONDS (Series 11), as published by the Company on September 10, 2025 (Reference No.: 2025-01-068206) |
| **Measurable Financial Covenants as of 31.12.2025** | | |
| **Net financial liabilities relative to the total Statement of Financial Position below 70%** | The ratio is 45% | The ratio is 43% |
| **Company equity shall not be less than NIS 1,150 million** | Equity excluding non-controlling interests is NIS 6,006 million | N/A |
| **Company equity shall not be less than NIS 1,450 million** | N/A | Equity excluding non-controlling interests is NIS 6,006 million |
| **Equity ratio (solo) to the balance sheet shall not be less than 15%** | The ratio is 53% | The ratio is 53% |
| **Additional details in the financial statements** | In Note 27.4 to the financial statements for the year 2025 | In Note 27.4 to the financial statements for the year 2025 |
| **Maalot Rating as of 05.03.2026** | ilA with a stable outlook | ilA with a stable outlook |
| **Is there a cross-default clause** | Yes regarding all outstanding BONDS series issued by the Company | Yes regarding all outstanding BONDS series issued by the Company |
| **Materiality of the Series** | Material | Material |





# Part F – Corporate Governance

## 9. Social Involvement and Contribution to the Community

Shikun & Binui Group has a community support policy that defines three main goals for social and volunteer activity: children and youth, the elderly, and the needy. In the first quarter of 2026, the Group invested in donations of an immaterial amount. Beyond the financial investment, consulting and training hours were donated.

## 10. Directors with Accounting and Financial Expertise

The Board of Directors has decided that the minimum number of directors with accounting and financial expertise shall be three directors.

In the Board's opinion, given that the Company holds companies operating mostly in the same industry, this number of directors with accounting and financial expertise will allow the Board of Directors to fulfill its duties, especially regarding examining the financial position of the Company and preparing and approving the financial statements. Below is the list of directors with accounting and financial expertise as of March 31, 2026: Orly Zilberman, Tomer Yaacov, Sharon Even-Haim, and Sagi Balasha.

For details regarding said directors, see Regulation 26 in the "Additional Details on the Corporation" report.

| | |
|---|---|
| **Natanael H. Saidoff** | **Amit Birman** |
| **Chairman of the Board** | **Chief Executive Officer** |

**May 27, 2026**



# Shikun & Binui Ltd.

## Chapter B -

## Condensed Interim Consolidated Financial Statements

## For the Period Ended March 31, 2026

# Table of Contents

**Somekh Chaikin**

KPMG Millennium Tower

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

Tel Aviv 6100601

03 684 8000

## Review Report of the Independent Auditors to the Shareholders of Shikun & Binui Ltd.

***Introduction***

We have reviewed the accompanying financial information of Shikun & Binui Ltd. and its subsidiaries (hereinafter – the Group), which includes the condensed consolidated interim statement of financial position as of March 31, 2026, and the condensed consolidated interim statements of profit and loss, comprehensive income, changes in equity, and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of financial information for this interim period in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting", and they are also responsible for the preparation 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 the financial information for this interim period based on our review.

We did not review the condensed interim financial information of consolidated companies whose assets included in the consolidation constitute approximately 5.26% of total consolidated assets as of March 31, 2026, and whose revenues included in the consolidation constitute approximately 0.77% of total consolidated revenues for the three-month period then ended. Furthermore, we did not review the condensed interim financial information of held companies accounted for using the equity method, the investment in which was approximately NIS 283,221 thousand as of March 31, 2026, and the Group's share in their results was approximately NIS (4,426) thousand for the three-month period then ended. The condensed interim financial information of those companies was reviewed by other accountants whose review reports were provided to us, and our conclusion, insofar as it relates to the amounts included for those companies, is based on the review reports of the other accountants.

***Scope of Review***

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

***Conclusion***

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

In addition to the aforementioned in the previous paragraph, based on our review and the review reports of other accountants, nothing has come to our attention that causes us to believe that the 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.

***In addition, without qualifying our above conclusion, we draw attention:***

1. To the contents of Note 12 regarding the Company's inability to estimate the potential exposures and the effects that may occur on its entire scope of activity due to the plea bargain and the conviction of S.B.I. Infrastructure within its framework, the fine paid, the property forfeiture in a civil proceeding, World Bank audit procedures, the referral to the Swiss General Prosecution, investigation procedures and material collection outside of Israel, the plea bargains and convictions of former officers and employees, as well as other proceedings that may develop in Israel and globally, if and to the extent they occur.
2. To Note 6 regarding claims filed against the Company which at this stage cannot be estimated or the exposure regarding them calculated.

**Somekh Chaikin**

**Certified Public Accountants**

May 27, 2026

---



Somekh Chaikin

KPMG Millennium Tower

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

Tel Aviv 6100601

03 684 8000

Date: May 27, 2026

To

The Board of Directors of

Shikun & Binui Ltd. ("the Company")

1 HaYarden

Airport City

Dear Sirs,

**Subject: Consent letter regarding shelf prospectus of Shikun & Binui Ltd. from May 2024**

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports listed below in connection with the shelf prospectus from May 2024:

(1) Auditor's review report dated May 27, 2026 on condensed consolidated interim financial information of the Company as of March 31, 2026 and for the three-month period then ended.

(2) Auditor's report dated May 27, 2026 on separate interim financial information of the Company as of March 31, 2026 and for the three-month period then ended in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin

Certified Public Accountants





## Consolidated Statements of Financial Position

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| **Assets** | | | |
| **Current assets** | | | |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| Cash and cash equivalents | 2,191 | 1,705 | 2,365 |
| Deposits in banking institutions | 622 | 753 | 680 |
| Short-term loans and investments | 99 | 151 | 112 |
| Short-term loans to held companies | 71 | 75 | 65 |
| Customers - income receivable | 3,243 | 2,945 | 3,138 |
| Inventory of buildings for sale | 2,345 | 2,126 | 2,448 |
| Debtors and others | 533 | 604 | 534 |
| Other investments including derivatives | 15 | 77 | 25 |
| Current tax assets | 87 | 104 | 86 |
| Inventory | 82 | 95 | 79 |
| Assets held for sale | 756 | 4,421 | 974 |
| **Total current assets** | **10,044** | **13,056** | **10,506** |
| **Non-current assets** | | | |
| Debtors and contract assets regarding concession arrangements | 682 | 722 | 699 |
| Land inventory | 2,373 | 2,414 | 2,303 |
| Long-term inventory of buildings for sale | - | 33 | - |
| Investment property, net | 6,223 | (*) 6,064 | 6,206 |
| Debtors, loans and deposits | 126 | 231 | 187 |
| Investments in companies accounted for using the equity method | 1,697 | (*) 1,546 | 1,621 |
| Loans to held companies | 1,053 | 1,072 | 1,103 |
| Deferred tax assets | 141 | (*) 199 | 146 |
| Property, plant and equipment and right-of-use assets, net | 3,598 | 3,558 | 3,581 |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| Short-term credit from banking institutions and others | 5,126 | 5,477 | 4,267 |
| Subcontractors, suppliers and service providers | 1,686 | 1,541 | 1,941 |
| Short-term employee benefits | 216 | 211 | 209 |
| Payables and credit balances including derivatives | 565 | 786 | 724 |
| Current tax liabilities | 91 | 299 | 168 |
| Provisions | 102 | 112 | 109 |
| Payables – work orders | 705 | 926 | 707 |
| Advances from customers | 476 | 1,068 | 553 |
| Liabilities held for sale | 426 | 3,441 | 613 |
| **Total current liabilities** | **9,393** | **13,861** | **9,291** |
| **Non-current liabilities** | | | |
| Liabilities to banking institutions and others | 4,985 | 3,776 | 5,767 |
| BONDS | 3,900 | 3,798 | 3,943 |
| Employee benefits | 34 | 34 | 32 |
| Deferred tax liabilities | 631 | (*) 621 | 597 |
| Payables and credit balances including derivatives | 210 | 159 | 191 |
| Provisions | 122 | 132 | 124 |
| Excess of losses accumulated over investment cost and deferred credit balance in held companies | 26 | (*) 52 | 19 |
| **Total non-current liabilities** | **9,908** | **8,572** | **10,673** |
| **Total liabilities** | **19,301** | **22,433** | **19,964** |
| **Equity** | | | |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| Intangible assets, net | 786 | 703 | 776 |
| **Total non-current assets** | **16,679** | **16,542** | **16,622** |
| | | | |
| **TOTAL ASSETS** | **26,723** | **29,598** | **27,128** |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| Total equity attributable to the owners of the Company | 6,006 | (*) 5,884 | 5,898 |
| Non-controlling interests | 1,416 | (*) 1,281 | 1,266 |
| **Total equity** | **7,422** | **7,165** | **7,164** |
| | | | |
| **TOTAL LIABILITIES AND EQUITY** | **26,723** | **29,598** | **27,128** |

(*) Retrospective application, see Note 2.d.

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

| **Naty Saidoff** | **Amit Birman** | **Ran David Krakovsky** |
|---|---|---|
| Chairman of the Board | Chief Executive Officer | Chief Financial Officer |

May 27, 2026 — Approval date of financial statements

## Consolidated Income Statements

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| | NIS millions | | |
| Revenues from contracting work and sales | 2,056 | (*) 2,198 | (*) 9,234 |
| Cost of work performed and sales | (1,868) | (*) (1,866) | (*) (7,886) |
| **Gross profit** | **188** | **332** | **1,348** |
| | | | |
| Change in fair value of investment property | (17) | (*) (67) | (420) |
| Selling and marketing expenses | (13) | (11) | (52) |
| General and administrative expenses | (112) | (*) (110) | (*) (479) |
| Share in profits of associates accounted for using the equity method | 2 | 59 | 259 |
| Other operating income | 18 | (*) 26 | (*) 122 |
| Other operating expenses | (10) | (*) (10) | (154) |
| **Operating profit** | **56** | **219** | **624** |
| | | | |
| Finance income | 87 | (*) 155 | (*) 366 |
| Finance expenses | (148) | (*) (172) | (*) (695) |
| Finance expenses, net | (61) | (17) | (329) |
| | | | |
| **Profit (loss) before income taxes** | **(5)** | **202** | **295** |
| Income taxes | (37) | (*) (64) | (*) (262) |
| **Profit (loss) from continuing operations** | **(42)** | **138** | **33** |
| Profit (loss) from discontinued operations (after tax) (**) | (318) | (*) (9) | (*) 63 |
| **Profit (loss) for the period** | **(360)** | **129** | **96** |
| | | | |
| **Attributable to:** | | | |
| Owners of the Company | (364) | (*) 109 | 97 |
| Non-controlling interests | 4 | (*) 20 | (1) |
| | **(360)** | **129** | **96** |
| | | | |
| **Basic profit (loss) per share – in NIS** | **(0.63)** | **0.20** | **0.17** |
| | | | |
| **Diluted profit (loss) per share – in NIS** | **(0.63)** | **0.20** | **0.17** |
| | | | |
| **Continuing operations** | | | |
| Basic profit (loss) per share – in NIS | (0.08) | 0.22 | 0.06 |
| Diluted profit (loss) per share – in NIS | (0.08) | 0.22 | 0.06 |
| | | | |
| **Discontinued operations** | | | |
| Basic profit (loss) per share – in NIS | (0.55) | (0.02) | 0.11 |
| Diluted profit (loss) per share – in NIS | (0.55) | (0.02) | 0.11 |

(*) Retrospective application, see Note 2.d.

(**) Restated – see Note 5 regarding discontinued operations.

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

Condensed interim consolidated financial statements as of March 31, 2026

## Consolidated Statements of Comprehensive Income

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| | NIS millions | | |
| **Profit (loss) for the period** | (360) | 129 | 96 |
| **Other components of other comprehensive income (loss)** | | | |
| **Items of other comprehensive income (loss) that, after initial recognition within comprehensive income, were or will be reclassified to profit or loss:** | | | |
| Foreign currency translation differences for foreign operations | 366 | (*) 146 | (316) |
| The effective portion of the change in fair value of cash flow hedges | 41 | (80) | (50) |
| Net change in fair value of financial assets at fair value through other comprehensive income, net of tax | (7) | (5) | 3 |
| **Total other comprehensive income (loss)** | 400 | 61 | (363) |
| **Total comprehensive income (loss) for the period** | **40** | **190** | **(267)** |
| **Total comprehensive income (loss) attributable to:** | | | |
| Owners of the Company | 28 | 193 | (246) |
| Non-controlling interests | 12 | (3) | (21) |
| **Total comprehensive income (loss) for the period** | **40** | **190** | **(267)** |

(*) Retrospective application, see Note 2.d.

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



**Shikun & Binui**

Condensed interim consolidated financial statements as of March 31, 2025

**Consolidated Statements of Changes in Equity**

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

| | NIS millions | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium and capital reserves for warrants | Reserve for bonus shares distribution | Reserve for hedging transactions | Capital reserve for financial assets at fair value through other comprehensive income | Translation adjustments | Retained earnings | Purchase of Company shares by a consolidated company | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| **Balance as of January 1, 2026 (Audited)** | 697 | 1,960 | 63 | (22) | 17 | (693) | 3,895 | (19) | 5,898 | 1,266 | 7,164 |
| Profit (loss) for the period | - | - | - | - | - | - | (364) | - | (364) | 4 | (360) |
| Other comprehensive income (loss) for the period | - | - | - | 28 | (5) | 369 | - | - | 392 | 8 | 400 |
| Dividend from a consolidated company to non-controlling interests | - | - | - | - | - | - | - | - | - | (47) | (47) |
| Issuance of shares and capital notes in consolidated companies to non-controlling interests | - | - | - | - | - | - | 79 | - | 79 | 185 | 264 |
| Benefit in respect of warrants and shares to employees and officers | - | 1 | - | - | - | - | - | - | 1 | - | 1 |

| | NIS millions | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium and capital reserves for warrants | Reserve for bonus shares distribution | Reserve for hedging transactions | Capital reserve for financial assets at fair value through other comprehensive income | Translation adjustments | Retained earnings | Purchase of Company shares by a consolidated company | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| **Balance as of March 31, 2026 (Unaudited)** | **697** | **1,961** | **63** | **6** | **12** | **(324)** | **3,610** | **(19)** | **6,006** | **1,416** | **7,422** |

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

| | NIS millions | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium and capital reserves for warrants | Reserve for bonus shares distribution | Reserve for hedging transactions | Capital reserve for financial assets at fair value through other comprehensive income | Translation adjustments | Retained earnings | Purchase of Company shares by a consolidated company | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| **Balance as of January 1, 2025 (Audited)** | 662 | 1,541 | 63 | 26 | 15 | (396) | 3,799 | (19) | 5,691 | 1,320 | 7,011 |
| Profit for the period | - | - | - | - | - | - | 109 (*) | - | 109 | (20) (*) | 129 |
| Other comprehensive income (loss) for the period | - | - | - | (56) | (4) | 144 (*) | - | - | 84 | (23) | 61 |
| Dividend from a consolidated company to non-controlling interests | - | - | - | - | - | - | - | - | - | (35) | (35) |
| Benefit in respect of warrants and shares to employees and officers | - | - | - | - | - | - | - | - | - | (1) | (1) |
| **Balance as of March 31, 2025 (Unaudited)** | **662** | **1,541** | **63** | **(30)** | **11** | **(252)** | **3,908** | **(19)** | **5,884** | **1,281** | **7,165** |

(*) Retrospective application, see Note 2.d.

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





## Consolidated Statements of Changes in Equity

### For the year ended December 31, 2025 (Audited)

**NIS millions**

| | Share capital | Share premium and capital reserves for warrants | Reserve for bonus shares distribution | Reserve for hedging transactions | Capital reserve for financial assets at fair value through other comprehensive income | Translation adjustments | Retained earnings | Purchase of Company shares | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2025 (Audited)** | **662** | **1,541** | **63** | **26** | **15** | **(396)** | **3,799** | **(19)** | **5,691** | **1,320** | **7,011** |
| Profit (loss) for the period | - | - | - | - | - | - | 97 | - | 97 | (1) | 96 |
| Other comprehensive income (loss) for the period | - | - | - | (48) | 2 | (297) | - | - | (343) | (20) | (363) |
| Issuance of shares | 20 | 279 | - | - | - | - | - | - | 299 | - | 299 |
| Exercise of warrants granted to an institutional entity for shares | 14 | 137 | - | - | - | - | - | - | 151 | - | 151 |
| Purchase of non-controlling interests | - | - | - | - | - | - | (1) | - | (1) | 1 | - |
| Exercise of shares for employees and officers | 1 | (1) | - | - | - | - | - | - | - | - | - |
| Benefit in respect of warrants and shares to employees and officers | - | 4 | - | - | - | - | - | - | 4 | 1 | 5 |
| Dividend from a consolidated company to non-controlling interests | - | - | - | - | - | - | - | - | - | (35) | (35) |
| **Balance as of December 31, 2025 (Audited)** | **697** | **1,960** | **63** | **(22)** | **17** | **(693)** | **3,895** | **(19)** | **5,898** | **1,266** | **7,164** |

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

## Condensed Consolidated Statements of Cash Flows

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| **Operating activities** | NIS millions | | |
| Profit (loss) for the period | (360) | (*)129 | 96 |
| **Adjustments for:** | | | |
| Depreciation of fixed assets | 70 | (*) 60 | 262 |
| Change in fair value of investment property | 17 | (*) 67 | 420 |
| Amortization of intangible assets | 8 | 12 | 53 |
| Impairment of assets | - | (*)(5) | 90 |
| Gain from realization of fixed assets | 1 | (6) | (17) |
| Initiation profits in concession and energy projects | - | (3) | (3) |
| Other income | (15) | (17) | (63) |
| Gain from revaluation of investment in held companies | - | - | (8) |
| Gain from realization of investments in held companies | (131) | - | (2) |
| Company's share in profits (losses) of held companies, net | (2) | (60) | (262) |
| Income tax expenses | 45 | (*) 69 | 305 |
| Financing costs, net | 69 | 19 | 263 |
| Realization of translation adjustments due to sale of operations in Nigeria | 433 | - | - |
| Recognition of benefit in respect of warrants and shares | 1 | (1) | 5 |
| | **136** | **264** | **1,139** |
| **Change in asset and liability items:** | | | |
| Change in trade receivables and contract customers, net | (98) | (37) | (282) |
| Change in other receivables | 153 | (284) | 32 |
| Change in inventory of buildings for sale | 59 | 159 | 301 |
| Change in inventory | (2) | (4) | 8 |
| Change in land inventory | (11) | (85) | (452) |
| Change in subcontractors, suppliers and service providers | (193) | (221) | 259 |

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| **Operating activities** | NIS millions | | |
| Change in payables and credit balances | (291) | (170) | (283) |
| Change in employee benefits | 10 | (14) | (8) |
| Change in provisions | (8) | (8) | (16) |
| Change in advances from contract customers | 2 | (118) | (200) |
| Change in advances from customers | (69) | (111) | (585) |
| | **(448)** | **(893)** | **(1,226)** |
| Proceeds from segments, net | (1) | (5) | (2) |
| Income tax paid, net | (86) | (17) | (305) |
| **Net cash used in operating activities** | **(399)** | **(651)** | **(394)** |

(*) Retrospective application, see Note 2.d.

The accompanying notes to the condensed interim consolidated financial statements are an integral part thereof.





| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| NIS millions | | | |
| **Investing activities** | | | |
| Investment in fixed assets | (80) | (51) | (410) |
| Investment in investment property, net | 8 | (120) | (414) |
| Proceeds from realization of fixed assets, net | 4 | 14 | 32 |
| Change in short-term bank deposits, net | 27 | (226) | (145) |
| Repayment of (investment in) receivables and contract assets in respect of concession agreements, net | 19 | (11) | (268) |
| Repayment of short-term loans, net | 12 | 6 | 10 |

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| **NIS millions** | | | |
| Investment in intangible assets | (27) | (23) | (169) |
| Interest received | 23 | 46 | 150 |
| Dividend received from held companies | 9 | 8 | 98 |
| Long-term loans granted to held companies, net | 19 | 7 | 36 |
| Investment in held companies | (1) | 1 | (7) |
| Proceeds from realization of investment in held companies | 127 | - | 279 |
| Investment in long-term loans and deposits | - | 2 | (11) |
| Repayment of long-term loans and deposits | - | (6) | 44 |
| **Net cash provided by (used in) investing activities** | 140 | (353) | (775) |
| **Financing activities** | | | |
| Issuance of shares | - | - | 450 |
| Issuance of shares by held companies | 232 | - | - |
| Long-term loans received from banking corporations and others | 17 | 625 | 2,227 |
| Repayment of long-term loans to banking corporations and others | (123) | (57) | (548) |
| Issuance of BONDS (net of issuance expenses) | - | - | 859 |
| Repayment of BONDS | (40) | (693) | (822) |
| Proceeds from derivatives, net | 11 | 7 | 49 |
| Change in short-term credit, net | 181 | 289 | (467) |
| Interest paid | (138) | (186) | (776) |
| Dividend paid to non-controlling interests in a consolidated company | (47) | (35) | (35) |
| **Net cash provided by (used in) financing activities** | 93 | (50) | 937 |
| | | | |
| **Effect of exchange rate fluctuations on cash and cash equivalents** | **(9)** | **27** | **(134)** |
| **Cash in respect of assets held for sale** | **1** | **(12)** | **(13)** |
| **Decrease in cash and cash equivalents** | **(174)** | **(1,039)** | **(379)** |
| **Cash and cash equivalents balance at beginning of period** | **2,365** | **2,744** | **2,744** |
| **Cash and cash equivalents balance at end of period** | **2,191** | **1,705** | **2,365** |

The accompanying notes to the condensed interim consolidated financial statements are an integral part thereof.

## Notes to the Financial Statements

### Note 1 - The Reporting Entity

### A. The Reporting Entity

Shikun & Binui Ltd. (hereinafter - "the Company") is an Israeli resident company incorporated in Israel and its address is 1A Hayarden Street, Airport City. The Company's consolidated financial statements as of December 31, 2025, include those of the Company and its consolidated companies (hereinafter together - "the Group"), and the Group's rights in associates and joint arrangements.

As of the report publication date, OS ISRAEL INVESTMENTS COMPANY Ltd (hereinafter: "OSIIC") holds approximately 34.87% of the Company's share capital; while the voting rights by virtue of these shares are held by Mr. Naty H. Saidoff, who is the controlling shareholder of the Company by virtue of the irrevocable power of attorney granted to him by OSIIC for a period of 10 years starting from July 25, 2025. Regarding the responsibility of the controlling shareholder, OSIIC shall also be deemed responsible according to sections 31-34, 38, 52k(b) and 52n of the Securities Law, 1968 (hereinafter: "the Securities Law").

As reported to the Company - as of the report date, OSIIC is held (100%) by a foreign trust (irrevocable discretionary trust) whose ultimate beneficiary is Mr. Ofer Saidoff, brother of Mr. Naty H. Saidoff. Mr. Ofer Saidoff does not serve as a director in OSIIC; given that the trust is an irrevocable discretionary trust, the beneficiary of the trust is not involved in decision-making in OSIIC; and in accordance with the trust documents as of the date of this report, he (or anyone on his behalf) has no right to replace the trust company holding OSIIC shares.

It should be noted that on April 5, 2020, the Company reported that it received notice that Mr. Tamir Cohen, who served until June 30, 2024, as a director and CEO of the Company (hereinafter: "Cohen"), and The Cohen Family Trust, which to the best of the Company's knowledge is a trust controlled by Cohen and his wife and whose beneficiaries are their children (hereinafter: "the Cohen Trust"), entered into a series of agreements whose signing was completed on April 5, 2020, under which it was agreed that the Cohen Trust would purchase from OSIIC 16,388,904 Company shares for a total consideration of approximately US$ 55,950,870. The entry into force of the agreement was subject to several conditions, the main of which were obtaining all required approvals for the transaction from OSIIC and/or the Company, as required, the signing of a shareholders' agreement by the parties, and the completion of the loan agreement (according to which OSIIC would provide a loan to the Cohen Trust in the amount of the full consideration for the purchase of the aforementioned shares). Additionally, OSIIC granted the Cohen Trust an option to purchase an additional 28,680,585 shares of the Company, for a total consideration of US$ 97,914,033.

On August 11, 2021, the Company reported that OSIIC and Mr. Naty H. Saidoff (hereinafter: "the Saidoff Group") entered into a shareholders' agreement with the Cohen Trust, which stipulated, among other things, that the Cohen Trust would vote at the Company's general meetings in accordance with the Saidoff Group's notice regarding its voting manner and that the parties would vote together in the same manner as a single unit. The agreement also includes understandings regarding the exclusive right of the Saidoff Group to recommend candidates for the position of directors in the Company, which recommendation will also include Mr. Tamir Cohen, as well as an agreement regarding the use of the parties' voting rights in favor of appointing the directors recommended by the Saidoff Group. The agreement also includes an undertaking by the Cohen Trust to grant a right of first refusal to OSIIC and a right of OSIIC to require the Cohen Trust to join the sale of its shares in the Company (Bring Along). The right to terminate the agreement exists in several cases, including if the parties cease to be the controlling shareholders of the Company, the Saidoff Group holds less than 25% of the voting rights in the Company, and the Cohen Trust holds less than 2% of the voting rights.

On July 24, 2024, the Company reported that following previous reports regarding the aforementioned set of agreements, on July 23, 2024, a letter was received from OSIIC, whereby OSIIC notified the Cohen Trust that the aforementioned agreements are void and/or expired and/or invalid. Additionally, on July 29, 2024, the Company reported that on July 28, 2024, a letter was received by the Company from Mr. Cohen and the Cohen Trust, whereby, among other things, Mr. Cohen and the Cohen Trust claim that OSIIC has no grounds for canceling the aforementioned agreements, and that OSIIC is required to withdraw the cancellation notice.

Furthermore, within the framework of the letter on behalf of Mr. Cohen and the Cohen Trust, it was claimed, among other things, that Mr. Saidoff approved an agreement of principles between OSIIC and an investment group led by Mr. Cohen in which guiding principles were agreed upon for a transaction within which OSIIC would sell its entire holdings in the Company to the aforementioned investment group, where the agreement of principles was subject to the signing of a detailed agreement, the proposal for which was prevented, and Mr. Cohen and the Cohen Trust reserve their rights including the possibility of compelling OSIIC to enter into a binding agreement based on the aforementioned document of principles.

The Company was informed that in early August 2024, OSIIC rejected the claims and demands in the aforementioned letter. To the best of the Company's knowledge, no further contact has been made on behalf of Mr. Cohen and the Cohen Trust since then.

On March 27, 2025, OSIIC and Tropicana Development LLC (hereinafter: "the Purchaser"), a company controlled by Mr. Sharon Even-Haim, a director of the Company, entered into an agreement for the sale of 22,554,800 shares of the Company to the Purchaser (hereinafter: "the Sold Shares"). As of the date of approval of the report, the purchase transaction was completed and the shares were transferred from OSIIC to the Purchaser.

Following the aforementioned transaction, it was agreed that there would be no cooperation between OSIIC and the Purchaser regarding voting at the Company's general meetings by virtue of the shares held by the parties, and accordingly the Company will not classify the Purchaser and OSIIC and/or Mr. Naty H. Saidoff as "joint holders" of the Company's shares (according to the definition of "holding or purchasing securities together with others" in the Securities Law).

Without derogating from the above, only the following restrictions shall apply voluntarily: (a) the Purchaser shall not be included in the count of votes of shareholders who are not the controlling shareholders or who do not have a personal interest in voting at the general meeting for the approval of appointment or termination of external directors in the Company; (b) regarding a special or full tender offer, the transaction shares held by the Purchaser shall be considered as held together with OSIIC, such that no purchase of Company shares will be carried out as a result of which the cumulative share of holdings of OSIIC together with the Purchaser will exceed 45% or 90% (as applicable) of the voting rights in the Company, except by means of a special or full tender offer.

The aforementioned agreement set restrictions on the transfer of shares, including a tag-along right of the Purchaser to a sale of shares carried out by OSIIC; a right of OSIIC to drag along the Purchaser's shares to a sale of shares carried out by it, which shall also apply in relation to shares sold to a third party; a right of first refusal of OSIIC in the sale of the Purchaser's shares; a right of first offer to the Purchaser in a future sale of shares by OSIIC; and a lock-up period for two years from the completion date of the transaction regarding the Sold Shares.

The Group operates in several fields including infrastructure and construction in Israel and abroad, real estate entrepreneurship in Israel and abroad, concession and energy. For further details, see Note 35 regarding operating segments.

The Company's securities are listed for trading on the Tel Aviv Stock Exchange.





## Notes to the Financial Statements

**Note 1 - The Reporting Entity (continued)**

**B. Definitions**

In these financial statements –

**(1) The Company** – Shikun & Binui Ltd.

**(2) The Group** – Shikun & Binui Ltd. and the companies held by it.

**(3) Consolidated companies/subsidiaries** – companies, including partnerships whose reports are fully consolidated, directly or indirectly, with the Company's reports.

**(4) Held companies** – consolidated companies and companies, including partnerships or joint ventures, in which the Company's investment is included, directly or indirectly, in the financial statements on an equity basis.

**(5) Joint arrangements** – arrangements in which the Group has joint control which was achieved by a contractual agreement requiring unanimous consent regarding activities that significantly affect the returns of the arrangement.

**(6) Related party** – as defined in International Accounting Standard 24 (2009) regarding related parties.

**(7) Interested parties** – as defined in paragraph (1) of the definition of "interested party" in a corporation in section 1 of the Securities Law, 1968.

**C. Inspections and investigations by authorities**

**Proceedings abroad:**

**.1** In September 2017, SBI International Holdings AG (a Swiss company that is a grandchild company of the Company, hereinafter: "SBI AG") contacted on its own initiative, through its legal advisors in Switzerland, the general prosecution authorities in Bern, Switzerland and notified them about claims of improper conduct in SBI AG to the point of claims of bribery payments to foreign public officials raised by a former employee of SBI AG in a closure proceeding, and about the steps SBI AG intends to take to examine the claims, primarily conducting an independent internal investigation. Since then, the aforementioned Swiss prosecution authorities have been updated regarding the Israel Police investigation (within which employees in the aforementioned foreign grandchild company were also questioned and/or investigated), and that given the police investigation detailed in section 11 below (under "Investigation proceedings in Israel"), the independent investigation was not completed and therefore no findings or results could be produced from it. It is not known to SBI AG whether investigative or other steps will be taken by the Swiss authorities and what the expected results thereof are.

**.2** In February 2018, the Company learned that a request was received at SBI AG from the INT department of the World Bank (the department that examines claims regarding lack of integrity - Integrity Vice Presidency) whereby the World Bank intends to perform an audit process in connection with several SBI AG projects in Kenya. SBI AG cooperated with the investigation activities and transferred materials in accordance with the World Bank's requirement. It will also be noted that during the years 2014 and 2015, requests were received from the aforementioned INT department at the World Bank to provide materials and cooperate with an examination process, and in January 2016, a request letter was received notifying the World Bank's intention to perform an audit process in connection with SBI AG projects in Guatemala. SBI AG cooperated at the time with the World Bank's requirement and transferred materials to it. To date, no further contact has been received from the World Bank regarding Guatemala and regarding Kenya.

**.3** In August 2018, a search was conducted by local investigation authority investigators, for the purpose of gathering material regarding a local investigation, in the branch of the grandchild company, SBI AG, in Guatemala. The information collected is relative to past activity; from public publications on the website of a body involved in the investigation (CICIG), it allegedly appears that arrest warrants were issued in the country against several former branch employees in connection with suspicions of bribery. The local branch continues its activity to collect debts and sell equipment, and no restrictions were imposed on its activity.

**.4** On June 27, 2025, the manager of the Guatemala branch of the grandchild company SBI AG and two Legal representatives providing services to the branch were invited to provide a statement before the Asset Forfeiture Prosecutor's Office in Guatemala (Fiscalia De Extinction De Dominio). To the best of the Company's understanding, the issue is related to the local investigation in Guatemala mentioned in section 3 above. At this stage, no dates for interviews have yet been set.

**.5**

It will also be noted that in August 2018, the manager of the Kenya branch of SBI AG received a summons for an interview and statement recording ("Interview and Statement Recording") of four former and current employees before the Ethics and Anti-Corruption Commission in Kenya, in connection with claims of bribery regarding a project carried out by the branch in Kenya. The interview took place in September 2018.

**.6** In January 2019, a former employee of SBI AG was arrested in Bulgaria due to an international arrest warrant issued against him, apparently in connection with the investigation detailed in section 3 above by the authorities in Guatemala. On February 22, 2019, the former employee was released from custody. As reported to the Company, the former employee was released without conditions and without any extradition proceedings being opened against him. To the best of the Company's knowledge and as reported to it, during the entire period the former employee was held in custody in Bulgaria, no documents were submitted to the authorities in Bulgaria from the authorities in Guatemala intended to establish a request to extradite the former employee.

**.7** At the end of May 2022, a former employee of the SBI AG group was detained in France due to an international arrest warrant issued against him, apparently in connection with the investigation detailed above by the authorities in Guatemala. The former employee was released from detention after 30 days. As reported to the Company, the former employee was released without conditions and without any extradition proceedings being opened against him. To the best of the Company's knowledge and as reported to it, during the entire period the former employee was detained in France, no documents were submitted to the authorities in France from the authorities in Guatemala intended to establish a request to extradite the former employee.

## Note 1 – General (Continued)

### C. Examinations and investigations by authorities (Continued)

**8.** On November 5, 2022, the former employee, who was arrested and released in Bulgaria in January 2019 as stated in section 6 above, was arrested again in the Czech Republic. According to information provided to the Company, this arrest was based on an international arrest warrant issued against him, apparently in connection with the same investigation detailed above by the authorities in Guatemala. According to information provided to the Company, on December 14, 2022, an extradition request for the former employee was submitted to the authorities in the Czech Republic by the authorities in Guatemala, on suspicion of money laundering, bribery, and illegal election financing offenses in Guatemala allegedly committed during his employment; the former employee was detained in the Czech Republic, and he opposed the extradition request and conducted proceedings in this matter.

In January 2024, the court in the Czech Republic rejected the extradition request submitted by the authorities in Guatemala, and subsequently all restrictions imposed on the former employee were removed, his passport was returned to him, and he returned to Israel.

**9.** Among other things, in light of the passage of time and the fact that there have been no further developments regarding the events described in sections 1-3 and 5-8 above, and as stated in light of the preliminary stage of the proceeding described in section 4, and as stated in section 25 below, the Company is unable to estimate at this stage the possible outcomes of the events described in sections 1-8 in this subsection above and the exposures resulting from them.

**10.** In 2018, the foreign grandchild company, SBI AG, notified the tax and social security authorities in Switzerland of its intention to carry out a voluntary disclosure regarding payments of salary components for the years 2008-2017 which may not have been handled properly vis-à-vis the authorities regarding employees who are or were employed by this company. SBI AG estimated that the total scope of exposure is up to 12 million Swiss francs (approximately 52 million NIS). As of the report date, the process is in its final stages after the company paid most of its debts for those years. According to SBI AG's assessment, the financial statements include an adequate provision for the payment balances as may be required. A request for discovery of documents was filed against the Company and against SBI AG within the framework of preliminary proceedings for a derivative action in this context. The request was deleted by consent on July 31, 2019.

**Proceedings in Israel:**

**11.** On February 20, 2018, the Israel Police began an open investigation (above and below: "the Israel Police investigation"). From that date, current and former employees and officers of the Company, SBI AG, and the subsidiary holding the shares of SBI AG (SBI Infrastructure Ltd.) were detained for questioning and/or called to provide testimony to the Israel Police and the Securities Authority. The former ultimate infrastructure in the company was also investigated. Furthermore, bank accounts and additional property of Shikun & Binui Ltd. and other companies in the group were frozen, searches were conducted, and documents were seized at the offices of the Company and other companies in the group in Israel and their branches abroad.

**12.** On February 21, 2018, the Company and other companies in the group (hereinafter: "the Companies") reached an interim arrangement with the Israel Police to deposit a dollar amount equal to 250 million NIS in the forfeiture fund managed by the Administrator General at the Ministry of Justice as a seized amount (hereinafter: "the Seized Amount" and "the Deposit Arrangement," respectively). Shortly thereafter, the said amount was deposited, and against its deposit on February 22, 2018, by SBI AG, the freezes on the bank accounts and additional property of the Companies that were seized as stated above were released, in accordance with the said Deposit Arrangement which was approved by the Rishon LeZion Magistrate's Court. Within the framework of the arrangement, it was noted that it does not constitute any admission of any liability or responsibility on behalf of the Companies. The Seized Amount was transferred directly from SBI AG's account to an account managed by the Administrator General at the Ministry of Justice of the State of Israel.

**13.** On May 26, 2019, the Israel Police announced that the file was transferred to the Tel Aviv District Attorney's Office (Tax and Economics) (hereinafter: "the District Attorney's Office") for review and decision. From notification letters received by the Company as well as by the companies Shikun & Binui SBI Infrastructure Ltd. and SBI AG, it appears that the suspicions underlying the investigation revolved around offenses of bribery to a foreign public official, obtaining something by fraud, false entry in corporate documents, obstruction of justice, prohibition of money laundering, income tax offenses, VAT offenses, and misleading reporting offenses with the intent to mislead a reasonable investor under the Securities Law.

**14.** On February 15, 2021, the Company received a notice from the District Attorney's Office (hereinafter: "the Notice"), according to which, after examining the evidence brought before it, the District Attorney's Office is considering, with the consent of the Attorney General, to indict the Company subject to a hearing for offenses of providing bribery to a foreign public official – offenses under section 291A of the Penal Law, 5737-1977; false entry in corporate documents – offenses under section 423 of the Penal Law, 5737-1977; prohibition of money laundering – offenses under section 3(a) of the Prohibition of Money Laundering Law, 5760-2000; reporting offenses – offenses under section 53(a)(4) of the Securities Law, 5728-1968.

**15.** From the notice, it appeared that the District Attorney's Office is considering indicting, subject to a hearing, former officers of the Company for the offenses detailed in section 13 above or part thereof. It should also be noted that copies of similar notices were sent to the Company which were addressed to a subsidiary of the Company, SBI Infrastructure Ltd., as well as SBI AG, according to which, after examining the evidence brought before it, the District Attorney's Office is considering indicting them as well, subject to a hearing, for the offenses detailed in section 13 above.

**16.** During the month of September 2022, oral hearing meetings were held regarding the Companies before the Tel Aviv District Attorney (Tax and Economics) and following that, the Companies submitted supplementary written arguments.

**17.** During the month of December 2023, the Tel Aviv District Attorney's Office (Tax and Economics) filed an amended indictment with the Tel Aviv-Yafo District Court against six former officers of the Company and companies in the group, which was filed within the framework of plea bargains.

**18.** On July 4, 2024, a plea bargain was submitted to the Tel Aviv District Court which is intended to exhaust the (criminal) proceedings against the Shikun & Binui group companies regarding the past events that were at the foundation of the Israel Police investigation opened against the Company and other companies in the group.





## Notes to the Financial Statements
## Note 1 – General (Continued)

**C. Examinations and investigations by authorities (Continued)**

19.

According to the plea bargain, which was approved within the framework of a hearing held on October 14, 2024, before the Tel Aviv-Yafo District Court (the Honorable Judge Dr. Michal Agmon-Gonen): the subsidiary SBI Infrastructure was convicted of an offense of conspiracy to commit a felony under section 499(a)(1) of the Penal Law, 5737-1977, this due to the non-cessation of payments without receipts, some of which were improper, and which some of the subsidiaries in the Shikun & Binui group and some of their various organs used to perform prior to Amendment No. 99 to the Penal Law, to various entities in the countries of operation where the Shikun & Binui group operated, some unlawfully, and this mainly until 2012; and was also convicted of an offense of non-compliance with the provision of section 36 of the Securities Law, 5728-1968, under section 53(b)(5a) of the Law, this against the background of including those payments paid without receipts or documents, some unlawfully, as part of the cost of works item in the expenditure chapter in the consolidated annual financial statements of SBI Infrastructure as well as in the consolidated annual financial statements of the Company. As noted in the indictment, in the notes that appeared in the annual financial statements of both companies, it was stated that according to management's assessment, expense payments in the aforementioned format do not constitute a material exposure to the group companies, while SBI Infrastructure was aware of the possible implications of the unlawful payments on its business and the business of the group companies, that the same statement as recorded in the notes was a statement that ignores possible implications on the companies' business, and to the fact that its financial statements would be consolidated in the Company's reports and published to the public in this format.

20. As requested within the framework of the plea bargain, the court imposed a fine of 10 million NIS on the subsidiary SBI Infrastructure, which was paid out of the Seized Amount (as defined above). The court also ordered to give the force of a judgment to an agreed request between the District Attorney's Office and the grandchild company SBI AG for the forfeiture of property in a civil proceeding, which was also paid from the funds of the Seized Amount in the amount of 250 million NIS. On December 27, 2024, the balance of the Seized Amount in the forfeiture fund in the amount of approximately 27 million NIS was returned to SBI AG, after a total of 250 million NIS was forfeited from the Seized Amount as stated above, and the fine of 10 million NIS was paid.

21. The court ruled, among other things, that this is a proper plea bargain that should be respected, and referred to the fact that in light of the novelty of the proceeding, there is significant evidentiary and legal complexity in this case. The court further noted within its other considerations in the judgment to approve the arrangement as stated, the fact that the organs that actually committed the offenses admitted and were convicted of those offenses within the framework of separate plea bargains, and that those organs from among the companies that committed the offenses are no longer officers in the group. The court further ruled that the replacement of organs as stated constitutes in fact a type of new company and therefore it should be allowed to continue business under alternative management. The court also ruled that the adoption of an updated enforcement and compliance program by the Company and that a large company, and especially a group of companies, cannot hermetically prevent the commission of any offense by any of its officers.

22. In accordance with the notice of the subsidiary SBI Infrastructure and the District Attorney's Office dated July 4, 2024, the investigation file opened against the Company and against SBI AG – was closed. It should be clarified that, contrary to suspicions, the subsidiary SBI Infrastructure (and so also the companies from the Shikun & Binui group) was not convicted of bribery offenses to foreign public officials and was not convicted of money laundering offenses. With this, the described criminal proceeding was concluded.

23.

To complete the picture, it should be noted that on January 8, 2024, and January 31, 2024, hearings were held regarding five of the former officers in the Company and companies in the group. The court convicted the former officers of various offenses, including conspiracy to commit a felony under section 499(a)(1) of the Penal Law, 5737-1977; reporting offenses under section 53(b)(5a) together with section 53(e) of the Securities Law, 5728-1968; offenses of prohibition of performing an action with prohibited property under section 4 of the Prohibition of Money Laundering Law, 5760-2000; and offenses of aiding a false entry in corporate documents and offenses of a manager in a corporation under sections 423 together with section 31 and 424(2) of the Penal Law, in accordance with the plea bargains signed with them. In addition, on the same date, a hearing was held regarding another former officer against whom an indictment was filed within the framework of a plea bargain, and he was convicted of an offense under section 53(b)(5a) of the Securities Law together with section 53(e)(2), and his sentence was determined in accordance with the said arrangement. On April 4 and 11, 2024, the court adopted the punishments included in the plea bargains and sentenced the remaining five defendants.

24. It should also be noted that two requests for approval of class actions were filed against the Company and officers (one of which was deleted on July 29, 2018, and an appeal on the deletion was rejected on August 25, 2020) and three requests for discovery of documents were filed within the framework of preliminary proceedings for a derivative action (one of them also against a subsidiary and against SBI AG which was deleted on May 14, 2018).

25. Also at this stage, the Company is unable to estimate the potential exposures to the Company and the impacts that may occur on the entire scope of its operations, its results of operations, and its cash flows in the future resulting from the plea bargain and the conviction of the subsidiary SBI Infrastructure within its framework, the fine paid, the forfeiture of property in a civil proceeding, the World Bank's audit proceedings, the referral to the General Prosecution in Switzerland, the investigation proceedings and collection of materials outside of Israel, the plea bargains and convictions of former officers and employees, as well as other proceedings which may develop in Israel and the world, if and to the extent there will be (although in light of the events, there are difficulties in certain financing processes and collaborations which do not materially adversely affect the Company). The aforementioned events and/or some of them may have adverse effects on the Shikun & Binui group and its operations, as well as damage the Company's reputation and thereby make it difficult for the Company and corporations under its control in several areas, including in obtaining financing for projects or in toughening the conditions for obtaining financing, in joining business partners for the purpose of entering into joint ventures or for the purpose of submitting joint tenders, in tenders and in selling services. It should be emphasized that the said implications are potential only, and the Company has no ability to predict if, how, and when they will materialize, among other things, because these are issues not under the Company's control that may be at the discretion, business or administrative, as the case may be, of third parties.





## Notes to the Financial Statements

### Note 1 – General (Continued)

**D. "Iron Swords" War, "Am Kalavi" Operation and "Lion's Roar" Operation (hereinafter "the War")**

Further to Note 1.D to the annual financial statements, following are the main implications of the War on the group's various operating segments operating in Israel:

- In the infrastructure and construction contracting segment in Israel -

  As a result of the War, the rate of execution in construction and infrastructure projects was affected. The reduction in activity was mainly felt in the first week of the operation, when in most projects there was a slowdown to about 50%-70% of output and a number of security projects were completely closed for work. In the second week of the War, most projects returned to full or nearly full work (above 80% output), but nevertheless at this stage there were still restrictions on working with cranes and in a number of projects output stood at only 60%-70%.

  The group is working to reduce delays in projects and is also working to streamline planning and update schedules accordingly in cooperation with the clients. Simultaneously, the company is working with clients to receive compensation for war damages.

  As of the reporting date, the group is operating routinely at all its sites across the country.

- In the real estate development segment in Israel –

  Following the security situation, there was a slowdown in demand for apartments and additionally there were delays in the progress of construction in the group's projects.

As of the date of approval of the report, there is uncertainty regarding the duration of the War or its escalation, therefore the company is unable to estimate the future impact of the War on the group's operations and its financial results and on the group's future cash flows.

## Note 2 - Basis of Preparation of the Financial Statements

### A. Statement of compliance with international financial reporting standards

The condensed interim consolidated financial statements were prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all the information required in full annual financial statements. They should be read together with the financial statements as of and for the year ended December 31, 2025 (hereinafter: "the Annual Reports"). Also, these reports were prepared in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970.

The condensed interim consolidated financial statements were approved for publication by the Group's board of directors on May 27, 2026.

### B. Functional currency and presentation currency

The consolidated financial statements are presented in NIS, which is the Company's functional currency, and are rounded to the nearest million, unless otherwise stated. The shekel is the currency that represents the economic environment in which the group operates, except for held companies operating abroad whose functional currencies are the US dollar or Euro and some are local currencies of African, Eastern European, and South American countries.

### C. Use of estimates and judgment

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

Management's judgment, when applying the group's accounting policy and the main assumptions used in the evaluations involved in uncertainty, are consistent with those used in the preparation of the annual financial statements.

### D. Retroactive application

**(1) Change in accounting policy and method of application – presentation of investment property at fair value**

Starting from the annual financial statements for 2025, the company changed its accounting policy regarding the subsequent measurement of investment property assets so that it applies the fair value model instead of applying the cost model in relation to investment property in its possession. Investment property does not include inventory of buildings for sale and land inventory which will continue to be measured without change on an historical cost basis and will not be revalued to fair value.

The change in policy was applied retroactively and accordingly the comparative figures for the three months ended March 31, 2025, were restated according to the fair value model.

**(2) Discontinued operations**

Starting from January 1, 2026, since the balance of works in a consolidated company's project in Uganda, which is mostly performed by subcontractors and whose completion is expected during 2026, is negligible, this project was added to the group's discontinued operations in Africa and Central America. As a result, starting from these reports, all such activity is presented as discontinued operations. The remaining activity focuses on debt collection, sale of equipment, and termination of engagements. Therefore, the overseas infrastructure and construction contracting segment (except for the USA) ceased to be a reportable segment. Comparative figures for the three-month period ended March 31, 2025, and for the year ended December 31, 2025, were restated.





## Notes to the Financial Statements

## Note 2 - Basis of Preparation of the Financial Statements (Continued)

### D. Retroactive application (Continued)

**(3) The impact on comparative figures in the financial statements**

Below is the impact of the changes in accounting policy described above on the consolidated report data on financial position, on profit or loss, on total comprehensive income, and on cash flows for the three-month period ended March 31, 2025, and for the year ended December 31, 2025.

**Impact on data for the three-month period ended March 31, 2025**

| | As previously reported | Retroactive application due to change in accounting policy (1) | Retroactive application due to update of discontinued activity (2) | As reported in these financial statements |
|---|---|---|---|---|
| | NIS millions | | | |
| **Profit and Loss data:** | | | | |
| Revenue from works and sales | 2,210 | - | (12) | **2,198** |
| Cost of works performed and sales | (1,876) | 4 | 6 | **(1,866)** |
| Change in fair value of investment property | - | (67) | - | **(67)** |
| General and administrative expenses | (111) | - | 1 | **(110)** |

**Impact on data for the three-month period ended March 31, 2025**

| | As previously reported | Retroactive application due to change in accounting policy (1) | Retroactive application due to update of discontinued activity (2) | As reported in these financial statements |
|---|---|---|---|---|
| | NIS millions | | | |
| Other operating income | 28 | - | (2) | **26** |
| Other operating expenses | (71) | 61 | - | **(10)** |
| Financing income | 154 | - | 1 | **155** |
| Financing expenses | (175) | - | 3 | **(172)** |
| Taxes on income | (62) | (6) | 4 | **(64)** |
| **Profit (loss) from continuing operations** | **145** | **(8)** | **1** | **138** |
| Loss from discontinued activity (after tax) | (8) | - | (1) | **(9)** |
| **Profit (loss) for the period** | **137** | **(8)** | **-** | **129** |
| **Attributable to:** | | | | |
| Owners of the company | 115 | (6) | - | 109 |
| Non-controlling interests | 22 | (2) | - | 20 |
| **Profit (loss) for the period** | **137** | **(8)** | **-** | **129** |
| | | | | |
| Basic profit (loss) per share – in NIS | 0.21 | - | (0.01) | **0.20** |
| Diluted profit (loss) per share – in NIS | 0.21 | - | (0.01) | **0.20** |
| | | | | |
| **Continuing operations** | | | | |
| Basic profit per share – in NIS | 0.22 | - | - | **0.22** |
| Diluted profit per share – in NIS | 0.22 | - | - | **0.22** |
| | | | | |
| **Discontinued operations** | | | | |
| Basic profit (loss) per share – in NIS | (0.01) | - | (0.01) | **(0.02)** |
| Diluted profit (loss) per share – in NIS | (0.01) | - | (0.01) | **(0.02)** |
| **Other Comprehensive Income data:** | | | | |
| Foreign currency translation differences for foreign operations | 140 | 6 | - | **146** |
| **Total other comprehensive income** | 55 | 6 | - | **61** |
| **Total profit (loss) comprehensive for the year** | **192** | **(2)** | **-** | **190** |
| **Total profit (loss) comprehensive attributable to:** | | | | |
| Owners of the company | 193 | - | - | **193** |

**Impact on data for the three-month period ended March 31, 2025**

| | As previously reported | Retroactive application due to change in accounting policy (1) | Retroactive application due to update of discontinued activity (2) | As reported in these financial statements |
|---|---|---|---|---|
| | NIS millions | | | |
| Non-controlling interests | (1) | (2) | - | **(3)** |
| **Total profit (loss) comprehensive for the year** | **192** | **(2)** | **-** | **190** |

**Impact on consolidated statement of cash flows as of March 31, 2025**

| **Cash flows from operating activities** | | | | |
|---|---|---|---|---|
| Profit (loss) for the period | 137 | (8) | - | **129** |
| Depreciation of fixed assets and investment property | 64 | (4) | - | **60** |
| Change in fair value of investment property | - | 67 | - | **67** |
| Impairment of assets | 56 | (61) | - | **(5)** |
| Taxes on income | 63 | 6 | - | **69** |
| **Net cash resulting from operating activity** | **(651)** | **-** | **-** | **(651)** |

## Notes to the Financial Statements

**Note 2 - Basis of Preparation of the Financial Statements (Cont.)**

**D. Retrospective Application (Cont.)**

**(2) The effect on comparative figures in the financial statements (Cont.)**

| | As previously reported | Retrospective application due to accounting policy change (1) | Retrospective application due to discontinued activity update (2) | As reported in these financial statements |
|---|---|---|---|---|
| | NIS millions | | | |
| **Effect on the data of the Statement of Financial Position as of March 31, 2025** | | | | |
| **Non-current assets** | | | | |
| Investment property, net | 4,125 | 1,939 | - | 6,064 |
| Investments in held companies accounted for using the equity method | 1,320 | 226 | - | 1,546 |
| Deferred tax assets | 211 | (12) | - | 199 |
| **Total non-current assets** | **14,389** | **2,153** | **-** | **16,542** |
| | | | | |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 385 | 236 | - | 621 |
| Excess of accumulated losses over investment cost and deferred credit balance in held companies | 83 | (31) | - | 52 |
| **Total non-current liabilities** | **8,367** | **205** | **-** | **8,572** |
| | | | | |
| **Effect on equity** | | | | |
| Retained earnings | 2,300 | 1,608 | - | 3,908 |
| Adjustment from translation of statements | (264) | 12 | - | (252) |
| Non-controlling interests | 953 | 328 | - | 1,281 |
| **Total equity** | **5,217** | **1,948** | **-** | **7,165** |
| **Total liabilities and equity** | **27,445** | **2,153** | **-** | **29,598** |

| | | | | |
|---|---|---|---|---|
| **Effect on the data of the period for the year ended December 31, 2025** | | | | |
| **Profit and loss data:** | | | | |
| Revenues from performance of works and sales | 9,300 | - | (66) | 9,234 |

| | | | | |
|---|---|---|---|---|
| Cost of works performed and sales | (7,922) | - | 36 | (7,886) |
| General and administrative expenses | (485) | - | 6 | (479) |
| Other operating income | 126 | - | (4) | 122 |
| Financing income | 364 | - | 2 | 366 |
| Financing expenses | (709) | - | 14 | (695) |
| Taxes on income | (272) | - | 10 | (262) |
| **Profit (loss) from continuing operations** | **35** | **-** | **(2)** | **33** |
| Loss from discontinued operations (after tax) | 61 | - | 2 | 63 |
| **Profit (loss) for the period** | **96** | **-** | **-** | **96** |
| | | | | |
| Attributable to: | | | | |
| Owners of the Company | 97 | - | - | 97 |
| Non-controlling interests | (1) | - | - | (1) |
| | **96** | **-** | **-** | **96** |
| | | | | |
| Basic profit (loss) per share – in NIS | 0.17 | - | - | 0.17 |
| Diluted profit (loss) per share – in NIS | 0.17 | - | - | 0.17 |
| | | | | |
| **Continuing operations** | | | | |
| Basic profit (loss) per share – in NIS | 0.06 | - | - | 0.06 |
| Diluted profit (loss) per share – in NIS | 0.06 | - | - | 0.06 |
| | | | | |
| **Discontinued operations** | | | | |
| Basic profit (loss) per share – in NIS | 0.11 | - | - | 0.11 |
| Diluted profit (loss) per share – in NIS | 0.11 | - | - | 0.11 |





## Notes to the Financial Statements

### Note 3 - Significant Accounting Policies

Except for specified in section A below, the accounting policy of the Group in these condensed interim consolidated financial statements is the accounting policy applied in the annual financial statements for the year 2025.

**A. New standards, amendments to standards and interpretations not yet adopted**

| Standard | Publication Requirements | Commencement and Transitional Provision | Implications |
|---|---|---|---|
| **International Financial Reporting Standard IFRS 18, Presentation and Disclosure in Financial Statements** | This standard replaces International Accounting Standard IAS 1 – "Presentation of Financial Statements". The standard provides improved structure and content guidelines for the financial statements, particularly in the profit and loss statement. The standard includes new disclosure and presentation requirements as well as requirements brought from International Accounting Standard IAS 1 Presentation of Financial Statements.<br><br>As part of the new disclosure requirements, it is required to present two interim summaries in the report on profit or loss: operating profit and profit before financing and tax. Additionally, results in the report on profit or loss will be classified into three new categories: operating category, investment category, and financing category.<br><br>In addition to changes in the structure of reports on profit and loss, the standard also includes a requirement for separate disclosure in the financial statements regarding the use of management-defined performance measures (MPM measures).<br><br>Furthermore, as part of the amendment, specific guidelines were added for grouping and splitting items in the financial statements and notes. | The first-time application date of the standard is for annual periods beginning on January 1, 2027, with an option for early application. | The Group is examining the implications of the amendment on the financial statements without intent for early application. |

## Note 4 - Events During the Reporting Period and After the Reporting Date

1. **Proceedings against customers**

   In several projects, a consolidated company is conducting negotiations with customers to receive compensation for changes in the scope of work and additional expenses caused as a result and compensation for extension of schedules and resulting costs caused by the aforementioned changes and various factors under the responsibility of the customers. It is clarified that the consolidated company met its obligations under the agreements signed with the customers and performed the work assigned to it according to these agreements.

   In the consolidated company's assessment, based on the opinion of its legal advisors, there is a highly probable chance of receiving payments regarding these proceedings.

2. **Extension of the Company's rights in Ramat Ef'al lands**

   In February 2026, a consolidated company entered into an agreement with Israel Land Authority (ILA) within which the lease rights in Ramat Ef'al lands were settled. Within the settlement of the aforementioned rights, separate lease contracts will be signed for each of the plots and the lease period will be extended for an additional 99-year period, meaning until 2125. Furthermore, it was agreed that instead of paying permit fees, the consolidated company transferred plots 401 and 116 to Israel Land Authority (ILA). Additionally, the company recognized in the three-month period ended March 31, 2026, a profit from investment property revaluation in the amount of approximately NIS 53 million in Ramat Ef'al.

3. **Settlement of the Company's rights in a combination transaction in Tel Aviv**

   In January 2026, within an arbitration process approved by the court, an agreement was signed with land owners in a complex in Tel Aviv such that a consolidated company exercised an option to purchase 15 dunams of the complex and an update was made to the combination rate, such that on the remaining land the land owners' share will stand at 40% for residential designation and 39% for commerce and employment designation. Furthermore, within the said settlement, the land owners repaid loans totaling NIS 108 million granted to them by the consolidated company, of which approximately NIS 48 million was repaid in cash and the remaining loans were repaid against receiving rights in the land.

4. **Merger of REIT S.B. Real Estate Assets shares**

Further to Note 37(6) to the annual financial statements, in April 2026 a tax ruling was received according to which the signing of the MOU will be considered the date on which the REIT S.B. Real Estate Assets shares were listed for trading (as required by the Ordinance relative to real estate investment funds). However, if the share exchange is not performed within 90 days from the tax ruling date, the Tax Authority will have the right to cancel the tax ruling retroactively (and in such case, REIT S.B. Real Estate Assets will be exposed to consequences due to cancellation of real estate investment fund tax benefits, including a demand for additional purchase tax payment). Additionally, on April 30, 2026, the parties to the MOU agreed on a further extension of the schedules set in it, and reserved for themselves the right to mutually agree on additional future extensions in the MOU schedule.

Accordingly, the period set for signing a binding agreement was extended until June 15, 2026, and the exclusivity period for conducting negotiations regarding the merger was extended until August 31, 2026. It is emphasized that as of the financial statement approval date, there is no certainty of signing a binding agreement and that if a binding agreement is signed, the closing conditions for the transaction will be met.

It should also be noted that, in March, Amendment No. 285 to the Income Tax Ordinance (5786-2026) (hereinafter: "the Amendment") was published, including, among others, authority for the Real Estate Taxation Director to extend construction completion periods set in legislation, including expanding the definition of real estate under construction and extending development and maintenance periods for rental housing purposes.

In light of the legislative amendment, the company approached the Real Estate Taxation Director with a request to exercise his authority and extend the dates for construction completion, in order to meet the REIT conditions.





## Notes to the Financial Statements

## Note 4 - Events During the Reporting Period and After the Reporting Date (Cont.)

5. **Signing of an agreement for the introduction of partners in student dormitories in Tel Aviv**

Further to Note 31(D)(20) to the annual financial statements, it was agreed that the parties agreed to postpone the deadline for meeting the remaining closing conditions for the transaction to June 30, 2026. According to the Company's assessment, completion of the transaction, if completed, is expected to occur during the second quarter of 2026. The Company classified the total assets and liabilities of the partnership as held for sale in its financial statements.

6. **Sale of real estate in the Czech Republic**

During the first quarter of 2026, the Company signed an agreement for the sale of its holdings (50%) in an associate holding land in the Czech Republic for a total of approximately EUR 6.8 million (approximately NIS 25 million). Accordingly, the Company classified its holdings and net owner loans granted to the associate as held for sale in the financial statements for the first quarter of 2026. After the balance sheet date, in April 2026, the transaction was completed and the full consideration was received.

7. **Introduction of partners in Ramat Beka**

Further to Note 37(2) to the annual financial statements, regarding the Ramat Beka project and the signing by a consolidated company of a detailed agreement with Azrieli Group Ltd. for the sale of 50% of the consolidated company's rights in the project ("the Agreement"), on March 25, 2026, approval was received from the Competition Authority, which constituted a closing condition to the Agreement. After the balance sheet date, on April 14, 2026, the steering committee was established and the parties began managing the project jointly. In light of the fulfillment of the closing conditions and the establishment of management mechanisms, the consolidated company believes that from the said date, a loss of control in the project occurred, and at this date, the holding moves to joint control in the project and it will be presented according to the equity method.

**8. Contacts for the sale of a project in Hof HaBonim**

A consolidated company that holds approximately 40% of the rights in the Hof HaBonim project is taking tangible actions for the sale of its share in the project, including promoting contacts with potential parties for the purpose of executing such a transaction. In the assessment of the consolidated company's management, and subject to the fulfillment of customary closing conditions and completion of negotiations with the relevant parties, the realization transaction is expected to close during the next 12 months. It is emphasized that there is no certainty regarding the completion of the transaction or its final terms.

**9. Issuance of Shikun & Binui Energy shares**

On January 27, 2026, a consolidated company completed an issuance of 62,662,900 registered ordinary shares of NIS 1 par value each and 31,331,450 warrants (Series 1) exercisable for ordinary shares of the consolidated company (each warrant (Series 1) is exercisable for one ordinary share from the date of their listing for trading on the Stock Exchange until the final date for their exercise on July 27, 2027 (inclusive)) in consideration for a total of approximately NIS 232 million net (after issuance expenses).

After the issuance, as stated, the Company holds approximately 66.79% of the issued and paid-up capital and voting rights of the consolidated company, and on a fully diluted basis, approximately 64.08%.

**10. Contacts for the sale of Shikun & Binui Energy shares**

Further to Note 31.D.25 to the annual financial statements, after the balance sheet date, on May 18, 2026, the Company and Shikun & Binui Energy signed an MOU with a third party not related to the Company (hereinafter: "the Purchaser") regarding the sale of its entire holding in the share capital of Shikun & Binui Energy (approximately 66.79%) in a reverse triangular merger transaction with the Purchaser.

It was further established in the MOU that the basic consideration for all shareholders (100%) is NIS 4.05 billion and additionally a total of NIS 150 million will be paid for the passage of time until the completion date (total of NIS 4.2 billion). Furthermore, subject to meeting milestones related to project advancement, in a period of up to 60 months from the completion date, additional consideration will be paid in a maximum cumulative amount of up to NIS 300 million, under the terms specified in the MOU.

In the Company's assessment, subject to the completion of the merger transaction if and as much as it is completed, and according to estimates as of the date of this report, the cash flow (after tax, without transaction expenses) expected to remain for the Company for the sale of Shikun & Binui Energy shares and receipt of the basic consideration amount, the additional consideration amount, and the future consideration amount is in the range of approximately NIS 2.7-2.9 billion and the Company will record a profit (after tax, without transaction expenses) in its financial statements in the range of approximately NIS 1.5-1.7 billion.

**11. Smart Waste – Receiving compensation from the state for war damages**

After the balance sheet date, on May 6, 2026, an amendment to the facility concession agreement was signed between the concessionaire in the Smart Waste project (a facility under construction in the Shafdan complex for sorting and recycling municipal waste under a BOT agreement) and the State regarding the receipt of compensation for war damages and update of project schedules (in a "back-to-back" format with the EPC contractor).

Under the amendment to the agreement it was agreed that the date for completion of facility construction will be extended until March 12, 2027 (except for certain components in the facility specified in the amendment to the agreement whose construction completion will take place by the end of September 2027).

It was further agreed that the State will compensate the concessionaire with the following amounts: (a) a one-time payment in the amount of NIS 147 million, plus VAT; (b) a payment in the amount of NIS 50 million on account of the facility's safety net; while both of these payments will be paid to the concessionaire within 90 days from the date of signing the amendment to the agreement; and- (c) payment of an additional NIS 50 million to be paid according to milestones set in the agreement regarding facility operation.

In the Company's assessment, the amendment to the agreement has no material effect on the Company's financial statements.

**12. BONDS expansion**

After the balance sheet date, on April 16, 2026, the Company performed an expansion of BONDS Series 11 for a total of approximately NIS 508 million net (after issuance expenses).

**13. Increase in the Company's holding rates in the Drive group**

Further to Note 37(4) to the annual financial statements, on May 13, 2026, approval was received from the Trans-Israel Highway Ltd. company ("the Appointed Authority") that it has no objection to the execution of the transaction, which constitutes one of the closing conditions for the transaction.

**14. Approval of Company rating**

In March 2026 the rating company Maalot reaffirmed the Company's long-term rating ilA with a stable outlook.





**Note 4 - Events During the Reporting Period and After the Reporting Date (Cont.)**

**15. Sale of activities in Nigeria**

Further to Note 4(37) to the annual financial statements, on February 11, 2026, all closing conditions were met and the sale agreement was completed, and autonomous bank guarantees were placed in favor of SBI AG by a bank in London with an international rating of A+ to secure the balance of payments of the intercompany balance totaling approximately USD 26.2 million (the remaining intercompany balance is after repayment of approximately USD 15 million performed in December 2025 and for which payment dates were set in April 2026, April 2027 and April 2028). During the reporting period, the full consideration for the sale of RCC shares totaling USD 42.3 million was received. As a result of the transaction completion, the consolidated company recorded a capital gain from the sale of shares totaling approximately NIS 131 million within discontinued operations. Conversely, a reserve from translation differences totaling approximately NIS 433 million previously recorded to other comprehensive income was also recognized in the loss line from discontinued operations within financing expenses, without any cash flow impact. It is emphasized that the transfer of the reserve from translation differences through profit and loss did not affect the total equity of the consolidated company because the impact of the reserve was already recorded to equity in the past. This classification action, as stated, is non-cash. After completion of the transaction, its results, assets, and liabilities of Nigeria are not consolidated in the Company's financial statements. After the balance sheet date, in April 2026, an additional payment of USD 11.2 million was received from the intercompany balance of RCC to the consolidated company according to the agreement established between the parties and a balance remains for payment totaling USD 15 million, backed by autonomous bank guarantees, according to the milestones established.

**Identified assets and liabilities derecognized at the transaction completion date and discontinuation of consolidation:**

| | NIS millions |
|---|---|
| Cash and cash equivalents | (32) |
| Receivables and others | (5) |
| Customers | (151) |
| Inventory | (18) |
| Deferred tax assets | (5) |
| Fixed property | (25) |
| Payables and short-term credit balances | 154 |
| Suppliers and subcontractors | 14 |
| Provisions | 12 |
| Deferred tax liabilities | 8 |
| **Identified assets, net** | **(48)** |

**Identified assets and liabilities recognized as a result of the sale transaction:**

| | NIS millions |
|---|---|
| Receivables and others (*) | 83 |
| Payables and long-term credit balances (**) | (31) |
| | 52 |

**Aggregate cash flows generated for the Group as a result of the sale transaction:**

| | NIS millions |
|---|---|
| Cash and cash equivalents received (***) | 127 |
| Cash and cash equivalents in sold companies | - |
| | 127 |

(*) As of the reporting date, the intercompany debt balance recognized due to exit from consolidation totaling approximately USD 26.2 million.

(**) Provisions in connection with the sale transaction.

(***) Net of transaction costs of approximately NIS 5 million.

### 16. Tikshuv Project

On the day after the balance sheet date, May 5, 2026, the concessionaire received a letter in which the customer, the Ministry of Defense, approved a milestone: for operation of stage A. On May 14, 2026, the concessionaire received another letter in which it was claimed that due to failure to meet the schedules for completion of the said milestone, there is no entitlement to an invoice totaling approximately NIS 60 million to the concessionaire (in a "back-to-back" format with the EPC contractor – consolidated company). According to the opinion of the EPC contractor's legal advisors, the customer's claim regarding non-entitlement is expected to be rejected with very high probability (Highly probable). Additionally, according to the agreement, the company is entitled to additional payment for the impact of the worsening of the "Iron Swords" war in an amount higher than the said amount.

### 17. Pumped Storage

Further to Note 8(37) to the annual financial statements, regarding the malfunctions in the facility's production units, the second stage of malfunction repair began on February 4, 2026 in unit number 2 and on February 25, 2026 in unit number 1. The repair was expected to last between 6-7 months, however, due to the "Sha'agat Ha'Ari" operation at the end of February 2026, PSP was updated by the EPC contractor that due to the operation, and according to instruction received from GE management, GE employees stopped repair works at the site and left the country. After discussions with the EPC contractor, an alternative was found for temporary return of turbine 1 to operation. Unit number 1 was returned to full production activity on April 5, 2026, and it is expected to operate until June 8, 2026, from which date the repair works will begin with an expected completion of repairs for this unit on January 5, 2027. On May 6, 2026 unit 2 was placed in a repair process by the contractor's foreign expert team, with an expected completion of repairs for this unit on November 11, 2026.

Furthermore, PSP demanded the contractor submit an updated repair plan including an acceleration plan to reduce repair times. The work stoppage as stated is expected to cause an extension of the shutdown relative to the original schedule. PSP is examining the impact of these changes and is acting to reduce their impact. Additionally, following that on November 9, 2025, PSP and its shareholders (including a consolidated company) reached an agreement with the lenders, representatives of the project contractor and the contractor's shareholders (including the Company), for shutdown of the facility for the purpose of performing the second stage of repair, due to changes in the security situation in Israel and the departure of the EPC contractor from the site, PSP is examining the need for updating the framework and/or the financing agreement, as required.

## Notes to the Financial Statements

### Note 4 - Events during the reporting period and after the reporting date (continued)

**18. Extension of warrants' expiration dates**

On January 20, 2026, the Company's Board of Directors decided to approve a six-month extension of the expiration period of warrants allocated by the Company between 2019-2021, which were due to expire during 2026, without change to the remaining terms of the warrants. The decision applies only to offerees who, at the time of the decision, were employees of the Group and were not in the process of leaving or on unpaid leave (except for maternity leave), subject to the approvals required by law. The Board of Directors further approved that if the expiration date of warrants, allocated by the Company up to this date to offerees working in the Company who were not in the process of leaving or on unpaid leave (except for maternity leave), falls during a period of prohibited trading prior to the publication of the Company's financial statements or in other circumstances (such as due to the existence of inside information or during a reporting delay under the Securities Regulations), including according to the Company's securities law enforcement plan, the expiration date shall be postponed until the end of a one-month period from the end of the said prohibited trading period.

**19. Granting warrants to officers and employees**

On January 20, 2026, and February 10, 2026, the Company's Board of Directors approved a new framework, published on February 10, 2026, allowing the granting of up to 4,368,284 warrants to offerees (hereinafter: "Total Securities Offered"), employed by the Company or the Company's subsidiaries, including officers in the Company (who are not among the directors and the Company's CEO), for 3 years from its publication date.

On the same date, the Company's Board of Directors approved a first allocation according to the framework, which included up to 885,976 warrants to approximately 10 offerees in the Company and Company's subsidiaries, including officers in the Company (who are not among the directors and the Company's CEO). On April 30, 2026, the Company's Board of Directors decided to cancel the said allocation decision.

On April 13, 2026, the Company's Board of Directors approved an allocation according to the framework of 1,541,716 warrants to offerees in the Company and Company's subsidiaries (who are not interested parties or officers in the Company). The exercise price of each warrant is NIS 16.30 (subject to adjustments). The grant value, as calculated by an external appraiser using the "Black-Scholes" formula for the trading day preceding the Board's approval of the allocation, was approximately NIS 12,935 thousand (subject to the assumptions made). The main parameters used to calculate the grant value are: share price (closing price) at the valuation date – NIS 17.95, exercise price – NIS 16.30, standard deviation (for each portion) – 42.27%-42.30%, and risk-free interest – 3.71%-3.75%, warrant lifespan – calculated according to the exercise period of each portion, dividend yield rate – 0% under the assumption of a full dividend adjustment mechanism.

On April 30, 2026, the Company's Board of Directors approved an additional allocation according to the framework of 764,838 additional warrants to approximately 10 additional offerees in the Company and Company's subsidiaries, who are not interested parties and including officers in the Company (who are not among the directors and the Company's CEO). The exercise price of each warrant is NIS 18.25 (subject to adjustments). The grant value, as calculated by an external appraiser using the "Black-Scholes" formula for the trading day preceding the Board's approval of the allocation, was approximately NIS 6,830 thousand (subject to the assumptions made). The main parameters used to calculate the grant value are: share price (closing price) at the valuation date – NIS 19.49, exercise price – NIS 18.25, standard deviation (for each portion) – 42.16%-42.34%, and risk-free interest – 3.76%-3.80%, warrant lifespan – calculated according to the exercise period of each portion, dividend yield rate – 0% under the assumption of a full dividend adjustment mechanism.

The allocations of these warrants will generally be carried out through the capital gains track according to an allocation plan previously approved by the Board of Directors and submitted to the Tax Authority in 2019, and in accordance with the provisions of the Company's compensation policy. As of the publication date of this report, the allocations have not yet been completed. Generally, the warrants will vest in three annual portions as determined in the grant letter (unless otherwise determined for specific offerees, such as in a case where an offeree was appointed during the year the grant is made or after the vesting dates mentioned below or for any other reason). Regarding offerees who are officers in the Company, the vesting period will be in accordance with the Company's compensation policy for officers. Regarding the said allocations, the first portion will vest in April 2027, the second portion will vest in October 2027, and the last (third) portion will vest on April 2029, provided that the offeree is employed by the Company or companies in which the Company is a controlling shareholder at the time of vesting (and regarding an offeree to whom warrants will be granted according to Section 3(i) of the Ordinance – provided that at that time they provide services to any of them). The exercise of the warrants will be done through a "net exercise" mechanism. The warrants will be exercisable starting from the vesting date of a portion (subject to the provisions of Section 102 of the Income Tax Ordinance and the rules thereunder) until the following dates: regarding the first and second warrant portions – five years from the allocation approval date; regarding the third warrant portion – six 6 years from the allocation approval date.





**Notes to the Financial Statements**

**Note 5 - Discontinued Operations**

Further to Note 4(15) regarding the sale of operations in Nigeria, starting January 1, 2026, since the remaining work on the project of a consolidated company in Uganda, which is mostly carried out by subcontractors and whose completion is expected during 2026, is negligible, this project was added to the Group's discontinued operations in Africa and Central America. Consequently, starting from these reports, all such activity is presented as discontinued operations. The remaining activity focuses on debt collection, equipment sales, and termination of engagements.

Comparative figures for the three-month period ended March 31, 2025, and for the year ended December 31, 2025, have been restated in the consolidated statement of profit and loss to separately present discontinued operations from continuing operations.

**The results attributed to discontinued operations are as follows:**

| Discontinued Operation Results Profit and Loss Data | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS Millions | | |
| Revenue from performance of works and sales | 11 | 49 (*) | 280 (*) |
| Cost of works performed and sales | (7) | (47) (*) | (227) (*) |
| **Gross profit** | **4** | **2** | **53** |
| | | | |
| General and administrative expenses | (4) | (10) (*) | (30) (*) |
| Share in profits of associates accounted for by the equity method (net of tax) | - | 1 | 5 |
| Other operating income | 136 | 13 (*) | 29 (*) |
| Other operating expenses | (5) | (8) | (17) |

| Discontinued Operation Results<br>Profit and Loss Data | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS Millions | | |
| **Operating profit (loss)** | **131** | **(2)** | **40** |
| | | | |
| Finance income | 3 | 5 | 73 (*) |
| Finance expenses | (444) | (7) | (7) (*) |
| Finance expenses, net | (441) | (2) | 66 |
| | | | |
| **Profit (loss) before income taxes** | **(310)** | **(4)** | **106** |
| Income taxes | (8) | (5) (*) | (43) (*) |
| **Profit (loss) from discontinued operation (after tax)** | **(318)** | **(9)** | **63** |
| | | | |
| **Earnings (loss) per share** | | | |
| Basic earnings (loss) per share (in NIS) | (0.55) | (0.02) | 0.11 |
| Diluted earnings (loss) per share (in NIS) | (0.55) | (0.02) | 0.11 |
| | | | |
| **Other Comprehensive Income Data** | | | |
| Foreign currency translation differences for foreign operations | 433 | 21 | (152) |
| Total other comprehensive profit (loss) | 433 | 21 | (152) |
| | | | |
| **Total comprehensive profit (loss) for the period** | **115** | **12** | **(89)** |
| **(*) Retrospective application, see Note 2.D.** | | | |

| Cash flows from discontinued operations | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 (*) | 2025 (*) |
| | (Unaudited) | | (Audited) |
| | NIS Millions | | |
| Net cash (used for activity) provided by operating activities | 4 | (4) | 59 |
| Net cash (used for activity) provided by investing activities | (58) | 8 | (21) |
| Effect of exchange rate fluctuations on cash and cash equivalents balances | - | 2 | (16) |
| **Net cash (used for activity) provided by discontinued operations** | **(54)** | **6** | **22** |
| **(*) Retrospective application, see Note 2.D.** | | | |

## Notes to the Financial Statements

## Note 6 - Contingent Liabilities, Claims, and Legal Proceedings

Further to Note 31.A to the financial statements for the year 2025, below are details regarding class actions, derivative actions, and material claims against the Group:

1. On February 22, 2018, a claim and a request for its approval as a class action were filed in the Tel Aviv District Court by Mr. Amotz Horev against the Company, its former controlling shareholder (Arison Investments Ltd.), and its present and past managers and directors ("Horev Request"). The applicant claims that the Company violated the provisions of the Securities Law, including disclosure obligations and the prohibition against including misleading details, in connection with allegations directed at the Company regarding improper conduct and bribery related to the activities of a granddaughter company abroad and risks created for the Company as a result, among other things, in connection with the matters described in Note 1.C. The request was filed for NIS 92 million, and on March 19, 2018, the applicant filed a request seeking, among other things, to increase the claim amount to over NIS 500 million and to add additional defendants. On May 1, 2018, a claim and a request for its approval as a class action were filed in the Tel Aviv District Court by Mr. Ilan Verednikov against the Company, past and present board members and managers, its controlling shareholder, and additional defendants ("Verednikov Request"). The applicant's primary claim is that the Company violated legal provisions regarding disclosure, reporting, and supervision obligations concerning integrity offenses in the operations of a foreign granddaughter company in Africa and risks created for the Company as a result, among other things, in connection with the matters described in Note 1.C to the Company's financial statements for the year 2019. The amount of the class action estimated by the applicant against the Company stands at NIS 565 million. On July 29, 2018, at the request of the applicant in the Verednikov Request, the court dismissed the Horev Request. The applicant in the Horev Request filed an appeal against the dismissal decision, and the appeal was rejected on August 25, 2020. The applicant approached the court from time to time to delay the filing of the response to the Verednikov Request in view of the criminal proceedings and for fear of obstructing them, and the court set dates for filing update notices regarding the status of the criminal proceedings. On September 19, 2023, a judgment was rendered by the court ordering the dismissal of the claim on the grounds that the proceeding had already been delayed for over five years, without causing the underlying causes of action to lapse. On September 21, 2023, the applicant Verednikov filed a request to cancel the judgment, and according to the court's decision, a request was filed on October 30, 2023, accompanied by the position of the State Attorney's Office (Civil), stating that it had not yet completed the hearing stage and therefore the proceeding should continue to be delayed until March 1, 2024, and the court ordered an update by the requested date. On March 1, 2024, the applicant requested to order the filing of responses to the approval request as he said no inquiry was received from the State Attorney's Office requesting continued delay of the proceeding. On March 14, 2024, the State Attorney's Office announced that nothing had occurred within the framework of the criminal proceeding that would justify a change in the assessment of the need and that the hearing decision stage had not yet ended, and therefore there was reason to extend the proceeding's delay until the beginning of June. The court ordered the filing of a further update by July 1, 2024, and on March 17 and 20, 2024, the applicant turned again and repeated his claims regarding the filing of responses to the approval request or alternatively requested that an update notice be filed by May 1, 2024. On March 21, 2024, the State Attorney's Office repeated its position that the legal (criminal) proceeding regarding the Company had not yet ended and the decision on the hearing held in its case had not yet been rendered. On March 27, 2024, the applicant turned once again to the court, and following the Company's request dated April 1, 2024, on April 3, 2024, the court ordered that an update notice from the State Attorney's Office should be awaited, to be filed by July 1, 2024, as previously determined. Following another request by the applicant on April 4, 2024, to hold a discussion before the court regarding the continuation of proceedings, the court ordered a hearing for July 10, 2024. On July 1, 2024, the applicant filed a notice informing the court that despite trying to contact the State Attorney's Office several times, no update was given to him, and the court ordered on that day that the State Attorney's Office must submit its position by July 4, 2024. The following day, the State Attorney's Office submitted its position and requested to continue delaying the proceeding until August. It also suggested that if the court saw fit, a one-sided update would be provided regarding the status of the criminal proceeding at the scheduled hearing. The court determined that the parties would submit a list of alternative dates for the hearing in September or October. On July 9, 2024, the applicant informed the court that the hearing held for the Company had been decided, and therefore there was no point in continuing to delay the proceeding. On July 10, 2024, the court ordered the State Attorney's Office to submit its position on the matter, and on July 17, 2024, the State Attorney's Office announced that although the hearing had been decided, it was not a final act as court approval of the plea agreement was required. Therefore, the State Attorney's Office requested to update again immediately after the hearing on the plea agreement.

The court ordered an update by November 1, 2024. On October 15, 2024, the applicant filed a request to remove the delay of proceedings in the case and provide instructions regarding its continued management, following an immediate report published by the Company about the approval of the plea agreement regarding companies in the Group. Following the court's decision, on October 28, 2024, the State Attorney's Office submitted its position that the obstacle to advancing the proceeding had been removed. Accordingly, on that same day, the court ordered that by November 12, 2024, the parties should announce their consent to transfer the dispute to time-limited mediation before an agreed mediator. After the notices of the applicant and the respondents to the approval request were filed, including the Company, stating their consent to refer the proceeding to mediation before a mediator agreed upon by them, on November 26, 2024, the court ordered that following the consent of all parties, the mediator should be approached within 7 days, and for now all dates applying to the proceeding would be frozen until further decision. On February 9, 2025, a preliminary mediation meeting was held with the applicant and his attorney and with the respondents' attorneys to the approval request. Subsequently, a mediator's proposal for the mediation management framework was sent. At the mediator's request, the Company submitted a position paper on questions defined by the mediator, including, among others, regarding the matching parts (class action and/or derivative), regarding the definition of the group, and regarding the plea agreements and their content. On April 22, 2025, a mediation meeting was held with the participation of insurance company representatives. On July 15, 2025, the applicant filed an update notice on his behalf stating that no progress had been made in mediation justifying the continued freezing of proceedings and along with it a request to order the continued management of the proceeding. After the parties' positions regarding the date for filing responses to the approval request were submitted, on August 5, 2025, the court ordered the filing of responses to the approval request by December 1, 2025. On September 18, 2025, the parties decided to return to the mediation table under the guidance of mediator Dr. Amos Gabrieli. In light of this, the parties filed a procedural arrangement request to postpone the dates for filing the response to the approval request. On November 11, 2025, the court decided to route the case to the Honorable Judge Ariel Zimmerman, who approved the procedural arrangement. After the report date and in light of the continuation of the mediation process between the parties, on May 19, 2026, the court ordered the extension of the deadline for filing the respondents' responses until September 6, 2026; and set a pre-trial hearing on the approval request for November 30, 2026; and ordered that the applicant's reaction to the respondents' responses to the approval request be filed up to 7 days before the hearing date. Given the early stage the proceeding is in, the Company is unable to estimate the chances of the request being accepted and the extent of exposure due to it, therefore no provision was included in the financial statements.

2. On February 14, 2022, a request for a lawsuit and for approval as a class action in accordance with the Class Actions Law, 5766-2006 (hereinafter together: "the Claim"), was filed against the Company and against a subsidiary owned by it in the Jerusalem District Court. The claim was filed against 17 different respondents including the Company and the subsidiary (hereinafter: "the Respondents"). In the claim filed by Mr. Tzahi Fenton and Mr. Ben Zion Ben Shoham (hereinafter: "the Applicants"), allegations were raised that the Respondents are supposedly responsible for causing severe air pollution and not taking the necessary measures to protect the environment as well as for severe environmental hazards, nuisance, and health damage following a violation of the law in a manner that prevents recognized recycling of waste electrical and electronic equipment and waste batteries and accumulators. According to the Applicants, the Respondents' conduct constitutes, among other things, violations of the recycling obligation and engagement with a recognized implementation body, reporting and registration under Sections 5, 6(a), 13(a) and 8(a) of the Environmental Treatment of Electrical and Electronic Equipment and Batteries Law, 5772-2012; causing an environmental hazard under Sections 1-2 of the Prevention of Environmental Hazards Law (Civil Claims), 5752-1992; causing air pollution under Section 3 of the Clean Air Law, 5768-2008; causing water pollution under Sections 20a-20kb of the Water Law, 5719-1959; violation of a statutory duty and negligence under Section 2 of the Maintenance of Cleanliness Law, 5744-1984; violation of the right to life in proper environmental conditions under the Basic Law: Human Dignity and Liberty; negligence under Sections 35-36 and violation of a statutory duty under Section 63 of the Torts Ordinance [New Version]. The group on whose behalf the claim was filed includes all residents of the State of Israel in the last seven years. The claim includes a personal claim amount of hundreds of shekels and does not include a group claim amount (for subject matter jurisdiction purposes it was noted that the group claim amount cannot be estimated at this stage - and will be within the jurisdiction of the District Court, i.e., by way of estimation exceeds NIS 2.5 million). The Applicants noted that in their assessment the environmental damage to group members is in the amount of over NIS 40 million and the total non-pecuniary damage to group members exceeds NIS 2.5 million. On September 12, 2022, the Company and the subsidiary filed a response to the approval request in which they rejected the Applicants' claims. On November 10, 2022, the Applicants filed a response on their behalf to the responses to the approval request. A pre-trial hearing on the approval request was held on April 17, 2023, and following the decision at the hearing, the Respondents filed their position on the possibility of turning to the Ministry of Environmental Protection for its opinion on issues arising from the approval request. On June 12, 2023, a decision was rendered whereby, without prejudice to the full claims of the Company and other Respondents or expressing an opinion regarding the approval request, the position of the Ministry of Environmental Protection is requested





## Notes to the Financial Statements

**Note 6 - Contingent Liabilities, Claims, and Legal Proceedings (continued)**

On the question "Do solar panels fall under 'electrical and electronic equipment' as defined in Section 2 of the Environmental Treatment Law for Electrical and Electronic Equipment and Batteries, 5772-2012, for which a recycling obligation applies according to the law". On December 31, 2023, the Ministry of Environmental Protection submitted a position clarifying, among other things, that the question had not yet been decided and was under examination, and that a determination regarding the law's applicability to solar panels could have broad implications for economic, fiscal, and environmental aspects beyond the scope of the legal question regarding the law's applicability (hereinafter: "the State's position"). On January 18, 2024, the Applicants filed a response to the State's position, in which they clarified that they stand by the approval request against the Respondents despite what was stated in the position. On February 4, 2024, the Company and the subsidiary filed a request for summary dismissal of the approval request, among other things in light of the State's position. Similar dismissal requests were filed by other respondents. On February 14, 2024, a decision was rendered whereby, after the State's position was received, a pre-trial hearing was set for May 23, 2024, to clarify various points with the parties and provide instructions as required. On May 23, 2024, the second pre-trial hearing in the case was held, during which the Honorable Court noted, among other things, that as of today there is uncertainty regarding the interpretation of the relevant legal provisions, which may affect the determination of the existence of an obligation, its violation, and alleged damage as a result. However, and among other things in light of the position of the Applicants who clarified that they stand by the approval request and ask for dates to be set for hearing evidence and filing summaries in the case, the court ruled that the Applicants must file their written response to the dismissal requests. On July 15, 2024, the Applicants filed a response to the dismissal requests. On that same day, the court ordered the Applicants to file their position regarding the termination of a lawsuit according to Regulation 44 of the Civil Procedure Regulations, 5779-2018, and this was filed on September 9, 2024. On December 8, 2025, the Applicants filed a request for a decision on the summary dismissal requests filed by the Respondents, to reject them, and set the case for evidence.

On December 11, 2025, the Respondents filed a response to the Applicants' request noting that no change had occurred in the case, and therefore, in light of the State's position, summary dismissal of the approval request should be ordered. On February 9, 2026, a decision was rendered whereby, given the passage of time, the State is requested to update by March 2, 2026, regarding the formulation of the professional officials' position in the Ministry of Environmental Protection on the question of whether solar panels fall under "electrical and electronic equipment" as defined in Section 2 of the Environmental Treatment of Electrical and Electronic Equipment and Batteries Law, 5772-2012. As of the report date, the State has not filed an update on its behalf. At this stage, after two pre-trial sessions have been held and in light of the State's position, the Company estimates that the chance of the approval request being accepted is lower than its chance of being rejected. Therefore, no provision was included in the financial statements.

**3.** On February 25-26, 2018, three requests against the Company for document disclosure were filed in the Tel Aviv-Yafo District Court (Economic Department) according to Section 198A of the Companies Law for the purpose of examining the filing of requests for approval of derivative claims (one of the requests was also filed against Shikun & Binui SBI Infrastructure Ltd. and against SBI AG. The information and documents requested within the requests are related to the matters described in Note 1.C. On May 14, 2018, one of the requests was dismissed, and on June 30, 2019, the Applicants in the other two requests filed an amended and consolidated request. The proceeding was delayed from time to time by court approval, in view of the criminal proceeding and for fear of obstructing it, until November 14, 2024. On October 28, 2024, the State Attorney's Office submitted its position to the court that the obstacle to advancing the proceeding due to the concern of harming the parallel criminal proceeding had been removed. Following this, on November 3, 2024, the court ordered the removal of the stay of proceedings and ruled that the Company must file its response to the consolidated and amended request for document disclosure within 90 days, and also set a date for a hearing on the proceeding for March 16, 2025, which in a later decision was postponed to June 15, 2025. At this stage, the Company is unable to estimate whether requests for approval of derivative claims will be filed and in what scope they will be filed - and the chances of their acceptance. On November 17, 2024, the Applicants filed a request to file an amended disclosure request, and the Company opposed the request as stated. The court accepted the amendment request provided that the amendment would be limited to events that occurred after the date of filing the consolidated disclosure request and the causes of action arising from them and in the scope determined by the court. The Applicants must file the amended disclosure request within 60 days and the Company's response to the request must be filed within 90 days thereafter. On March 2, 2025, an amended disclosure request was filed. To the amended disclosure request, past officers in the Company and/or in subsidiaries and granddaughter companies were added as respondents, and an expert opinion was attached to it estimating the damage that has crystallized and is quantifiable based on existing public information, caused to the Company up to December 31, 2024, at approximately NIS 470,420 thousand. The Company will file its response to the court according to the dates set in the court's decision. Following the court's decision that rejected a clarification regarding the addition of respondents, the Applicants filed a separate request to add respondents 2-21. On March 31, 2025, the Company's objection to the request to add respondents 2-21 as a party to the amended disclosure request was filed. On May 27, 2025, the court rejected the request and ruled that the Applicants would file an amended disclosure request within 7 days, the Respondent's response would be filed within 90 days thereafter, and the reaction to the response would be filed within 30 days after the response was filed. On May 27, 2025, the preliminary hearing date was postponed to November 30, 2025. On May 30, 2025, the amended approval request was filed. On October 20, 2025, the Company filed requests with the Applicants' consent for deadline extensions which were approved by the court. After the report date, on January 19, 2026, the parties filed a notice and a consensual request for approval of a procedural arrangement, within which they announced that they agreed to turn to a mediation process. According to the agreements, the court hearing is frozen as long as the mediation process is conducted, and the deadlines for filing the Company's response to the disclosure request and the Applicants' reaction to it will be postponed accordingly. On January 21, 2026, the court approved the procedural arrangement and ordered the filing of an update notice about the mediation process by May 31, 2026. In any event, in the Company's estimation based on the position of legal advisors, a document disclosure request under Section 198A of the Companies Law does not create direct financial exposure for the Company itself. Therefore, no provision was included in the financial statements.

**4.** On November 26, 2018, a lawsuit and a request for its approval as a class action were filed in the Tel Aviv District Court by Megal Capital Ltd. (the Applicant) against the Company and against Dune International S.A.R.L. The Applicant's primary claim is that the Company supposedly violated legal provisions regarding the obligation to perform a tender offer in accordance with the Companies Law, 5759-1999, in I.D.O. Group Ltd. Regarding the claim amount, it was written that it is above NIS 2.5 million (for subject matter jurisdiction purposes). In light of a notice published by I.D.O. regarding a reverse triangular merger transaction with Adler Real Estate AG which was intended to be executed while purchasing all its shares, the Applicant filed a request to amend the request for class action approval, and within it requested, among other things, to reduce the represented group and to replace the Applicant, who was no longer part of the represented group. To amend the requested remedies and attach an expert opinion estimating the aggregate damage at approximately NIS 16.5 million. On July 6, 2020, the court rejected the amendment request and ruled that the Applicant must announce whether it stands by the discussion on the original approval request.

On August 4, 2024, the court's decision was received rejecting the second request to amend the approval request, ordering the dismissal of the claim and the request for its approval as a class action, and ruling that the Applicant shall bear the expenses of each of the Respondents in the amount of NIS 7,500. Within the framework of the decision, it was determined that the Applicant did not meet the burden imposed on it, and due to the fact that the Public Representatives Association is not suitable to serve as an alternative class plaintiff, there is no place to clarify the amendment request on its merits, and the class proceeding can no longer be continued. On November 13, 2024, the Applicant filed an appeal to the Supreme Court against the said court decision. On April 9, 2025, the Company filed a response to the appeal, and a hearing on the appeal is set for May 3, 2027. In the Company's estimation based on the position of legal advisors, the appeal is still in early stages and therefore it is difficult to estimate its chances and risks. However, considering the reasons for the judgment and the overall circumstances, the chances that the appeal will be rejected are greater than the chances it will be accepted, and therefore no provision was included in the financial statements.

**5.** On July 16, 2019, the Citizens for the Environment association filed a claim and a request for its approval as a class action in the Jerusalem District Court against 30 respondents, including the consolidated company. In the claim and the request, it is claimed that the Respondents are responsible for air pollution in the Haifa Bay area, which caused excess morbidity in a number of diseases for the area's residents. The claim and request do not include a required compensation amount. On December 23, 2019, the hearing was transferred to the Haifa District Court. Requests for summary dismissal of the approval request filed by the Company alone and with other respondents were rejected in a decision dated February 4, 2021, without an order for expenses. A request for setting procedures filed by the Company and other respondents was discussed in a hearing held on July 19, 2021, and rejected. On January 10, 2022, the consolidated company filed a response to the approval request, and with other respondents filed a request to permit sending a third-party notice. On February 20, 2022, a pre-trial hearing on the approval request was held, within which, among other things, deadlines were set for filing a response to the request to permit sending a third-party notice; for filing a reaction to the responses to the approval request; for completing document disclosure and review procedures; and for filing various preliminary requests. On May 10, 2022, the Applicant filed a request regarding document disclosure ("the Disclosure Request"), and on June 29, 2022, the consolidated company filed a response to the Disclosure Request. On June 29, 2022, the Applicant filed a reaction to the responses to the approval request ("the Reaction to the Response"). On July 10, 2022, another pre-trial hearing was held,

## Notes to the Financial Statements

### Note 6 - Contingent Liabilities, Claims, and Legal Proceedings (Continued)

In which, among other things, the extensions of opinions in the response to the answer, possibilities for the manner of hearing the proceeding and for narrowing the issues in the document discovery proceedings were discussed, and dates were set. On October 24, 2022, another preliminary hearing was held in which, among other things, requests for document discovery were discussed, regarding which it was determined that the consolidated company and the applicant would communicate between them regarding the document discovery, and only if disputes remained would the parties turn to the court; requests to strike out extensions of opinions in the response to the answer, regarding which it was determined that the respondents are entitled to file a supplementary response on their behalf; and regarding the report, it was determined that it would be considered a party without being officially added to the proceeding, and if it wished to file a document in the proceeding, it must notify the other parties 60 days in advance. In addition, about 50 dates were set for a concentrated hearing of evidence starting from February 2023 until July 2023. The respondents filed supplementary opinions on their behalf, and on February 12, 2023, the concentrated hearing of evidence in the case began, and it concluded on July 17, 2023. The applicant filed summations on December 21, 2023, and the respondents, including the consolidated company, filed summations on their behalf on June 30, 2024. The State was given the opportunity to file summations on its behalf until July 20, 2024, which were not filed by that date, and all parties have the opportunity to refer to the State's summations or any other summations until August 20, 2024. On November 3, 2024, a decision was given, according to which the State must notify by November 10, 2024, whether it intends to file summations on its behalf. On November 6, 2024, the State filed a notice, within which it claimed that the claim should not be certified as a class action, but announced that it had nothing to add to the respondents' claims in this matter, and therefore would not file summations on its behalf. On December 12, 2024, the respondents filed a short supplementary written argument (in light of the Supreme Court's judgment given on November 3, 2024, in RCA 3397/23). On January 13, 2025, the applicant filed response summations on its behalf. At this stage, with the conclusion of the evidence hearing and the filing of summations, based on the hearings held and the hearing of witnesses, and since the court in the preliminary hearings held referred primarily to the manner of managing the discussion and not to the parties' claims, it seems that the chances of the certification request against the consolidated company being accepted are lower than its chances of being rejected, and therefore no provision was included in the financial statements. This impression may change according to developments in the case, including statements by the court, which has not yet expressed its opinion on the merits of the matter, at the conclusion of the evidence hearing. Furthermore, on October 14, 2020, a notice was received by the consolidated company from respondents in another class action, to which the consolidated company is not a party ("the Other Proceeding"), regarding claims of excess morbidity in diseases due to air pollution in the Haifa Bay area, for which huge compensation was claimed for the members of the alleged group there. The respondents in the claim deny the allegations, but they announced that they intend to file a request to issue a third-party notice against the consolidated company and other companies within the proceeding. The consolidated company and the respondents agreed that at this stage, a request for permission to file a third-party notice against the consolidated company would not be filed, and that the date for filing such a request would be postponed until no later than 30 days from the date of a decision accepting the said certification request, if given (and if a request for permission to appeal is filed - until 30 days after the ruling on it), while all of the consolidated company's claims are reserved for it. The other proceeding ended with a judgment rejecting the certification request there, and therefore the possibility of filing a third-party notice against the consolidated company was removed from the agenda.

**6.** On November 13, 2024, a statement of defense and a counterclaim from the Government of Ivory Coast were received by a consolidated company, in which the Government of Ivory Coast denies all the consolidated company's claims regarding the claim filed within an international arbitration (ICC) in France in connection with a project for building a road about 65 km long, which the consolidated company performed for the Government of Ivory Coast. Within the said claim, the consolidated company sued, among other things, for debts regarding the performance of the project, the extension of the project's performance period, and loss of income. The Government of Ivory Coast is suing the consolidated company within the counterclaim for a total of about 19 billion XOF CFAF (about 105.8 million NIS, which constitutes a total of about 33.4 million US dollars according to the exchange rate as of March 31, 2026) as compensation, among other things, for damages caused to it due to the replacement of the contractor for the performance of the project, as well as the reimbursement of all expenses it incurred for the said arbitration.

On March 26, 2025, the company filed its response and statement of defense to the counterclaim with an amendment of the amount claimed by it to 14 billion XOF CFAF (a total of about 77.5 million NIS, which constitutes a total of about 24.4 million US dollars according to the exchange rate as of March 31, 2026). On September 11, 2025, Ivory Coast simultaneously filed an additional response and a response to the counterclaim on behalf of the consolidated company in which the consolidated company justified the claimed damages to 16 billion XOF CFAF (88.6 million NIS, which constitutes a total of about 27.9 million US dollars according to the exchange rate as of March 31, 2026). On October 23, 2025, the consolidated company filed its additional response in reaction to the counterclaim on behalf of Ivory Coast, which was limited to responding to the counterclaim on behalf of Ivory Coast. The parties have now agreed to freeze the arbitration proceeding for a limited period of time for the purpose of conducting negotiations and resolving the dispute. At the end of November 2025, the parties reached a fundamental settlement arrangement. This arrangement has not yet been anchored in a binding agreement. As of this preliminary stage of the proceeding and based on the information in its possession at this date, the company estimates that the chances for rejecting each of the components of the counterclaim outweigh the chances for their acceptance, and therefore no provision was included in the financial statements.

**7.**

On February 5, 2025, a request for certification of a class action (hereinafter: "the certification request") was filed with the Tel Aviv-Yafo District Court (Economic Department) against the company, the company's CEO, and the members of the board of directors during the period between October 9, 2024, and January 29, 2025 (hereinafter together, for the company's purposes: "the respondents"). The certification request was filed by Mr. Matan Peleg, who claims to have purchased 91 of the company's shares on January 27, 2025 (hereinafter: "the applicant"). In essence, the applicant's claim in the certification request is that the company (allegedly) "concealed" material information from the investing public regarding actions performed by the company's Polish partner, who holds (through a company owned by him) 25% of the holding company New Project Development S.R.O, which is indirectly controlled by the company (the remaining 75%), and who also serves as the manager of operations in Poland (hereinafter: "the holding company" and "the Polish partner", respectively). The certification request claims that a dispute arose between the company and the Polish partner regarding a move examined by the company to sell its operations in Poland (performed primarily through the holding company held in various property companies in Poland), and following which the Polish partner began, at the latest on August 7, 2024, among other things, "to act to register liens - through the holding company - on the shares of the property companies held with the Polish funds" in Poland, and such liens were indeed registered, and he even began realizing the liens. It was also claimed that the Polish partner "took additional actions intended to prevent the sale of the company's operations in Poland", including "the Polish partner requested to change the property companies' regulations and grant himself a right of first refusal". According to what is alleged in the certification request, "the respondents knew (in practice, and at least by willful blindness) about these material events" but according to the applicant "concealed the information and did not report it". It is claimed that the company's shareholders first learned about the actions taken by the Polish partner from an immediate report published by the company with a long delay on January 29, 2025, and that this immediate report was also, according to the applicant, "partial, vague and unclear" (hereinafter: "the immediate report"). The alleged causes of action include, among other things, breach of disclosure obligations and attribution of liability to officers under the Securities Law, 1968 and the regulations enacted thereunder, as well as causes under the Torts Ordinance [New Version]. The damage alleged in the certification request is based on the negative change in the company's share price on the day of the immediate report and on the following day, and is estimated in the certification request at "at least tens of millions of NIS". On November 30, 2025, the respondents' answer (objection) to the certification request was filed, within which it was claimed that the request should be rejected, including the claim of deception in the company's immediate reports. On March 23, 2026, the applicant filed a response to the respondents' answer (objection). A preliminary hearing was set for June 28, 2026. In light of the early stage of the proceeding, the company cannot estimate the chances of the request being accepted and the extent of the exposure due to it.

**8.** On December 3, 2012, a financial claim for a total of 100 million NIS was filed with the Tel Aviv District Court against a partnership held at a rate of 50% by a consolidated company and the remaining shares held by a third party not related to the group (hereinafter: "the partnership"). The plaintiff is the partnership's tunneling contractor ("the plaintiff"), within the Carmel Tunnels project in Haifa. According to the plaintiff, he is entitled to payment according to the contractual consideration mechanism between the parties. On April 30, 2013, the partnership filed a statement of defense as well as a counterclaim, within which it denies the plaintiff's claims and petitions for his liability in the amount of about 61 million NIS for compensation due to a delay in completing the works. The parties filed statements of defense for the mutual claims as well as affidavits of primary evidence. On February 23 and 24, 2025, evidentiary hearings were held in which the parties' witnesses were cross-examined. The parties' summations were filed. An appropriate provision was included in the partnership's financial statements.

**Note 6 - Contingent Liabilities, Claims, and Legal Proceedings (Continued)**

9. Regarding the arbitration proceeding conducted at the International Court of Arbitration of the International Chamber of Commerce (ICC) following a request filed by the operator in the facility against PSP Investments Ltd., a company 25.5% of whose share capital is held by Shikun & Binui Energy Ltd., a subsidiary of the company (hereinafter in this section, respectively: "PSP" and "the subsidiary") in the amount of about 24.3 million euros (as of the date of filing the request), on October 27, 2025, an arbitration award was received within which some of the operator's claims against PSP were accepted along with the rejection of his other claims. In connection with the operator's claims that were accepted, PSP was ordered to pay the operator a total cumulative sum of about 56 million NIS for the period from the date the facility began operation until December 31, 2024, plus VAT and interest by law to be calculated from the date the charges were created until the date of their actual payment. In addition, the operator's claims regarding the provisions of the operating agreement were accepted, according to which the operator's eligibility to receive additional ongoing payments starting from January 1, 2025, should be calculated, with PSP working to calculate the said eligibility amount. On the other hand, the operator's claims in a total cumulative sum of about 38.6 million NIS and about 4.8 million euros plus VAT were rejected. On November 5, 2025, a payment demand was received from the operator for the amounts awarded. On December 11, 2025, PSP filed a request to cancel the arbitration award with the Tel Aviv-Yafo District Court. Simultaneously, negotiations were conducted between PSP and the operator in order to update the operating agreement regarding the projected components discussed within the arbitration, and on January 23, 2026, the parties signed an agreement within which the variable payments component and the bonus component were agreed upon, as well as the spread of the amounts awarded in favor of the operator in the arbitration due to the facility's shutdown for fault repair purposes. The said agreement was also approved by PSP's senior lenders. According to the provisions of the agreement, the company and the operator filed a joint request to stay the hearing on the cancellation request until the fulfillment of the suspensive conditions set in the agreement or until April 1, 2026, whichever is earlier. On February 5, 2026, the court granted this request. On March 31, 2026, PSP and the operator filed a joint notice regarding the fulfillment of the suspensive conditions set in the agreement within which the variable payments component and the bonus component were agreed upon, as well as the spread of the amounts awarded in favor of the operator and its full entry into force, and accordingly requested the District Court to order the striking out of the arbitration award cancellation request, without an order for expenses, where on April 5, 2026, a judgment was given ordering the striking out of the cancellation request without an order for expenses and the closing of the file. As of the date of approval of the financial statements, PSP included in the financial statements all the implications from the arbitration award and the agreement signed with the operator.

10. Further to what is stated in Note 37(8)(c) to the company's annual reports regarding the receipt of an account from the system operator for the month of December 2025 within which, in addition to the detail of the payments to which PSP is entitled for the month of December 2025 (inter alia, for availability and energy production), the system operator requested to offset a total of about 45 million NIS for an equivalent availability deviation at the power station for the months of January to March 2023 plus interest for the said deviation, on February 5, 2026, PSP filed a claim with the court against the system operator alongside a request to receive a temporary (filed ex-parte) and permanent injunction against the offset until a ruling on the claim. On February 5, 2026, the court issued a temporary injunction prohibiting the system operator from performing the offset until a hearing is held in the presence of the parties on the request for a temporary injunction. As of the date of publication of the report, the hearing on the temporary injunction given in the presence of the parties was postponed at the request of the system operator to June 3, 2026.

11. Further to what is stated in Note 31(a).12 to the company's annual reports regarding the Intelligence Campus project in the Negev, in February 2023 the concessionaire filed a claim against the client in the amount of about 380 million NIS, for the receipt of price index differences for the past by virtue of a contractual section in the concession agreement. After the evidentiary hearing held in the third quarter of 2025, the parties began negotiations regarding price index differences and the additional costs incurred by the concessionaire in the project following the "Iron Swords" war.

12.

On March 26, 2026, a demand letter for disclosure and review of documents according to sections 194(b) and 198a of the Companies Law, 1999 ("the demand letter") was received. The demand letter was sent by someone claiming ownership of the company's shares, in order to examine the filing of a derivative action in the company's name against the company's directors (including the members of the remuneration committee) who voted in favor, in connection with one-time grants to the company's CEO, which were approved by the remuneration committee and the company's board of directors despite the general assembly's opposition.





## Notes to the Financial Statements

### Note 7 - Financial Instruments

#### A. Financial instruments measured at fair value for disclosure purposes only

The carrying amount of certain financial assets and financial liabilities including cash and cash equivalents, short-term deposits, customers, other receivables, other short-term investments, derivatives, overdrafts from banking corporations, short-term loans and credit, suppliers, other payables, assets and liabilities at floating interest, which do not involve material credit risk, matches or is close to their fair value.
The fair value of the remaining financial assets and liabilities and the carrying amounts presented in the statement of financial position are as follows:

| | As of March 31, 2026 | | As of March 31, 2025 | | As of December 31, 2024 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| | (Unaudited) | | | | (Audited) | |
| NIS millions | | | | | | |
| **Financial Assets** | | | | | | |
| Receivables regarding concession arrangements (2) | 712 | 791 | 739 | 801 | 721 | 808 |
| **Financial Liabilities** | | | | | | |
| Long-term bank loans (1) | 3,524 | 3,136 | 3,192 | 2,804 | 3,569 | 3,206 |
| Tradable BONDS (2) | 4,841 | 4,878 | 3,927 | 4,011 | 4,868 | 4,907 |

(1) The fair value of long-term loans carrying fixed interest is based on the calculation of the present value of cash flows according to the accepted interest rate for a similar loan with similar characteristics.

(2) The fair value of tradable BONDS on the stock exchange was determined according to the BONDS price on the stock exchange as of March 31, 2026.

#### B. Fair value hierarchy of instruments measured at fair value

.1 The table below presents an analysis of the financial instruments measured at fair value on a periodic basis, using an assessment method according to the fair value levels in the hierarchy. The different levels were defined as follows:

- Level 1 - Quoted prices (unadjusted) in an active market for identical instruments.
- Level 2 - Observable data, directly or indirectly, that are not included in Level 1 above.
- Level 3 - Data not based on observable market data.

.2 Below are data regarding the fair value hierarchy of the financial instruments measured at fair value that were recognized in the statement of financial position:

| March 31, 2026 | NIS millions | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (Unaudited) | | | |
| Derivatives used for hedging | - | 6 | - | 6 |
| Receivables regarding concession arrangements held for sale | - | - | 472 | 472 |
| Loans to held companies | - | - | 1,044 | 1,044 |
| Long-term loans | - | - | - | - |
| Other derivatives | - | 9 | (9) | - |
| Liabilities regarding contingent considerations | - | - | (104) | (104) |
| Securities measured at fair value through profit and loss | 10 | - | - | 10 |
| | **10** | **15** | **1,403** | **1,428** |

| March 31, 2025 | NIS millions | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (Unaudited) | | | |
| Derivatives used for hedging | - | 15 | - | 15 |
| Receivables regarding concession arrangements held for sale | - | - | 3,112 (*) | 3,112 |
| Loans to held companies | - | - | 1,031 | 1,031 |
| Long-term loans | - | - | 103 | 103 |
| Other derivatives | - | 78 | (8) | 70 |
| Liabilities regarding contingent considerations | - | - | (5) (*) | (5) |
| Securities measured at fair value through profit and loss | 10 | - | - | 10 |
| | **10** | **93** | **4,233** | **4,336** |

**(*) Restated**

## Notes to the Financial Statements

**Note 7 - Financial Instruments (Continued)**

**B. Fair value hierarchy of instruments measured at fair value (Continued)**

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | NIS millions | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | | | (Audited) | |
| Securities measured at fair value through profit and loss | 10 | - | - | 10 |
| Derivatives used for hedging | - | 2 | - | 2 |
| Receivables regarding concession arrangements held for sale | - | - | 486 | 486 |
| Loans to held companies | - | - | 1,061 | 1,061 |
| Long-term loans | - | - | 108 | 108 |
| Liabilities regarding contingent considerations | - | - | (103) | (103) |
| Other derivatives | - | 15 | (8) | 7 |
| **Total** | **10** | **17** | **1,544** | **1,571** |

**3. Data regarding Level 2 fair value measurements**

**Derivatives not used for hedging, net**

Forward contract and embedded derivatives

The fair value of Forward contracts and embedded derivatives is estimated based on discounting the difference between the Forward price specified in the contract and the current Forward price for the remaining period of the contract until maturity, using the relevant interest rate curves in the market.

Index transactions

The fair value of index transactions is estimated based on discounting the difference between the Forward price specified in the contract and the current Forward price, for the remaining period of the contract until maturity, using appropriate interest curves used for derivative pricing and based on nominal and real yields of government BONDS.

**Derivatives used for hedging, net**

Forward contract and embedded derivatives

The fair value of Forward contracts and embedded derivatives is estimated based on discounting the difference between the Forward price specified in the contract and the current Forward price for the remaining period of the contract until maturity, using the relevant interest rate curves in the market.

FX Call Option

Fair value of FX options is calculated according to the Black-Scholes model for calculating the value of options given a future price of the underlying asset, the exercise price of the option, the time until option expiration, and the implied standard deviation.

Interest Rate Swap (IRS)

The fair value is estimated using a technique of discounting future cash flows, over the term of the contract and using appropriate market interest rates for similar instruments.

**4. Data regarding Level 3 fair value measurements**

Long-term loans

The fair value is estimated based on discounting the cash flows of the financial asset, based on an assessment of the asset's ability to generate cash. Accordingly, the value of the asset is estimated using the discounting of cash flows, which it is expected to generate in the future. The future cash flows are discounted at a cost of capital reflecting the risk inherent in the project, and expressing the return that an investor would expect to receive from an asset with similar risk.

Loans to held companies

The significant unobservable data for determining the fair value of loans to held companies are, among others, the amortization schedules derived from the updated financial model, assumptions regarding scenarios of projected credit events, and the probability of their occurrence.

Liabilities regarding contingent considerations

The significant unobservable data for determining the fair value of financial liabilities are, among others, the expectations for the fulfillment of certain milestones and conditions for their payment.

Receivables regarding concession arrangements

The fair value is estimated based on discounting the cash flows of the financial asset, using interest rate curves calculated according to an indicative debt rate as a basis for deriving a credit rating range.

## Notes to the Financial Statements

## Note 7 - Financial Instruments (Continued)

### 5. Financial instruments measured at fair value Level 3

The table below presents a reconciliation between the opening balance and the closing balance with respect to financial instruments measured at fair value Level 3 in the fair value hierarchy:

| For the three-month period ended March 31, 2026 (Unaudited) | | | | | | |
|---|---|---|---|---|---|---|
| | Financial assets | | | Financial liabilities | | |
| | Long-term loans | Loans to held companies | Receivables in respect of concession arrangements held for sale | Contingent consideration | Derivative in respect of call option | Total |
| NIS millions | | | | | | |
| Balance as of January 1, 2026 | 108 | 1,061 | 486 | (103) | (8) | 1,544 |
| Additions | - | - | - | - | - | - |
| Total unrealized gains recognized in profit and loss | - | 34 | 5 | (1) | (1) | 37 |
| Total gains (losses) recognized in other comprehensive income | - | (16) | (9) | - | - | (25) |
| Classification to another item | - | (15) | - | - | - | (15) |
| Settlements | (108) | (20) | (10) | - | - | (138) |
| **Balance as of March 31, 2026** | - | **1,044** | **472** | **(104)** | **(9)** | **1,403** |

| For the three-month period ended March 31, 2025 (Unaudited) | | | | | | |
|---|---|---|---|---|---|---|
| | Financial assets | | | Financial liabilities | | |
| | Long-term loans | Loans to held companies | Receivables in respect of concession arrangements held for sale | Contingent consideration | Derivative in respect of call option (*) | Total |
| NIS millions | | | | | | |
| Balance as of January 1, 2025 | 101 | 1,019 | 2,803 | (2) | - | 3,921 |
| Additions | 1 | - | 318 (*) | (3) (*) | (8) | 308 |
| Total unrealized gains recognized in profit and loss | 1 | 21 | 8 | - | - | 30 |
| Total gains (losses) recognized in other comprehensive income | - | 9 | (7) | - | - | 2 |
| Settlements | - | (18) | (10) | - | - | (28) |
| **Balance as of March 31, 2025** | **103** | **1,031** | **3,112** | **(5)** | **(8)** | **4,233** |

(*) Restated





## Notes to the Financial Statements

## Note 7 - Financial Instruments (Continued)

### 5. Financial instruments measured at fair value Level 3 (Continued)

**For the year ended December 31, 2025 (Audited)**

| | Financial assets | | | Financial liabilities | | |
|---|---|---|---|---|---|---|
| | Long-term loans | Loans to held companies | Receivables in respect of concession arrangements held for sale | Contingent consideration | Derivative in respect of call option | Total |
| | NIS millions | | | | | |
| Balance as of January 1, 2025 | 101 | 1,019 | 2,803 | (2) | - | **3,921** |
| Additions | 3 | 169 | 591 | (110) | (8) | 645 |
| Total unrealized gains recognized in profit and loss | 4 | (18) | 36 | 9 | | 31 |
| Total gains (losses) recognized in other comprehensive income | - | (79) | 4 | - | | (75) |
| Settlements | - | (30) | (40) | - | | (70) |
| Deconsolidation | - | - | (2,908) | - | | (2,908) |
| **Balance as of December 31, 2025** | **108** | **1,061** | **486** | **(103)** | **(8)** | **1,544** |





## Notes to the Financial Statements

## Note 8 - Operating Segments

The accounting policy for the operating segments is identical to that presented in Note 3, regarding significant accounting policies in the annual financial statements, except for the cessation of the presentation of the Infrastructure and construction contracting abroad (excluding USA) segment as stated in Note 2.D.(2) regarding discontinued operations.

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

| | Infrastructure and construction contracting in Israel | Infrastructure and construction contracting USA | Real estate development in Israel | Real estate development abroad | Concessions | Energy | Others | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| | NIS millions | | | | | | | | |
| Revenue from external customers | 1,061 | 307 | 299 | 152 | 146 | 89 | 2 | - | 2,056 |
| Inter-segment revenue | 231 | - | - | - | - | - | - | (231) | - |
| Total revenue | 1,292 | 307 | 299 | 152 | 146 | 89 | 2 | (231) | 2,056 |
| Segment profit (loss) before tax | (8) | (28) | 22 | 27 | 22 | (30) | (11) | 1 | (5) |

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

| | Infrastructure and construction contracting in Israel | Infrastructure and construction contracting USA | Real estate development in Israel | Real estate development abroad | Concessions | Energy | Others | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| | NIS millions | | | | | | | | |
| Revenue from external customers | 666 | 384 | 318 | 261 | 528 | 34 | 7 | -(*) | 2,198 |
| Inter-segment revenue | 492 | - | - | - | - | - | - | (492) | - |
| Total revenue | 1,158 | 384 | 318 | 261 | 528 | 34 | 7 | (492) | 2,198 |
| Segment profit (loss) before tax | 6 | 21 | 10 | 77 | 62 | 35 | (7) | (2)(*) | 202 |

*(*) Restated following a change in segment structure – see Note 4(14).*





**Notes to the Financial Statements**

**Note 8 - Operating Segments (Continued)**

**For the year ended December 31, 2025 (Audited)**

| | Infrastructure and construction contracting in Israel | Infrastructure and construction contracting USA | Real estate development in Israel | Real estate development abroad | Concessions<br>NIS millions | Energy | Others | Adjustments | Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| Revenue from external customers | 3,462 | 1,903 | 1,053 | 1,159 | 1,355 | 286 | 21 | (5)(*) | 9,234 |
| Inter-segment revenue | 1,674 | - | - | - | 4 | - | - | (1,678) | - |
| **Total revenue** | 5,136 | 1,903 | 1,053 | 1,159 | 1,359 | 286 | 21 | (1,683) | 9,234 |
| Segment profit (loss) before tax | 77 | 94 | (312) | 436 | 172 | (182) | (36) | 46(*) | 295 |

(**) Restated following a change in segment structure – see Note 4(14).

**Reconciliation of reportable segment profit and loss**

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | NIS millions (Unaudited) | | NIS millions (Audited) |
| Profit before tax for reportable segments | 5 | 211 | 285 |
| Loss from activities classified in the "others" category | (11) | (7) | (36) |
| Amounts not allocated for other common expenses (1) | 1 | (2) | 46 |
| **Consolidated profit (loss) before tax** | **(5)** | **202** | **295** |

**(1)** Other common expenses include general and administrative expenses, other expenses, net and financing expenses, net that were not allocated to reportable segments.

## Notes to the Financial Statements

### Note 9 - Investee Companies Accounted for Using the Equity Method

Summary information regarding material investee companies accounted for using the equity method, without adjustment for the ownership percentage held by the Group.

**A. Summary financial information on financial position**

| | | Joint Ventures | | | | |
|---|---|---|---|---|---|---|
| | Ownership Rate % | Current Assets | Non-current Assets | Current Liabilities | Non-current Liabilities | Total Net Assets (Liabilities) |
| | | NIS millions | | | | |
| **As of March 31, 2026 (Unaudited)** | | | | | | |
| Defense Portfolio Partnership | 50 | 643 | 3,699 | 639 | 3,847 | (144) |
| Negev Energy Ashalim | 50 | 268 | 2,822 | 145 | 3,299 | (354) |
| Ramat Hovav | 50 | 330 | 3,788 | 419 | 2,616 | 1,083 |
| Saticoy | 49 | 20 | 384 | 253 | 21 | 130 |
| POB-Cundinamarca | 50 | 1,333 | 899 | 723 | 1,520 | (11) |
| Fargo | 42.5 | 2,327 | 1,562 | 2,210 | 1,538 | 141 |
| Pennsylvania Bridges | 40 | 1,697 | 4,661 | 161 | 5,640 | 557 |
| **As of March 31, 2025 (Unaudited)** | | | | | | |
| Negev Energy Ashalim | 50 | 253 | 3,118 | 151 | 3,539 | (318) |
| Ramat Hovav | 50 | 343 | 4,095 | 443 | 3,420 | 575 |
| Saticoy | 49 | 49 | 529 | 311 | 24 | 243 |
| POB-Cundinamarca | 50 | 1,038 | 994 | 741 | 1,395 | (104) |
| Fargo | 42.5 | 227 | 2,732 | 65 | 2,713 | 181 |
| Pennsylvania Bridges | 40 | 1,733 | 5,011 | 137 | 6,565 | 41 |
| **As of December 31, 2025 (Audited)** | | | | | | |
| Defense Portfolio Partnership | 50 | 573 | 3,579 | 299 | 3,989 | (136) |
| Negev Energy Ashalim | 50 | 396 | 2,835 | 152 | 3,417 | (338) |
| Ramat Hovav | 50 | 372 | 3,776 | 406 | 2,741 | 1,001 |
| Saticoy | 49 | 34 | 391 | 266 | 21 | 138 |
| POB-Cundinamarca | 50 | 1,324 | 875 | 691 | 1,509 | (1) |
| Fargo | 42.5 | 2,473 | 1,486 | 2,259 | 1,550 | 150 |
| Pennsylvania Bridges | 40 | 1,631 | 4,651 | 104 | 5,685 | 493 |

## Notes to the Financial Statements

### Note 9 - Investee Companies Accounted for Using the Equity Method (Continued)

### A. Summary financial information on financial position (Continued)

The following is additional information for associates and joint ventures:

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | NIS millions | | |
| | (Unaudited) | | (Audited) |
| **Defense Portfolio Partnership** | | | |
| Cash and cash equivalents included in current assets | 1 | | 1 |
| Current financial liabilities excluding trade payables, other payables and provisions | 627 | | 281 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 3,828 | | 3,969 |
| **Negev Energy Ashalim** | | | |
| Current financial liabilities excluding trade payables, other payables and provisions | 128 | 142 | 130 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 3,299 | 3,508 | 3,417 |
| **Ramat Hovav** | | | |
| Cash and cash equivalents included in current assets | 106 | 141 | 139 |
| Current financial liabilities excluding trade payables, other payables and provisions | 291 | 273 | 293 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 2,616 | 3,186 | 2,741 |
| **Saticoy** | | | |
| Cash and cash equivalents included in current assets | 15 | 38 | 28 |
| Current financial liabilities excluding trade payables, other payables and provisions | 241 | 300 | 246 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 21 | 24 | 21 |
| **POB-Cundinamarca** | | | |
| Cash and cash equivalents included in current assets | 258 | 343 | 254 |
| Current financial liabilities excluding trade payables, other payables and provisions | 329 | 368 | 1,063 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 812 | 1,589 | 2,213 |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | NIS millions | | |
| | (Unaudited) | | (Audited) |
| **Fargo** | | | |
| Cash and cash equivalents included in current assets | 4 | 3 | 3 |
| Current financial liabilities excluding trade payables, other payables and provisions | 1,943 | 1 | 1,867 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 1,538 | 3,916 | 1,550 |
| **Pennsylvania Bridges** | | | |
| Cash and cash equivalents included in current assets | 2 | 2 | 1 |
| Current financial liabilities excluding trade payables, other payables and provisions | 79 | 78 | 98 |
| Non-current financial liabilities excluding trade payables, other payables and provisions | 5,640 | 6,629 | 5,685 |





## Notes to the Financial Statements

### Note 9 - Investee Companies Accounted for Using the Equity Method (Continued)

### B. Summary financial information on results of operations

| | | Joint Ventures | | |
|---|---|---|---|---|
| | **Ownership Rate** | **Revenues** | **Profit (Loss)** | **Total Comprehensive Profit (Loss)** |
| | % | NIS millions | | |
| **For the three-month period ended March 31, 2026 (Unaudited)** | | | | |
| Defense Portfolio Partnership | 50 | 476 | (8) | (8) |
| Negev Energy Ashalim | 50 | 19 | (16) | (16) |
| Ramat Hovav | 50 | 215 | 4 | 83 |
| Saticoy | 49 | 7 | (6) | (6) |
| Cundinamarca - POB | 50 | 4 | (10) | (10) |
| Fargo | 42.5 | 101 | (5) | (8) |
| Pennsylvania Bridges | 40 | 311 | 73 | 73 |

| | | Joint Ventures | | |
|---|---|---|---|---|
| | Ownership Rate | Revenues | Profit (Loss) | Total Comprehensive Profit (Loss) |
| | % | NIS millions | | |
| **For the three-month period ended March 31, 2025 (Unaudited)** | | | | |
| Negev Energy Ashalim | 50 | 17 | (13) | (13) |
| Ramat Hovav | 50 | 271 | 50 | (122) |
| Saticoy | 49 | 12 | (5) | (5) |
| Cundinamarca - POB | 50 | 33 | (3) | (3) |
| Fargo | 42.5 | 160 | (0) | (13) |
| Pennsylvania Bridges | 40 | 369 | 83 | 83 |
| **For the year ended December 31, 2025 (Audited)** | | | | |
| Defense Portfolio Partnership | 50 | 751 | (17) | (17) |
| Negev Energy Ashalim | 50 | 99 | (54) | (54) |
| Ramat Hovav | 50 | 1,082 | 121 | 176 |
| Saticoy | 49 | 36 | (107) | (107) |
| Cundinamarca - POB | 50 | 170 | 69 | 69 |
| Fargo | 42.5 | 907 | 27 | (18) |
| Pennsylvania Bridges | 40 | 1,880 | 452 | 452 |





## Notes to the Financial Statements

### Note 9 - Investee Companies Accounted for Using the Equity Method (Continued)

### B. Summary financial information on results of operations (Continued)

The following is additional information for associates and joint ventures

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | NIS millions | | |
| | (Unaudited) | | (Audited) |
| **Defense Portfolio Partnership** | | | |
| Finance income | 69 | | 121 |
| Finance expenses | (80) | | (142) |
| Income tax income (expenses) | 2 | | (5) |

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | NIS millions | | |
| | (Unaudited) | | (Audited) |
| **Negev Energy Ashalim** | | | |
| Finance income | 47 | 54 | 195 |
| Finance expenses | (60) | (65) | (252) |
| **Ramat Hovav** | | | |
| Depreciation and amortization | 95 | 57 | 259 |
| Finance income | 4 | 3 | 15 |
| Finance expenses | (23) | (30) | (112) |
| **Saticoy** | | | |
| Depreciation and amortization | 4 | 4 | 18 |
| Finance income | - | - | - |
| Finance expenses | (5) | (5) | (23) |
| **POB-Cundinamarca** | | | |
| Finance income | 7 | 15 | 46 |
| Finance expenses | (9) | (39) | (96) |
| Income tax expenses | (1) | (1) | (6) |
| **Fargo** | | | |
| Depreciation and amortization | - | - | 1 |
| Finance income | 37 | 44 | 184 |
| Finance expenses | (44) | (53) | (203) |
| **Pennsylvania Bridges** | | | |
| Finance income | 71 | 76 | 306 |
| Finance expenses | (77) | (90) | (343) |

## C. Attachment of financial statements of a material associate

The Company attaches to these condensed interim consolidated financial statements the condensed interim financial statements of BRIDGING PENNSYLVANIA DEVELOPER I, LLC – the concessionaire company in the project for the construction of bridges in Pennsylvania, held at a rate of 40%.

# Shikun & Binui Ltd.

## Chapter C -

Condensed Interim Separate Financial Information for the Period Ended March 31, 2026

Separate financial information of the Company as of March 31, 2026

## Table of Contents




Somekh Chaikin

KPMG Millennium Tower

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

Tel Aviv 6100601

03 684 8000

To

The Shareholders of Shikun & Binui Limited

**Subject: Special report of the accountants on separate interim financial information per Regulation 38D of the Securities Regulations (Periodic reports and Immediate Reports), 1970**

**Introduction**

We have reviewed the separate interim financial information presented per Regulation 38D of the Securities Regulations (Periodic reports and Immediate Reports), 1970 of Shikun & Binui Limited (hereinafter – the Company), as of March 31, 2026, and for the three-month period ended on that date. The separate interim financial information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion on the separate interim financial information for this interim period based on our review.

We did not review the separate interim financial information from the financial statements of investee companies, the total investment in which amounted to approximately NIS 1,152,691 thousand as of March 31, 2026, and for which the loss from these investee companies amounted to a total of approximately NIS (312,873) thousand for the three-month period ended on that date. The financial statements of those companies were reviewed by other accountants whose reports were furnished to us, and our conclusion, insofar as it relates to the financial statements for those companies, is based on the review reports of the other accountants.

**Scope of Review**

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

**Conclusion**

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

**In addition, without qualifying our aforementioned conclusion, we draw attention to:**

1. The matter stated in Note 1B regarding the Company's inability to estimate potential exposures and the effects that may occur on its overall scope of activity due to the plea agreement and the conviction of the subsidiary SBI Infrastructure within its framework, the fine paid, the forfeiture of property in civil proceedings, World Bank audit procedures, the referral to the General Prosecution in Switzerland, investigation and material collection proceedings outside of Israel, plea agreements and convictions of former officers and employees, as well as other proceedings which may develop in Israel and worldwide, if and to the extent they occur.

2. Note 1C regarding claims filed against the Company which at this stage cannot be estimated or have their exposure calculated.

**Somekh Chaikin**

**Accountants**

Separate financial information of the Company as of March 31, 2026

## Condensed Interim Data on Financial Position

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 591 | 188 | 657 |
| Loans to investees | 400 | 471 | 200 |
| Debtors and investments including derivatives | 31 | 74 | 375 |
| Group companies debtors | 453 | 354 | 421 |
| Assets held for sale | - | 180 | - |
| **Total current assets** | **1,475** | **1,267** | **1,653** |
| **Non-current Assets** | | | |
| Investees | 8,120 | (*) 8,195 | 7,998 |
| Loans to investees accounted for using the equity method | 175 | 29 | 174 |
| Loans to subsidiaries | 1,204 | 759 | 920 |
| Deferred tax assets | - | 12 | - |
| Investment property | 287 | (*) 289 | 287 |
| Property, plant and equipment and right-of-use assets | 46 | 53 | 48 |
| Intangible assets | 8 | 8 | 8 |
| **Total non-current assets** | **9,840** | **9,345** | **9,435** |
| **Total assets** | **11,315** | **10,612** | **11,088** |

| | As of March 31 | | As of December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| **Current Liabilities** | | | |
| Short-term credit from banking and other corporations | 925 | 406 | 897 |
| Suppliers and service providers | 1 | 14 | 12 |
| Short-term employee benefits | 26 | 25 | 24 |
| Payables and credit balances including derivatives | 6 | 10 | 11 |
| Group companies payables | 37 | 170 | 58 |
| Liabilities held for sale | - | 26 | - |
| **Total current liabilities** | **995** | **651** | **1,002** |
| **Non-current Liabilities** | | | |
| Loans from banking and other corporations | 41 | 50 | 43 |
| Loans from subsidiaries | 637 | 316 | 445 |
| Payables and credit balances including derivatives | 107 | 3 | 105 |
| BONDS | 3,048 | 3,128 | 3,091 |
| Employee benefits | 2 | 2 | 2 |
| Long-term provisions | 10 | 11 | 10 |
| Excess of accumulated losses over cost of investment in investees | 469 | 567 | 492 |
| **Total non-current liabilities** | **4,314** | **4,077** | **4,188** |
| **Total equity attributable to the owners of the Company** | **6,006** | (*) 5,884 | **5,898** |
| **Total liabilities and equity** | **11,315** | **10,612** | **11,088** |

(*) Retrospective application, see Note 1.D

| Approval date of financial information | **Natanel H. Saidoff**<br>Chairman of the Board | **Amit Birman**<br>General Manager | **Ran David Krakowsky**<br>CFO |
|---|---|---|---|

## Condensed interim profit and loss data

(*) Retroactive application, see Note 1.d





## Condensed interim statement of comprehensive income

| | For a three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| | NIS millions | | |
| Income from management fees and professional services | 45 | 43 | 186 |
| Change in fair value of investment property | (4) | (*) (3) | (26) |
| General and administrative expenses | (34) | (27) | (127) |
| Other operating income (expenses), net | (1) | 1 | 20 |
| Profit (loss) from held companies, net | (47) | (*) 116 | (*) 19 |
| **Profit (loss) from operations** | **(41)** | **130** | **72** |
| Financing income | 49 | 45 | 206 |
| Financing expenses | (59) | (60) | (245) |
| Financing expenses, net | (10) | (15) | (39) |
| Profit (loss) before income taxes | (51) | 115 | 33 |
| Income taxes | - | - | (12) |
| Profit (loss) for the period attributable to the owners of the company from continuing activities | (51) | 115 | 21 |
| **Profit (loss) from discontinued activity (after tax)** | (313) | (*) (6) | (*) 76 |
| Profit (loss) for the period attributable to the owners of the company | (364) | 109 | 97 |

| | For a three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | | (Audited) |
| | NIS millions | | |
| Profit (loss) for the period attributable to the owners of the company | (364) | 109 | 97 |
| **Items of other comprehensive income (loss) that after initial recognition within the comprehensive income were or will be transferred to profit and loss** | | | |
| Foreign currency translation differences regarding foreign operations | 369 | 144 (*) | (297) |
| The effective portion of the change in fair value of cash flow hedges | 28 | (56) | (48) |
| Net change in fair value of financial assets at fair value through other comprehensive income, net of tax | (5) | (4) | 2 |
| Total other comprehensive income (loss) | 392 | 84 | (343) |
| **Total comprehensive income (loss) for the period attributable to the owners of the company** | **28** | **193** | **(246)** |

(*) Retroactive application, see Note 1.d





## Condensed interim data on the changes in equity

**For a three-month period ended March 31, 2026 (Unaudited)**

| | Share capital | Share premium and capital reserves regarding warrants for shares | Reserve for distribution of bonus shares | Reserve regarding hedging transactions in the company and held companies | Capital reserve regarding financial assets at fair value through other comprehensive income | Adjustments from translation of reports | Retained earnings | Purchase of company shares by a subsidiary | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| NIS millions | | | | | | | | | |
| **Balance as of January 1, 2026 (Audited)** | **697** | **1,960** | **63** | **(22)** | **17** | **(693)** | **3,895** | **(19)** | **5,898** |

| | Share capital | Share premium and capital reserves regarding warrants for shares | Reserve for distribution of bonus shares | Reserve regarding hedging transactions in the company and held companies | Capital reserve regarding financial assets at fair value through other comprehensive income | Adjustments from translation of reports | Retained earnings | Purchase of company shares by a subsidiary | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | NIS millions | | | | | | | | |
| Loss for the period | - | - | - | - | - | - | (364) | - | (364) |
| Other comprehensive income (loss) for the period | - | - | - | 28 | (5) | 369 | - | - | 392 |
| Acquisition of non-controlling interests | - | - | - | - | - | - | 79 | - | 79 |
| Recognition of benefit regarding warrants and shares for employees and officers | - | 1 | - | - | - | - | - | - | 1 |
| **Balance as of March 31, 2026 (Unaudited)** | **697** | **1,961** | **63** | **6** | **12** | **(324)** | **3,610** | **(19)** | **6,006** |

**For a three-month period ended March 31, 2025 (Unaudited)**

| | Share capital | Share premium and capital reserves regarding warrants for shares | Reserve for distribution of bonus shares | Reserve regarding hedging transactions in the company and held companies | Capital reserve regarding financial assets at fair value through other comprehensive income | Adjustments from translation of reports | Retained earnings | Purchase of company shares by a subsidiary | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | NIS millions | | | | | | | | |
| **Balance as of January 1, 2025 (Audited)** | **662** | **1,541** | **63** | **26** | **15** | **(396)** | **3,799** | **(19)** | **5,691** |
| Profit for the period | - | - | - | - | - | - | 109 (*) | - | 109 |
| Other comprehensive income (loss) for the period | - | - | - | (56) | (4) | 144 (*) | - | - | 84 |
| **Balance as of March 31, 2025 (Unaudited)** | **662** | **1,541** | **63** | **(30)** | **11** | **(252)** | **3,908** | **(19)** | **5,884** |

(*) Retroactive application, see Note 1.d





## Condensed interim data on the changes in equity

### For the year ended December 31, 2025 (Audited)

| | Share capital | Share premium and capital reserves regarding warrants for shares | Reserve for distribution of bonus shares | Reserve regarding hedging transactions in the company and held companies | Capital reserve regarding financial assets at fair value through other comprehensive income NIS millions | Adjustments from translation of reports | Retained earnings | Purchase of company shares by a subsidiary | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2025 (Audited)** | **662** | **1,541** | **63** | **26** | **15** | **(396)** | **3,799** | **(19)** | **5,691** |
| Profit for the period | - | - | - | - | - | - | 97 | - | 97 |
| Other comprehensive income (loss) for the period | - | - | - | (48) | 2 | (297) | - | - | (343) |

| | Share capital | Share premium and capital reserves regarding warrants for shares | Reserve for distribution of bonus shares | Reserve regarding hedging transactions in the company and held companies | Capital reserve regarding financial assets at fair value through other comprehensive income<br>NIS millions | Adjustments from translation of reports | Retained earnings | Purchase of company shares by a subsidiary | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Share issuance | 20 | 279 | - | - | - | - | - | - | 299 |
| Exercise of warrants granted to an institutional body for shares | 14 | 137 | - | - | - | - | - | - | 151 |
| Acquisition of non-controlling interests | - | - | - | - | - | - | (1) | - | (1) |
| Exercise of shares for employees and officers | 1 | (1) | - | - | - | - | - | - | - |
| Recognition of benefit regarding warrants and shares for employees and officers | - | 4 | - | - | - | - | - | - | 4 |
| **Balance as of December 31, 2025 (Audited)** | **697** | **1,960** | **63** | **(22)** | **17** | **(693)** | **3,895** | **(19)** | **5,898** |

## Summary data of interim cash flows

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| | NIS millions | | |
| **Operating activities** | | | |
| Profit (loss) for the period attributable to the owners of the company | (364) | 109(*) | 97 |
| Adjustments for: | | | |
| Depreciation and amortization of fixed assets and intangible assets | 4 | 4 | 17 |
| Change in fair value of investment property | 4 | 3 (*) | 26 |
| Financing costs, net | 10 | 15 | 39 |
| Income taxes | - | - | 12 |
| Company's share in losses (profits) of held companies, net | 360 | (110) (*) | (95) |
| Gain from revaluation of investment in a held company | - | - | (8) |
| Loss from realization of investment in held companies | - | - | (2) |
| Recording of benefit for warrants and shares for employees and officers | 1 | - | 4 |
| | 15 | 21 | 90 |
| Changes in assets and liabilities items: | | | |
| Change in trade receivables and others | 2 | (2) | (10) |
| Change in receivables and payables group companies, net | (24) | 7 | (42) |
| Change in suppliers and service providers | (11) | (2) | (5) |
| Change in employee benefits | 2 | (2) | (2) |
| Change in provisions | - | - | - |
| Change in payables and credit balances including derivatives | 1 | (7) | (3) |
| | (30) | (6) | (62) |
| **Net cash provided by (used in) operating activities** | **(15)** | **15** | **28** |
| | | | |



(*) Retrospective application, see Note 1.d

Separate financial information of the company as of March 31, 2026

## Summary data of interim cash flows

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | **2026** | **2025** | **2025** |
| | **(Unaudited)** | **(Unaudited)** | **(Audited)** |
| | **NIS millions** | | |
| **Investing activities** | | | |
| Investment in fixed assets | - | - | (1) |
| Investment in intangible assets | (2) | (1) | (6) |
| Investment in investment property | (2) | (9) | (23) |
| Dividend received from associates | 3 | 1 | 11 |
| Dividend received from subsidiaries | 35 | 362 | 362 |
| Interest received | 3 | 9 | 18 |
| Repayment (acquisition) of trade receivables from a subsidiary (factoring) | 333 | - | (333) |
| Proceeds from realization of investments in held companies | - | 6 | 250 |
| Change in long-term loans to held companies, net | (353) | 114 | (421) |
| Change in short-term loans to subsidiaries, net | (200) | 140 | 414 |
| **Net cash provided by (used in) investing activities** | **(183)** | **622** | **271** |
| **Financing activities** | | | |
| Change in long-term loans from group companies, net | 185 | - | 50 |
| Repayment of long-term loans from banking corporations and others | (7) | (4) | (18) |
| Issuance of BONDS (net of issuance expenses) | - | - | 604 |
| Repayment of BONDS | (40) | (693) | (747) |
| Proceeds from settlement of derivatives, net | 11 | 7 | 49 |
| Interest paid | (18) | (28) | (148) |

| | For the three-month period ended March 31 | | For the year ended December 31 |
|---|---|---|---|
| | 2026 | 2025 | 2025 |
| | (Unaudited) | (Unaudited) | (Audited) |
| | NIS millions | | |
| Change in short-term credit from banking corporations, net | - | 150 | - |
| Issuance of shares | - | - | 450 |
| **Net cash provided by (used in) financing activities** | **131** | **(568)** | **240** |
| Effect of exchange rate fluctuations on cash and cash equivalents | 1 | (9) | (10) |
| **Increase (decrease) in cash and cash equivalents balance** | **(66)** | **60** | **529** |
| **Cash and cash equivalents balance at the beginning of the period** | **657** | **128** | **128** |
| **Cash and cash equivalents balance at the end of the period** | **591** | **188** | **657** |

**Additional information – Non-cash investing activities**

| | | | |
|---|---|---|---|
| Acquisition of trade receivables from a subsidiary (factoring) against change in short-term loans to subsidiaries, net | - | 369 | - |



## Additional Information

**(1) General**

**A.** Below is a summary of financial data from the condensed consolidated interim financial statements of the Group as of March 31, 2026 (hereinafter: "Consolidated Reports") published as part of the Periodic reports, attributed to the Company itself (hereinafter "Summary of separate interim financial information") which are presented in accordance with Regulation 38D and the Tenth Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970 regarding separate financial information of the corporation. This Summary of separate interim financial information should be read together with the separate financial information as of December 31, 2025 and together with the Consolidated Reports.

**In this separate interim financial information:**

(1) **The Company** – Shikun & Binui Ltd.

(2) **Subsidiaries** - Companies, including partnership, controlled, directly or indirectly, by the Company.

(3) **Held companies** - Subsidiaries and companies, including partnership or joint venture, that the Company's investment in them is included, directly or indirectly, in the financial statements on the equity basis.

**B. Examinations and investigations of authorities**

**Proceedings abroad:**

1. In September 2017, SBI International Holdings AG (a Swiss company which is a sub-subsidiary of the Company, hereinafter: "SBI AG") turned on its own initiative, through its legal advisors in Switzerland, to the general prosecution authorities in Bern, Switzerland and notified them about allegations of improper conduct in SBI AG, including allegations of bribe payments to foreign public officials raised by a former employee of SBI AG in the framework of a closed proceeding, and regarding the steps SBI AG intends to take to examine the allegations, mainly carrying out an independent internal examination. Since then, the said Swiss prosecution authorities have been updated regarding the Israel Police investigation (during which employees in the said foreign sub-subsidiary were also questioned and/or investigated), and that in light of the police investigation as detailed in Section 11 below (under "Investigation proceedings in Israel"), the independent internal examination was not completed and therefore no findings or results could be produced from it. It is not known to SBI AG whether investigative or other steps will be taken by the Swiss authorities and what the expected results are therefrom.

2. In February 2018, the Company learned that a request was received by SBI AG from the INT department at the World Bank (the department examining allegations regarding lack of integrity - Integrity Vice Presidency) whereby the World Bank intends to carry out an audit process in connection with several projects of SBI AG in Kenya. SBI AG cooperated with the investigation activities and transferred materials in accordance with the World Bank's demand. It should also be noted that during 2014 and 2015, requests were received from the said INT department at the World Bank for the submission of materials and for cooperation with an examination process, and in January 2016, a request letter was received notifying of the World Bank's intention to carry out an audit process in connection with projects of SBI AG in Guatemala. SBI AG cooperated at the time with the World Bank's demand and transferred materials to it. As of the date of this report, no further request was received from the World Bank regarding Guatemala and regarding Kenya.

3. In August 2018, a search was conducted by local investigation authority investigators, for the purpose of collecting material regarding a local investigation, in the branch of the sub-subsidiary, SBI AG in Guatemala. The information collected is in relation to past activity, from public publications on the website of a body involved in the investigation (CICIG) it apparently appears that arrest warrants were issued in the country against several former employees in the branch in connection with suspicions of giving bribes. The local branch continues its activity for collecting debts and selling equipment and no restrictions were imposed on its activity.

4. On June 27, 2025, the manager of the Guatemala branch of the sub-subsidiary SBI AG and two Legal representatives providing services to the branch were invited to give a statement before the Prosecutor's Office for Forfeiture Affairs in Guatemala City (Fiscalia De Extinction De Dominio). To the best of the Company's understanding, the subject is related to the local investigation in Guatemala mentioned in section 3 above. For now, no dates for interviews have been set.

5. It should also be noted that in August 2018, a summons for an interview and statement recording ("Interview and Statement Recording") of four employees in the past and present was received by the CEO of SBI AG's Kenya branch before the Ethics and Anti-Corruption department in Kenya, in connection with allegations of giving bribes in connection with a project carried out by the branch in Kenya. The interview took place in September 2018.

6.

In January 2019, a former employee of SBI AG was arrested in Bulgaria due to an international arrest warrant issued against him, apparently in connection with the investigation detailed in section 3 above by the authorities in Guatemala. On February 22, 2019, the former employee was released from arrest. According to what was reported to the Company, the former employee was released without conditions and without any extradition proceedings being opened against him. To the best of the Company's knowledge and as reported to it, throughout the period in which the former employee was held under arrest in Bulgaria, no documents were submitted to the authorities in Bulgaria from the authorities in Guatemala for the purpose of establishing a request to extradite the former employee.

7. At the end of May 2022, a former employee of the SBI AG group was detained in France due to an international arrest warrant issued against him, apparently in connection with the investigation detailed above by the authorities in Guatemala. The former employee was released from detention after 30 days. According to what was reported to the Company, the former employee was released without conditions and without any extradition proceedings being opened against him. To the best of the Company's knowledge and as reported to it, throughout the period in which the former employee was detained in France, no documents were submitted to the authorities in France from the authorities in Guatemala for the purpose of establishing a request to extradite the former employee.





**Additional Information**

## (1) General (Continued)

### A. Examinations and investigations of authorities (Continued)

8. On November 5, 2022, the former employee, who was arrested and released in Bulgaria in January 2019 as stated in Section 6 above, was arrested again in the Czech Republic. According to what was reported to the Company, this is an arrest due to an international arrest warrant issued against him apparently in connection with the same investigation detailed above by the authorities in Guatemala. According to what was reported to the Company, on December 14, 2022, an extradition request for the former employee was submitted to the authorities in the Czech Republic by the authorities in Guatemala, on suspicion of money laundering, bribery, and illegal election financing offenses in Guatemala allegedly committed during his work; the former employee was detained in the Czech Republic, and he opposed the extradition request and conducted proceedings in this matter. In January 2024, the court in the Czech Republic rejected the extradition request submitted by the authorities in Guatemala, and subsequently all restrictions imposed on the former employee were removed, his passport was returned to him and he returned to Israel.

9. Among other things, in light of the passage of time and given the fact that there were no further developments regarding the events described in sections 1-3 and 5-8 above, and as stated in light of the preliminary stage in which the process described in section 4 is located, and as stated in section 25 below, the Company is unable to assess at this stage the possible results of the events described in sections 1-8 in this sub-chapter above and the exposures in their respect.

10.

In 2018, the foreign sub-subsidiary, SBI AG, notified the tax and social security authorities in Switzerland of its intention to carry out a voluntary disclosure in connection with payments of salary components for the years 2008-2017 which were not handled properly with the authorities regarding employees employed or formerly employed by this company. SBI AG estimated that the total exposure range is up to 12 million Swiss Francs (approximately NIS 52 million). As of the date of the report, the process is in its final stages after the company paid most of its debts for those years. In SBI AG's estimation, the financial statements include an adequate provision for the remaining payment balances as may be required. A request for disclosure of documents was filed against the Company and against SBI AG in the framework of preliminary proceedings of a derivative claim in this context. The request was deleted by consent on July 31, 2019.

**Proceedings in Israel:**

11. On February 20, 2018, the Israel Police began an open investigation (above and below: "the Israel Police investigation"). From that date, past and present employees and officers in the Company, in SBI AG, and in the subsidiary holding the shares of SBI AG (SBI Infrastructure Ltd.) were detained for questioning and/or called to give testimony at the Israel Police and the Securities Authority. Also, the former ultimate control of the Company was investigated. Furthermore, bank accounts and other property of Shikun & Binui Ltd. and other companies in the Group were frozen, searches were conducted, and documents were seized in the offices of the Company and other companies in the Group in Israel and in its branches abroad.

12. On February 21, 2018, the Company and other companies in the Group (hereinafter: "the Companies") reached an interim arrangement with the Israel Police for the deposit of a USD amount equal to NIS 250 million in the forfeiture fund managed by the Administrator General at the Ministry of Justice as a seized amount (hereinafter: "the Seized Amount" and "the Deposit Arrangement", respectively). Near this date, the said amount was deposited and against the deposit on February 22, 2018, by SBI AG, the freezes on bank accounts and other property of the Companies seized as mentioned above were released, in accordance with the said Deposit Arrangement which was approved by the Magistrate's Court in Rishon LeZion. Within the framework of the arrangement, it was noted that it does not constitute any admission of any debts or liability on behalf of the Companies. The Seized Amount was transferred directly from SBI AG's account to an account managed in the name of the Administrator General at the Ministry of Justice of the State of Israel.

13. On May 26, 2019, the Israel Police announced that the case was transferred to the Tel Aviv District Attorney's Office (Taxation and Economics) (hereinafter: "the Prosecutor's Office") for review and decision. From notification letters received by the Company as well as by the companies Shikun & Binui SBI Infrastructure Ltd. and SBI AG, it emerged that the suspicions subject of the investigation revolved around offenses of bribery to a foreign public official, obtaining something by deceit, false entry in corporate documents, obstruction of justice, prohibition of money laundering, income tax offenses, VAT offenses, and misleading reporting offenses with the intent to mislead a reasonable investor under the Securities Law.

14. On February 15, 2021, the Company received the Prosecutor's Office's notice (hereinafter: "the Notice"), whereby after examining the evidence brought before it, the Prosecutor's Office is considering, with the consent of the Attorney General, to prosecute the Company subject to a hearing for offenses of giving a bribe to a foreign public official - offenses under section 291A of the Penal Law, 1977; false entry in corporate documents - offenses under section 423 of the Penal Law, 1977; prohibition of money laundering - offenses under section 3(a) of the Prohibition of Money Laundering Law, 2000; reporting offenses - offenses under section 53(a)(4) of the Securities Law, 1968.

15. It emerged from the Notice that the Prosecutor's Office is considering prosecuting, subject to a hearing for offenses detailed in Section 13 above or part thereof, also and among others, former officers of the Company. It should also be noted that copies of similar notices were sent to the Company which were addressed to a subsidiary of the Company, SBI Infrastructure Ltd., as well as SBI AG, whereby after examining the evidence brought before it, the Prosecutor's Office is considering prosecuting them as well subject to a hearing for the offenses detailed in Section 13 above.

16. During September 2022, oral hearing sessions were held for the Companies before the Tel Aviv District Attorney (Taxation and Economics) and following this, the Companies submitted written supplementary arguments.



17.

During December 2023, the Tel Aviv District Attorney's Office (Taxation and Economics) filed an amended indictment with the Tel Aviv-Yafo District Court against six former officers in the Company and in companies in the Group, which was filed as part of plea agreements.

18. On July 4, 2024, a plea agreement was filed with the Tel Aviv District Court which is intended to exhaust the (criminal) proceedings against the companies of the Shikun & Binui group for past events that were the basis for the Israel Police investigation opened against the Company and other companies in the Group.

**Additional Information**

## (1) General (Continued)

### B. Examinations and investigations of authorities (Continued)

**.19** According to the plea agreement, which was approved as part of a hearing held on October 14, 2024, before the Tel Aviv-Yafo District Court (Honorable Judge Dr. Michal Agmon-Gonen): the subsidiary SBI Infrastructure Ltd. was convicted of an offense of conspiracy to commit a crime under Section 499(a)(1) of the Penal Law, 1977, due to the failure to stop making payments without receipts, some of which were improper, and which some of the subsidiaries in the Shikun & Binui Ltd. group and some of their various organs used to perform prior to Amendment No. 99 of the Penal Law, to various parties in the countries of operation in which the Shikun & Binui Ltd. group operated, some of them unlawfully, and this mainly until 2012; and was also convicted of an offense of non-compliance with the provision of Section 36 of the Securities Law, 1968, according to Section 53(b)(5a) of the Law, against the background of including those payments paid without receipts or documents, some of them unlawfully, as part of the cost of works item in the expenses chapter of the consolidated annual financial statements of SBI Infrastructure and also in the consolidated annual financial statements of the Company. As stated in the indictment, in the notes that appeared in the annual financial statements of both companies, it was stated that according to the management's assessment, the payment of expenses in the aforementioned format does not constitute a material exposure to the group companies, while SBI Infrastructure was aware of the possible implications of the unlawful payments on its business and the business of the group companies, that the same statement as recorded in the notes was a statement that ignored possible implications on the companies' business, and that its financial statements would be consolidated in the Company's reports and published to the public in this format.

**.20** As requested under the plea agreement, the court imposed a fine of 10 million NIS on the subsidiary SBI Infrastructure, which was paid out of the seized amount (as defined above). The court also ordered the granting of a judgment effect to an agreed application between the State Attorney's Office and the granddaughter company SBI AG for forfeiture of property in a civil proceeding, which was also paid from the seized amount of 250 million NIS. On December 27, 2024, the balance of the seized amount in the forfeiture fund was returned to SBI AG in an amount of approximately 27 million NIS, after a total of 250 million NIS was forfeited from the seized amount as stated above, and the fine of 10 million NIS was paid.

**.21** The court determined, among other things, that this is a proper plea agreement that should be respected, and referred to the fact that given the precedence of the proceeding, there is significant evidentiary and legal complexity in this case. The court further emphasized as part of its other considerations in the judgment for approving the agreement as stated, the fact that the organs that actually committed the offenses admitted and were convicted of the same offenses within separate plea agreements, and that those organs from the companies that committed the offenses are no longer officers in the group. The court further determined that the replacement of the organs as stated actually constitutes a type of new company and therefore it should be allowed to continue in business under alternative management. The court also determined that the adoption of an updated enforcement and compliance program by the Company and that a large company, and especially a group of companies, cannot hermetically prevent the commission of any offense by any of its officers.

**.22** In accordance with the notice of the subsidiary SBI Infrastructure and the State Attorney's Office dated July 4, 2024, the investigation file opened against the Company and against SBI AG was closed. It should be clarified that contrary to the suspicions, the subsidiary SBI Infrastructure (as well as the companies in the Shikun & Binui Ltd. group) was not convicted of offenses of bribery to foreign public officials and was not convicted of money laundering offenses. With this, the described criminal proceeding ended.

**.23** To complete the picture, it should be noted that on January 8, 2024, and January 31, 2024, hearings were held regarding five of the former officers in the Company and in group companies. The court convicted the former officers of various offenses, including conspiracy to commit a crime under Section 499(a) of the Penal Law, 1977; reporting offenses under Section 53(b)(5a) together with Section 53(e) of the Securities Law, 1968; offenses of prohibition of action in prohibited property under Section 4 of the Prohibition of Money Laundering Law, 2000; and offenses of aiding false registration in corporate documents and a manager's offense in a corporation under Sections 423 together with Section 31 and 424(2) of the Penal Law, in accordance with the plea agreements signed with them. In addition, on that date, a hearing was held regarding another former officer against whom an indictment was filed within a plea agreement, and he was convicted of an offense under Section 53(b)(5a) of the Securities Law together with Section 53(e)(2), and his sentence was passed in accordance with the aforementioned agreement. On April 4 and 11, 2024, the court adopted the punishments included in the plea agreements and sentenced the five remaining defendants.

**.24** It should also be noted that against the Company and officers, two requests for approval of class actions were filed (one of which was dismissed on July 29, 2018, and an appeal on the dismissal was rejected on August 25, 2020) and three requests for discovery of documents were filed within preliminary proceedings of a derivative action (one of them also against a subsidiary and against SBI AG which was dismissed on May 14, 2018).

**.25** Even at this stage, the Company cannot estimate the potential exposures to the Company and the impacts that may occur on its overall scope of activity, its results of operations, and its future cash flows resulting from the plea agreement and the conviction of the subsidiary SBI Infrastructure within it, the fine paid, the forfeiture of property in a civil proceeding, the World Bank audit processes, the referral to the general prosecution in Switzerland, investigation processes and material collection outside of Israel, the plea agreements and the convictions of former officers and employees, as well as other proceedings that may develop in Israel and the world, if and to the extent they occur (although in light of the events, there are difficulties in financing processes and certain collaborations which do not significantly adversely affect the Company). The aforementioned events and/or some of them may have adverse effects on the Shikun & Binui Ltd. group and its activities, as well as damage the Company's reputation and thereby make it difficult for the Company and corporations under its control in several levels, including obtaining financing for projects or reducing the terms for receiving financing, joining business partners for the purpose of entering into joint transactions or for the purpose of submitting joint tenders, in tenders and in the sale of services. It should be emphasized that the aforementioned implications are potential only, and the Company is unable to predict whether, how, and when they will materialize, among other things, because these are issues that are not under the Company's control and may be at the business or administrative discretion, as the case may be, of third parties.

**Additional Information**
**(1) General (Continued)**

### C. Contingent liabilities, claims and legal proceedings

Further to Note 1c to the separate financial statements for the year 2025, following are details regarding class and derivative actions and a material claim against the Company:

.1 On February 22, 2018, a claim and a motion for its approval as a class action were filed in the Tel Aviv District Court by Mr. Amotz Horev against the Company, the former controlling shareholder of the Company (Arison Investments Ltd.), and its current and former managers and directors ("Horev Motion"). According to the petitioner, the Company violated the provisions of the Securities Law, including disclosure obligations and the prohibition on including misleading details, in connection with allegations spread against the Company regarding improper conduct and bribery in connection with the activity of a granddaughter company abroad and risks created for the Company as a result, inter alia, in connection with the matters described in Note 1c. The motion was filed for a total of 92 million NIS and on March 19, 2018, the petitioner filed a motion in which he requested, inter alia, to increase the claim amount to over 500 million NIS and to add additional defendants. On May 1, 2018, a claim and a motion for its approval as a class action were filed in the Tel Aviv District Court by Mr. Ilan Vardinikov against the Company, its past and present board members and managers, its controlling shareholder, and additional defendants ("Vardinikov Motion"). The petitioner's main claim is that the Company violated legal provisions regarding disclosure, reporting, and supervision obligations, concerning integrity offenses in the activity of a foreign granddaughter company in Africa and risks created for the Company as a result, inter alia, in connection with the matters described in Note 1c to the Company's financial statements for the year 2019. The amount of the class action estimated by the petitioner against the Company stands at 565 million NIS. On July 29, 2018, at the request of the petitioner in the Vardinikov motion, the court dismissed the Horev motion. The petitioner in the Horev motion filed an appeal against the dismissal decision, and the appeal was rejected on August 25, 2020. The petitioner applies to the court from time to time to delay the filing of the response to the Vardinikov motion in view of the criminal proceeding and the concern for its disruption, and the court sets dates for filing update notices regarding the status of the criminal proceeding. On September 19, 2023, a judgment was given at the court's initiative ordering the dismissal of the claim, on the grounds that the proceeding has been delayed for over five years, without causing the underlying causes of action to be barred by limitation. On September 21, 2023, petitioner Vardinikov filed a motion to set aside the judgment, and in accordance with the court's decision filed on October 30, 2023, a motion together with the position of the State Attorney's Office Tel Aviv District (Civil) according to which it has not yet been able to complete the hearing stage and therefore the proceeding should continue to be delayed until March 1, 2024, and the court ordered an update on the requested date. On March 1, 2024, the petitioner requested to order the filing of responses to the approval motion as he stated no referral was received from the State Attorney's Office requesting the further delay of the proceeding. On March 14, 2024, the State Attorney's Office announced that nothing had occurred within the criminal proceeding justifying a change in the reference to the need and that the decision stage in the hearings has not yet ended, and therefore the delay of the proceeding should be extended until the beginning of June. The court ordered the filing of another update until July 1, 2024, and on March 17 and 20, 2024, the petitioner applied again and repeated his claims regarding the filing of responses to the approval motion and alternatively requested that an update notice be filed until May 1, 2024. On March 21, 2024, the State Attorney's Office repeated its position that the (criminal) legal proceeding regarding the Company has not yet ended and the decision in the hearing held regarding it has not yet been given. On March 27, 2024, the petitioner applied once more to the court, and further to the Company's request dated April 1, 2024, on April 3, 2024, the court ordered to wait for an update notice from the State Attorney's Office to be filed by July 1, 2024, as previously determined. Further to another request of the petitioner dated April 4, 2024, to hold a hearing before the court regarding the continuation of proceedings, the court ordered a hearing for July 10, 2024. On July 1, 2024, the petitioner filed a notice, in which he updated the court that although he tried to contact the State Attorney's Office several times, no update was provided to him, and the court ordered on the same day that the State Attorney's Office submit its position by July 4, 2024. The next day, the State Attorney's Office submitted its position and requested to continue to delay the proceeding until August. It also noted that if the court found it appropriate, an ex parte update would be provided regarding the status of the criminal proceeding at the scheduled hearing. The court determined that the parties would submit a list of alternative dates for holding the hearing in September or October. On July 9, 2024, the petitioner notified the court that the hearing held for the Company was decided, and hence there is no point in continuing to delay the proceeding. On July 10, 2024, the court ordered the State Attorney's Office to submit its position on the matter, and on July 17, 2024, the State Attorney's Office announced that although the hearing was decided, it is not a finished act as court approval of the plea agreement is required. Therefore, the State Attorney's Office requested to update again immediately after the hearing on the plea agreement.

The court ordered an update by November 1, 2024. On October 15, 2024, the petitioner filed a motion to remove the stay of proceedings in the case and give instructions regarding the continuation of its management, following an immediate report published by the Company about the approval of the plea agreement regarding group companies. Further to the court's decision, on October 28, 2024, the State Attorney's Office submitted its position that the prevention of promoting the proceeding had been removed. Accordingly, on the same day, the court ordered that by November 12, 2024, the parties should notify their consent to refer the dispute to a time-limited mediation before an agreed mediator. After the notices of the petitioner and the respondents to the approval motion, including the Company, were filed, expressing their consent to refer the proceeding to mediation before a mediator agreed upon by them, on November 26, 2024, the court ordered that following the consent of all parties, the mediator should be approached within 7 days, and for the time being, all dates applicable to the proceeding are frozen until further notice. On February 9, 2025, a preliminary mediation meeting was held with the petitioner and his counsel and with the respondents' counsel in the approval motion. Subsequently, a mediator's proposal for the mediation management outline was sent. At the mediator's request, the Company submitted a position paper on questions guided by the mediator, inter alia, regarding the administrative proceeding (class action and/or derivatives), regarding the group definition, and regarding the compensation arrangements and their expectancy. On April 22, 2025, a mediation meeting was held with the participation of insurance company representatives. On July 15, 2025, the petitioner filed an update notice on his behalf according to which no progress was achieved in the mediation justifying the continued freezing of proceedings and alongside it a motion to order the continued management of the proceeding. After filing the parties' positions regarding the date for filing the responses to the approval motion, on August 5, 2025, the court ordered the filing of responses to the approval motion by December 1, 2025. On September 18, 2025, the parties decided to return to the mediation table managed by the mediator Dr. Amos Gabrieli. In light of this, the parties filed a procedural arrangement motion to postpone the dates for filing the response to the approval motion. On November 11, 2025, the court decided to route the case to the Honorable Judge Ariel Zimmerman, who approved the procedural arrangement. After the report date and in view of the continued mediation process between the parties, on May 19, 2026, the court ordered the extension of the date for filing respondents' responses until September 6, 2026; and also set a pre-trial hearing in the approval motion for November 30, 2026; and ordered that the petitioner's reaction to the respondents' responses to the approval motion be filed up to 7 days prior to the hearing date. Given the early stage of the proceeding, the Company is unable to estimate the chances of the motion being accepted and the extent of exposure because of it, therefore no provision was included in the financial statements.

**2.** On February 14, 2022, a claim and a motion to recognize the claim as a class action in accordance with the Class Actions Law, 2006 (hereinafter together: "the Claim") were filed against the Company and against a subsidiary owned by it, in the Jerusalem District Court. The claim was filed against 17 different respondents including the Company and the subsidiary (hereinafter: "the Respondents"). In the claim filed by Mr. Tzachi Fenton and Mr. Ben Zion Ben Shoham (hereinafter: "the Petitioners"), allegations were raised that the Respondents are allegedly responsible for causing severe air pollution and not taking the required measures to protect the environment as well as severe environmental hazards, nuisance, and health damage following the distribution of a law in a way that prevents recognized recycling of waste electrical and electronic equipment and waste batteries and accumulators. According to the Petitioners, the Respondents' conduct amounts, inter alia, to a violation of the recycling obligation and engagement with a recognized implementation body, reporting, and registration according to sections 5, 6(a), 3(a) and 8(a) of the Law for Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012; causing an environmental hazard according to sections 1-2 of the Prevention of Environmental Hazards Law (Civil Actions), 1992; causing air pollution according to section 3 of the Clean Air Law, 2008; causing water pollution according to sections 20a-20b of the Water Law, 1959; violation of the prohibition of littering and waste disposal according to section 2 of the Maintenance of Cleanliness Law, 1984; infringement of the right to life under proper environmental conditions according to Basic Law: Human Dignity and Liberty; negligence according to section 35-36 and breach of a statutory duty according to section 63 of the Torts Ordinance [New Version]. The group on whose behalf the claim was filed includes all households

**Additional Information**

**(1) General (Continued)**

**C. Contingent liabilities, claims and legal proceedings (Continued)**

in the State of Israel in recent years. The claim includes a personal claim amount of hundreds of shekels and does not include a collective claim amount (for subject matter jurisdiction purposes it was noted that the collective claim amount cannot be estimated at this stage - and will be within the jurisdiction of the District Court, i.e., by way of estimation exceeds 2.5 million NIS). The Petitioners noted that in their assessment the environmental damage to the group members is in the amount of over 40 million NIS and the total non-pecuniary damage to the group members exceeds 2.5 million NIS. On September 12, 2022, the Company and the subsidiary filed a response to the approval motion in which they rejected the Petitioners' claims. On November 10, 2022, the Petitioners filed their response to the responses to the approval motions. A pre-trial hearing on the approval motion was held on April 17, 2023, and in accordance with the decision at the hearing, the Respondents submitted their position on the possibility of approaching the Ministry of Environmental Protection to give its opinion on the issues arising from the approval motion. On June 12, 2023, a decision was given whereby without prejudice to the full claims of the Company and the other Respondents or expressing an opinion regarding the approval motion, the position of the Ministry of Environmental Protection is requested on the question "whether solar panels fall within the definition of 'electrical and electronic equipment' as defined in section 2 of the Environmental Treatment Law for electrical and electronic equipment and batteries, 2012, which is subject to a recycling obligation in accordance with the law". On December 31, 2023, the Ministry of Environmental Protection submitted a position clarifying, among other things, that the question has not yet been decided and is under review, and that the determination regarding the applicability of the law to solar panels may have broad implications for economic, fiscal, and environmental aspects beyond the scope of the legal question regarding the law's applicability (hereinafter: "the State's Position"). On January 18, 2024, the Petitioners filed a response to the State's Position, in which they clarified that they stand by the approval motion against the Respondents despite what was stated in the position. On February 4, 2024, the Company and the subsidiary filed a motion for summary dismissal of the approval motion, inter alia, in light of the State's Position. Similar dismissal motions were filed on behalf of other respondents. On February 14, 2024, a decision was given whereby after receiving the State's Position, another pre-trial hearing was set for May 23, 2024, to clarify various points with the parties and give instructions as required. On May 23, 2024, the second pre-trial hearing in the case was held during which the Honorable Court noted, inter alia, that as of today there is fog on the question of interpreting the relevant legal provisions, which may affect the determination of the existence of a duty, its violation, and alleged existing damage as a result. Nevertheless, and inter alia, in light of the position of the Petitioners who clarified that they stand by the approval motion and request that dates be set for hearing evidence and filing summaries in the subject case, the court determined that the Petitioners should file their written response to the dismissal motions. On July 15, 2024, the Petitioners filed a response to the dismissal motions. On the same day, the court ordered the Petitioners to submit their position regarding the termination of a claim under Regulation 44 of the Civil Procedure Regulations, 2018, and this was submitted on September 9, 2024. On December 8, 2025, the Petitioners filed a motion to grant a decision on the summary dismissal motions filed by the Respondents, to reject them, and set the case for evidence. On December 11, 2025, the Respondents filed a response to the Petitioners' motion and noted that no change had occurred in the case, and therefore in light of the State's Position, the summary dismissal of the approval motion should be ordered. On February 9, 2026, a decision was given whereby given the passage of time, the State is requested to update by March 2, 2026, regarding the formulation of the position of professional elements in the Ministry of Environmental Protection on the question if solar panels fall within the definition of "electrical and electronic equipment" as defined in section 2 of the Law for Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012. As of the report date, the State has not submitted an update on its behalf. At this stage, after two pre-trial hearings have been held and in light of the State's Position, the Company assesses that the chance that the approval motion will be accepted is lower than the chance of dismissal. Therefore, no provision was included in the financial statements.

3. On February 25-26, 2018, motions were filed in the Tel Aviv District Court against the Company for discovery of documents in accordance with section 198A of the Companies Law for the purpose of examining the filing of motions for approval of derivative actions (one of the motions was also filed against Shikun & Binui SBI Infrastructure Ltd. and against SBI AG). The information and documents requested within the motions are related to the matters described in Note 1c. On May 14, 2018, one of the motions was dismissed, and on June 30, 2019, the Petitioners filed an amended and consolidated motion. The proceeding was delayed from time to time with court approval, in view of the criminal proceeding and concern for its disruption, until November 14, 2024. On October 28, 2024, the State Attorney's Office submitted its position to the court that the prevention of promoting the proceeding due to concern for harming the parallel criminal proceeding had been removed. Consequently, on November 3, 2024, the court ordered the removal of the stay of proceedings and determined that the Company must file its response to the consolidated and amended motion for discovery of documents within 90 days, and also set a date for a hearing on the proceeding for March 16, 2025, which in a later decision was postponed to June 15, 2025. At this stage, the Company is unable to estimate if motions for approval of derivative actions will be filed and if they are filed - the chances of their acceptance. On November 17, 2024, the Petitioners filed a motion to file an amended discovery motion, and the Company opposed the motion as stated. The court accepted the amendment motion subject to the amendment being limited to events that occurred after the date of filing the consolidated discovery motion and the causes arising from them and in the scope determined by the court. The Petitioners must file the amended discovery motion within 60 days and the Company's response to the motion must be filed within 90 days thereafter. On March 2, 2025, an amended discovery motion was filed. To the amended discovery motion, approximately fifty former officers in the Company and/or in subsidiaries and granddaughter companies were joined, and an expert opinion estimating the damage that has crystallized and is quantifiable based on existing detailed information, which was caused to the Company until December 31, 2024, at approximately 470,204 thousand NIS, was attached. The Company will file its response to the court in accordance with the dates set in the court's decision. Following the court's decision requiring clarification regarding the joining of Respondents, the Petitioners filed a separate motion to join Respondents 2-21. On March 31, 2025, the Company's opposition to the motion to join Respondents 2-21 as a party to the amended discovery motion was filed. On May 27, 2025, the court rejected the motion and determined that the Petitioners will file an amended discovery motion within 7 days, the Respondent's response will be filed within 90 days thereafter, and the reaction to the response will be filed within 30 days after the response is filed. On May 27, 2025, the date for the preliminary hearing was postponed to November 30, 2025. On May 30, 2025, the amended approval motion was filed. On October 20, 2025, the Company filed a motion with the consent of the Petitioners to postpone dates which were approved by the court. After the report date, on January 19, 2026, the parties filed a notice and an agreed motion for approval of a procedural arrangement, in which they announced that they agreed to refer to a mediation process. According to the agreements, the court hearing is frozen as long as the mediation process is ongoing, and the dates for filing the Company's response to the discovery motion and the Petitioners' reaction to it will be postponed accordingly. On January 21, 2026, the court approved the procedural arrangement and ordered the filing of an update notice about the mediation process by May 31, 2026. In any case, according to the Company's assessment based on the position of legal advisors, a motion for discovery of documents in accordance with section 198A of the Companies Law does not create a direct financial exposure for the Company itself. Therefore, no provision was included in the financial statements.

4. On November 26, 2018, a claim and a motion for its approval as a class action were filed in the Tel Aviv District Court by Magal Capital Ltd. (the Petitioner) against the Company and against Dune International S.A.R.L. The Petitioner's main claim is that the Company allegedly violated legal provisions regarding the obligation to perform a tender offer in accordance with the Companies Law, 1999, in ADO Group Ltd. Regarding the claim amount, it was written that it is over 2.5 million NIS (for subject matter jurisdiction purposes). In light of a notice published by ADO regarding a reverse triangular merger transaction with ADLER Real Estate AG which is to take place while purchasing its full shares, the Petitioner filed a motion to amend the motion for approval of a class action and within it requested, inter alia, to reduce the represented group, and replace the Petitioner, which was no longer part of the represented group. To amend the requested reliefs and attach an expert opinion estimating the aggregate damage at approximately 16.5 million NIS. On July 6, 2020, the court rejected the amendment motion and determined that the Petitioner must notify if it stands by the hearing of the original approval motion.

On August 4, 2024, the court's decision was received rejecting the second motion to amend the approval motion, ordering the dismissal of the claim and the motion for its approval as a class action, and determining that the Petitioner will bear the expenses of each of the Respondents in the amount of 7,500 NIS. Within the framework of the decision, it was determined that the Petitioner did not meet the burden imposed on it, and due to the fact that the public representatives association is not suitable to serve as an alternative class plaintiff, there is no place to clarify the amendment motion on its merits, and the class proceeding cannot be continued any longer. On November 13, 2024, the Petitioner filed an appeal to the Supreme Court on the aforementioned court decision. On April 9, 2025, the Company filed a response to the appeal, and a hearing on the appeal is set for May 3, 2027. According to the Company's assessment based on the position of legal advisors, the appeal is still in its early stages and therefore there is difficulty in estimating its chances and prospects. At the same time, taking into account the reasons for the judgment and the overall circumstances, the chances that the appeal will be rejected are greater than the chances that it will be accepted, and therefore no provision was included in the financial statements.

## Additional Information

### (1) General (Continued)

### C. Contingent liabilities, claims and legal proceedings (Continued)

**5.** On July 16, 2019, Citizens for the Environment association filed a claim and a motion for its approval as a class action in the Jerusalem District Court, against 30 respondents including the consolidated Company. In the claim and motion, it was argued that the respondents are responsible for air pollution in the Haifa Bay area, which caused excess morbidity in several diseases for the area's residents. The claim and motion do not include a required compensation amount. On December 23, 2019, the hearing was transferred to the Haifa District Court. Motions for summary dismissal of the approval motion filed by the Company alone and with other respondents were rejected in a decision dated February 4, 2021, without a costs order. A motion for determining hearing procedures filed by the Company and other respondents was discussed in a hearing held on July 19, 2021, and rejected. On January 10, 2022, the consolidated Company filed its response to the approval motion, and with other respondents, a motion was filed to allow sending a third-party notice. On February 20, 2022, a pre-trial hearing on the approval motion was held, in which, among other things, dates were set for filing a response to the motion to allow sending a third-party notice; for filing a reaction to the responses to the approval motion; for completing document discovery and inspection processes; and for filing various preliminary motions. On May 10, 2022, the Petitioner filed a motion regarding document discovery ("the Discovery Motion"), and on June 29, 2022, the consolidated Company filed a response to the Discovery Motion. On June 29, 2022, the Petitioner filed her reaction to the responses to the approval motion ("the Reaction to the Response"). On July 10, 2022, another pre-trial hearing was held, in which, among other things, the expansion of the front in the reaction to the response, options for the way of hearing the proceeding and narrowing the disputes in document discovery proceedings were discussed, and dates were set. On October 24, 2022, another pre-trial was held in which, among other things, motions for document discovery were discussed for which it was determined that the consolidated Company and the Petitioner would communicate between them regarding the document discovery, and only if disputes remain will the parties apply to the court; motions to delete front expansions in the reaction to the response, for which it was determined that the respondents are entitled to file a supplementary reaction on their behalf; and regarding the State, it was determined that it would be considered a party without being officially joined to the proceeding, and if it wishes to file a document in the proceeding it must notify the other parties 60 days in advance. In addition, about 50 dates were set for hearing concentrated evidence starting from February 2023 until July 2023. The respondents filed supplementary expert opinions on their behalf, and on February 12, 2023, the hearing of concentrated evidence began in the case, and it ended on July 17, 2023. The Petitioner filed summaries on December 21, 2023, and the respondents including the consolidated Company filed summaries on their behalf on June 30, 2024, the State was given the option to file summaries on its behalf until July 20, 2024, which by this date were not filed and all parties were given the option to refer to the State's summaries or any other summaries until August 20, 2024. On November 3, 2024, a decision was given, whereby the State must notify by November 10, 2024, whether it intends to file summaries on its behalf. On November 6, 2024, the State filed a notice, in which it claimed that the claim should not be approved as a class action, but announced that it has nothing to add to the respondents' claims in this regard, and therefore will not file summaries on its behalf. <u>On December 12, 2024, the Respondents filed a short written argument supplement (given the Supreme Court's judgment given on November 3, 2024, in LCA (3397/23))</u>. On January 13, 2025, the Petitioner filed reply summaries on her behalf. At this stage, with the conclusion of the evidence hearing and the filing of summaries, based on the hearings that were held and the hearing of witnesses, and since the court in the pre-trial hearings that were held referred mainly to the manner of managing the hearing and not to the parties' claims, it seems that the chances of the approval motion against the consolidated Company being accepted are lower than its chances of being rejected and therefore no provision was included in the financial statements.

This impression can change according to developments in the case, and within this, court statements, which has not yet expressed its opinion on the merits, at the end of the evidence hearing. Furthermore, on October 14, 2020, the consolidated Company received a notice on behalf of respondents in another class action, that the consolidated Company is not a party to ("the Other Proceeding"), concerning allegations of excess morbidity in diseases due to air pollution in the Haifa Bay area, for which huge compensation was claimed for the members of the alleged group there. The respondents in the claim deny the allegations, but they announced that they intend to file a motion to allow them to file a third-party notice against the consolidated Company and other companies.

The consolidated Company and the respondents agreed that at this stage a motion for leave to file a third-party notice against the consolidated Company will not be filed, and that the date for filing such a motion will be postponed until no later than 30 days from the date of giving a decision accepting the aforementioned approval motion, if given (and if a motion for leave to appeal is filed - until 30 days after the decision on it), while all of the consolidated Company's claims are reserved to it. The other proceeding ended with a judgment rejecting the approval motion there, and therefore the possibility of filing a third-party notice against the consolidated Company was removed from the agenda.

**6.** On November 13, 2024, a statement of defense and a counterclaim were received by the consolidated Company from the government of Ivory Coast, within which the government of Ivory Coast denies all of the consolidated Company's claims regarding the claim filed within international arbitration (ICC) in France in connection with a project for constructing a road approximately 65 km long which the consolidated Company performed for the government of Ivory Coast. Within the framework of the aforementioned claim, the consolidated Company sued, inter alia, for debts for the project's performance, extension of the project's performance duration, and loss of income. The government of Ivory Coast is suing the consolidated Company within the counterclaim for a total of approximately 19 billion XOF CFAF (approximately 105.8 million NIS which constitute a total of approximately 33.4 million US dollars according to the exchange rate for March 31, 2026) as compensation, inter alia, for the damages caused to it due to replacing the contractor for performing the project as well as reimbursement of all expenses it spent for the arbitration as stated.

On March 26, 2025, the Company filed its response and statement of defense to the counterclaim with an amendment of the amount claimed by it to 14 billion XOF CFAF (a total of approximately 77.5 million NIS which constitute a total of approximately 24.4 million US dollars according to the exchange rate for March 31, 2026). On September 11, 2025, Ivory Coast simultaneously filed another response and a reaction to the counterclaim on behalf of the consolidated Company in which the consolidated Company updated the alleged damages to 16 billion XOF CFAF (88.6 million NIS which constitute a total of approximately 27.9 million US dollars according to the exchange rate for March 31, 2026). On October 23, 2025, the consolidated Company filed its additional response in reaction to the counterclaim on behalf of Ivory Coast, which was limited to answering the counterclaim on behalf of Ivory Coast. The parties have now agreed to freeze the arbitration proceeding for a limited period of time, for the purpose of managing negotiations for an agreed settlement. At the end of November 2025, the parties reached an in-principle settlement arrangement. This arrangement has not yet been anchored in a binding agreement. At this preliminary stage of the proceeding and based on the information in its possession for this date, the Company assesses that the chances for rejecting each of the components of the counterclaim outweigh the chances for their acceptance, and therefore no provision was included in the financial statements.

**Additional Information**

**(1) General (Continued)**

**C. Contingent liabilities, claims and legal proceedings (Continued)**

**7.** On February 5, 2025, a request to approve a class action lawsuit (hereinafter: "the Approval Request") was filed with the Tel Aviv-Yafo District Court (Economic Department) against the Company, the Company's CEO, and members of the Board of Directors during the period between October 9, 2024, and January 29, 2025 (hereinafter collectively, including the Company: "the Respondents"). The Approval Request was filed by Mr. Matan Faraj, who is alleged to have purchased 91 shares of the Company on January 27, 2025 (hereinafter: "the Petitioner"). In brief, the Petitioner's claim in the Approval Request is that the Company "concealed" (by omission) material information from the investing public regarding actions taken by the Company's Polish partner, who holds (through a company owned by him) 25% of the holding company New Project Development S.R.O, which is indirectly controlled by the Company (the remaining 75%), and who also serves as the operations manager in Poland (hereinafter: "the Holding Company" and "the Polish Partner", respectively). The Approval Request claims that a dispute arose between the Company and the Polish Partner regarding a move examined by the Company to sell its operations in Poland (carried out primarily through the Holding Company which holds various asset companies in Poland), and following which the Polish Partner began, no later than October 7, 2024, among other things, "to act to register liens - through the Holding Company - on the shares of the asset companies holding the real estate assets in Poland, and such liens were indeed registered, and he even began to realize the liens." It is also claimed that the Polish Partner "took additional actions intended to prevent the sale of the Company's operations in Poland" including "the Polish Partner requested to change the articles of association of the asset companies and grant himself a right of first refusal." According to the claim in the Approval Request, "the Respondents knew (actually, or at least by turning a blind eye) about these material events" but according to the Petitioner "concealed the information and did not report it." It is claimed that the Company's shareholders first learned of the actions taken by the Polish Partner from an immediate report published by the Company after a long delay on January 29, 2025, and that this immediate report was also, according to the Petitioner, "partial, vague and unclear" (hereinafter: "the Immediate Report"). The alleged causes of action include, among others, breach of disclosure obligations and attribution of officer liability under the Securities Law, 1968 and the regulations enacted thereunder, as well as causes of action under the Torts Ordinance [New Version]. The damage alleged in the Approval Request is based on the negative change in the Company's share price on the day of the Immediate Report and the day after, and is estimated in the Approval Request at "at least tens of millions of NIS." On November 30, 2025, the Respondents' response (objection) to the Approval Request was filed, within which it was argued that the request should be rejected, including the claim of misleading in the Company's immediate reports. On March 23, 2026, the Petitioner filed a response to the Respondents' response (objection). A pre-trial hearing was set for June 28, 2026. Given the early stage of the proceeding, the Company is unable to estimate the chances of the request being accepted and the extent of the exposure due to it.

**8.** On December 3, 2012, a financial claim in the amount of 100 million NIS was filed with the Tel Aviv District Court against a partnership held at a rate of 50% by a consolidated company and the balance of the shares are held by a third party unrelated to the Group (hereinafter: "the Partnership"). The plaintiff is the Partnership's tunneling contractor ("the Plaintiff"), within the framework of the Carmel Tunnels project in Haifa. According to the Plaintiff, he is entitled to payment according to the contractual consideration mechanism between the parties. On April 30, 2013, the Partnership filed a statement of defense as well as a counterclaim, within which it denies the Plaintiff's claims and requested to charge him in the amount of approximately 61 million NIS for, among other things, compensation due to delay in completing the works. The parties filed statements of defense for the mutual claims as well as affidavits of primary evidence. On February 23 and 24, 2025, evidentiary hearings were held in which the parties' witnesses were examined. The parties' summaries were filed. A suitable provision was included in the Partnership's financial reports.

**9.**

Regarding an arbitration proceeding conducted at the International Court of Arbitration of the International Chamber of Commerce (ICC) following a request filed by the operator at the facility against PSP Investments Ltd., a company 25.5% of whose share capital is held by Shikun & Binui Energy Ltd., a subsidiary of the Company (hereinafter in this section, respectively: "PSP" and "the Subsidiary") in the amount of approximately 24.3 million euros (as of the date of filing the request), on October 27, 2025, an arbitration award was received in which some of the operator's claims against PSP were accepted alongside a rejection of his other claims. Regarding the operator's claims that were accepted, it was determined that PSP shall pay the operator an aggregate total amount of approximately 56 million NIS for the period from the date of operation of the facility until December 31, 2024, plus VAT and interest by law to be calculated from the date the obligations were created until the date of their actual payment. In addition, the operator's claims were accepted regarding the provisions of the operating agreement according to which the operator's eligibility for receiving additional ongoing payments starting from January 1, 2025, should be calculated, with PSP working to calculate the amount of eligibility as stated. On the other hand, the operator's claims in the cumulative total amount of approximately 38.6 million NIS and approximately 4.8 million euros plus VAT were rejected. On November 5, 2025, a payment demand was received from the operator for the amounts awarded. On December 11, 2025, PSP filed a motion to vacate the arbitration award with the Tel Aviv-Yafo District Court. In parallel, negotiations were conducted between PSP and the operator in order to update the operating agreement regarding the projected components discussed within the framework of the arbitration, and on January 23, 2026, the parties signed an agreement in which the variable payments component and the bonus component were agreed upon, as well as the spreading of the amounts awarded in favor of the operator in the arbitration due to the facility shutdown for fault repair purposes. The said agreement was also approved by PSP's senior lenders. In accordance with the provisions of the agreement, the Company and the operator filed a joint motion to stay the hearing on the motion to vacate until the fulfillment of the conditions precedent set in the agreement or until April 1, 2026, whichever is earlier. On February 5, 2026, the court granted this motion. On March 31, 2026, PSP and the operator filed a joint notice regarding the fulfillment of the conditions precedent set in the agreement in which the variable payments component and the bonus component were agreed upon, and the spreading of the amounts awarded in favor of the operator and its full entry into force, and accordingly requested the District Court to order the deletion of the motion to vacate the arbitration award, without an order for costs, whereas on April 5, 2026, a judgment was rendered ordering the deletion of the motion to vacate without an order for costs and the closing of the case. As of the date of approval of the financial reports, PSP included in the financial reports all the implications of the arbitration award and the agreement signed with the operator.

**10.** Further to what is stated in Note 37(8) to the Company's annual reports regarding the receipt of an account from the system administrator for the month of December 2025 which within its framework, in addition to the detail of the payments to which PSP is entitled for the month of December 2025 (among other things, for availability and energy production), the system administrator requested to offset a total of approximately 45 million NIS for deviation from equivalent availability at the power station for the months of January to March 2023 plus interest for the said deviation, on February 5, 2026, PSP filed a lawsuit in court against the system administrator alongside a request for an interim (filed ex-parte) and permanent injunction against the offset until the resolution of the lawsuit. On February 5, 2026, the court issued an interim injunction prohibiting the system administrator from performing an offset until a hearing is held in the presence of the parties on the request for an interim injunction. As of the date of publication of the report, the hearing on the interim injunction given in the presence of the parties was postponed at the request of the system administrator to June 3, 2026.

**11.** Further to what is stated in Note 13(c) to the Company's annual reports regarding the Intelligence Campus project in the Negev, in February 2023 the franchisee filed a claim against the orderer in the amount of approximately 380 million NIS, for receiving price increase differences due to absence under a projected clause in the franchise agreement. After the evidentiary hearing held in the third quarter of 2025, the parties began negotiations regarding the price increase differences and the additional costs incurred by the franchisee in the project following the Iron Swords War.

**12.**

On March 26, 2026, a demand letter for document disclosure and review was received under Sections 194(b) and 198A of the Companies Law, 1999 ("the Demand Letter"). The Demand Letter was sent by someone claiming ownership of Company shares, in order to examine the filing of a derivative claim on behalf of the Company against the Company's directors (including the members of the compensation committee) who voted in favor, in connection with one-time grants to the Company's CEO, which were approved by the compensation committee and the Company's board of directors despite the opposition of the general meeting.





## Additional Information

## (1) General (Continued)

**D. Retroactive application**

**(1) Change in accounting policy and application method – presentation of investment property at fair value**

Starting from the annual financial reports for 2025, the Company changed its accounting policy regarding the subsequent measurement of investment property assets such that it applies the fair value model instead of applying the cost model less accumulated depreciation and less accumulated impairment losses. Investment property in its possession, of the Company, does not include inventory of buildings for sale and inventory of lands which will continue to be measured without change on the basis of historical cost and will not be revalued to fair value. The policy change was applied retroactively and accordingly comparison figures for the three months ended March 31, 2025, were presented according to the fair value model.

**(2) Discontinued operations**

Starting from January 1, 2026, since the balance of works in a consolidated company's project in Uganda, which is mostly performed by subcontractors and whose completion is expected during 2026, is negligible, this project was added to the Group's discontinued operations in Africa and Central America. As a result, starting from these reports, all this activity is presented as discontinued operations. The remaining activity focuses on debt collection, equipment sales, and termination of engagements. Therefore, the foreign infrastructure and construction contracting segment (excluding the USA) ceased to be a reportable segment. Comparison figures for the period of three months ended March 31, 2025, and for the year ended December 31, 2025, were restated.

**(3) The impact on comparison figures in the financial reports**

Below is the impact of the changes in accounting policy described above on the consolidated report data on the financial position, on the profit or loss, on the total comprehensive income, and on the cash flows for the period of three months ended March 31, 2025, and for the year ended December 31, 2025.

**Impact on three-month period data ended March 31, 2025**

| | As previously reported | Retroactive application for change in accounting policy (1) | Retroactive application for update of discontinued operations (2) | As reported in these financial reports |
|---|---|---|---|---|
| Millions of NIS | | | | |
| **Profit and loss data:** | | | | |

| | As previously reported | Retroactive application for change in accounting policy (1) | Retroactive application for update of discontinued operations (2) | As reported in these financial reports |
|---|---|---|---|---|
| | Millions of NIS | | | |
| Change in fair value of investment property | - | (3) | - | (3) |
| Profit (loss) from held companies, net | 121 | (3) | (2) | 116 |
| **Profit (loss) from continuing operations** | **123** | **(6)** | **(2)** | **115** |
| Loss from discontinued operations (after tax) | (8) | - | 2 | (6) |
| **Profit (loss) for the period attributable to owners** | **115** | **(6)** | **-** | **109** |
| | | | | |
| **Other comprehensive income data:** | | | | |
| Foreign currency translation differences for foreign operations | 138 | 6 | - | 144 |
| **Total other comprehensive income** | **78** | **6** | **-** | **84** |
| **Total profit (loss) comprehensive for the year** | **193** | **-** | **-** | **193** |
| | | | | |
| **Impact on consolidated statements of cash flows as of March 31, 2025** | | | | |
| **Cash flows from operating activities** | | | | |
| Loss for the period | 115 | (6) | - | 109 |
| Share in profits of companies held by the equity method (net of tax) | (113) | 3 | - | (110) |
| Change in fair value of investment property | - | 3 | - | 3 |
| **Net cash resulting from operating activities** | **15** | **-** | **-** | **15** |





### Additional Information

### (1) General (Continued)

### D. Retroactive application (Continued)

### (3) The impact on comparison figures in the financial reports (Continued)

**Millions of NIS**

| | As previously reported | Retroactive application for change in accounting policy (1) | Retroactive application for update of discontinued operations (2) | As reported in these financial reports |
|---|---|---|---|---|
| **Impact on statement of financial position data as of March 31, 2025** | | | | |
| **Non-current assets** | | | | |
| Held companies | 6,614 | 1,581 | - | 8,195 |

| | As previously reported | Retroactive application for change in accounting policy (1) | Retroactive application for update of discontinued operations (2) | As reported in these financial reports |
|---|---|---|---|---|
| Investment property, net | 250 | 39 | - | 289 |
| **Total non-current assets** | **7,725** | **1,620** | **-** | **9,345** |
| | | | | |
| **Impact on equity** | | | | |
| Retained earnings balance | 2,300 | 1,608 | - | 3,908 |
| Translation adjustment from reports | (264) | 12 | - | (252) |
| **Total equity** | **4,264** | **1,620** | **-** | **5,884** |
| **Total liabilities and equity** | **8,992** | **1,620** | **-** | **10,612** |

| | | | | |
|---|---|---|---|---|
| **Impact on data for the one-year period ended December 31, 2025** | | | | |
| **Profit and loss data:** | | | | |
| Profit (loss) from held companies, net | 34 | - | (15) | 19 |
| **Profit (loss) from continuing operations** | **36** | **-** | **(15)** | **21** |
| Loss from discontinued operations (after tax) | 61 | - | 15 | 76 |
| **Profit (loss) for the period attributable to owners** | **97** | **-** | **-** | **97** |

### (2) Significant Accounting Policies

The accounting policies in this condensed interim separate financial information are in accordance with the accounting policies detailed in the separate financial information as of December 31, 2025.

### (3) Material events during and after the reporting period

#### A. Confirmation of the Company's rating

In March 2026, the Maalot rating company reaffirmed the long-term rating of the Company as ilA with a stable outlook.

#### B. BONDS expansion

After the balance sheet date, on April 16, 2026, the Company expanded BONDS series 11 for a net total of approximately 508 million NIS (after issuance expenses).

#### C. Loans to/from held companies

As of March 31, 2026, the balance of loans granted to held companies amounted to a total of approximately 1,829 million NIS (as of December 31, 2025, a total of approximately 1,340 million NIS) and the balance of loans received from held companies amounted to a total of approximately 637 million NIS (as of December 31, 2025, a total of approximately 445 million NIS). During the report period, loans were granted to held companies in the amount of approximately 481 million NIS and loans were received from Group companies in the amount of approximately 185 million NIS.

#### D. Purchase of debts from a subsidiary

In December 2025, the Company entered into a debt purchase transaction with a subsidiary within which the Company purchased balances for several specific customers of the subsidiary in a total amount of approximately 333 million NIS. During the report period, the subsidiary transferred to the Company the full proceeds collected from the customers for the said debts.

## (3) Material events during and after the reporting period (Continued)

### E. Negotiations for the sale of Shikun & Binui Energy shares

After the balance sheet date, on May 18, 2026, the Company and Shikun & Binui Energy signed a memorandum of understanding with a third party unrelated to the Company (hereinafter: "the Purchaser") regarding the sale of its entire holding in the share capital of Shikun & Binui Energy (approximately 66.79%) in a reverse triangular merger transaction with the Purchaser.

It was further stipulated in the memorandum of understanding that the base consideration for all shareholders (100%) is 4.05 billion NIS and in addition a total of 150 million NIS will be paid for the passage of time until the completion date (total of 4.2 billion NIS); furthermore, subject to meeting milestones related to project advancement, in a period of up to 60 months from the completion date, additional consideration will be paid in a maximum cumulative amount of up to 300 million NIS, under the conditions specified in the memorandum of understanding.

In the Company's estimation, subject to the completion of the merger transaction if and as it is implemented, and according to estimates as of the date of this report, the cash flow (after tax, excluding transaction expenses) expected to be generated for the Company for the sale of Shikun & Binui Energy shares and receipt of the base consideration amount, the additional consideration amount and the future consideration amount is in the range of approximately 2.7-2.9 billion NIS and the Company will record in its financial reports a profit (after tax, excluding transaction expenses) in the range of approximately 1.5-1.7 billion NIS.

### F. Extension of warrant expiry dates

On January 20, 2026, the Company's board of directors decided to approve a six-month extension of the expiry period of warrants allocated by the Company between 2019-2021, which were set to expire during 2026, without change to the other warrant conditions affected by the decision. The decision applies only to offerees who, at the time the decision was made, were employees in the Group and were not in the process of leaving or on unpaid leave (except for maternity leave), subject to the approvals required by law. The board of directors further approved that to the extent that the expiry date of warrants, allocated by the Company to date to offerees who work for the Company and were not in the process of leaving or on unpaid leave (except for maternity leave), falls during a trade restriction period before the publication of the Company's financial reports or in other circumstances (such as due to the existence of inside information or during a report delay according to securities regulations), including according to the Company's securities law enforcement plan, the expiry date will be postponed until the end of a one-month period from the end of the said trade restriction period.

### G. Granting of warrants to officers and employees

On January 20, 2026, and February 10, 2026, the Company's board of directors approved a new framework, published on February 10, 2026, which allows for the granting of up to 4,368,284 warrants to offerees (hereinafter: "the Total Securities Offered"), employed by the Company or by Company subsidiaries, including also officers in the Company (who are not from among the directors and the Company's CEO), for 3 years from its publication date.

At the same time, the Company's board of directors approved a first allocation according to the framework, which included up to 885,976 warrants for approximately 10 offerees in the Company and Company subsidiaries, including also officers in the Company (who are not from among the directors and the Company's CEO). On April 30, 2026, the Company's board of directors decided to cancel the said allocation decision.

On April 13, 2026, the Company's board of directors approved an allocation according to the framework of 1,541,716 warrants to offerees in the Company and Company subsidiaries (who are not interested parties or officers in the Company). The exercise price of each warrant is 16.30 NIS (subject to adjustments). The grant value, as calculated by an external appraiser according to the "Black-Scholes" formula for the trading day preceding the board's allocation approval, stood at approximately 12,935 thousand NIS (subject to the assumptions made). The primary parameters used for calculating the grant value are: share price (closing price) on the valuation date – 17.95 NIS, exercise addition – 16.30 NIS, standard deviation (each tranche) – 42.27%-42.30%, and risk-free interest – 3.71%-3.75%, warrant life – calculated according to the exercise period of each tranche, dividend yield rate – 0% under the assumption of a full dividend adjustment mechanism.

On April 30, 2026, the Company's board of directors approved an additional allocation according to the framework of 764,838 additional warrants to approximately 10 additional offerees in the Company and Company subsidiaries, who are not interested parties and among them also officers in the Company (who are not from among the directors and the Company's CEO). The exercise price of each warrant is 18.25 NIS (subject to adjustments). The grant value, as calculated by an external appraiser according to the "Black-Scholes" formula for the trading day preceding the board's allocation approval, stood at approximately 6,830 thousand NIS (subject to the assumptions made). The primary parameters used for calculating the grant value are: share price (closing price) on the valuation date – 19.49 NIS, exercise addition – 18.25 NIS, standard deviation (each tranche) – 42.16%-42.34%, and risk-free interest – 3.76%-3.80%, warrant life – calculated according to the exercise period of each tranche, dividend yield rate – 0% under the assumption of a full dividend adjustment mechanism.

The allocations of these warrants will be carried out, generally, in the capital gains track according to an allocation plan previously approved by the board of directors and filed with the Tax Authority in 2019, and in accordance with the provisions of the Company's compensation policy. As of the date of publication of this report, the allocations have not yet been completed. Generally, the warrants will vest in three annual tranches as will be determined in the grant letter (unless determined otherwise for certain offerees, for example in a case where an offeree was appointed during a year in which the allocation is performed or after the vesting dates mentioned below or for any other reason). Regarding offerees who are officers in the Company, the vesting period will be in accordance with the Company's officer compensation policy. Regarding the said allocations, the first tranche will vest in April 2027, the second tranche will vest in October 2027, and the final (third) tranche will vest on April 2029, on condition that the offeree is employed by the Company or by companies controlled by the Company on the vesting date (and regarding an offeree who will be granted warrants according to Section 3(i) of the Ordinance – on condition that at that time he provides services to any of them). The exercise of the warrants will be done through a "net exercise" mechanism. The warrants will be exercisable starting from the vesting date of a tranche (subject to the provisions of Section 102 of the Income Tax Ordinance and the rules thereunder) and until the following dates: regarding the first warrant tranche and the second warrant tranche – the passage of five years from the allocation approval date; regarding the third warrant tranche – the passage of six 6 years from the allocation approval date.

# Shikun & Binui Ltd.

## Chapter D -

# Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a)

May 27, 2026

# Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a)

Management, under the supervision of the Board of Directors of Shikun & Binui Ltd. (hereinafter – the Corporation), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

Regarding the responsibility for the effectiveness of internal control, the members of management are:

1. Amit Birman, CEO of Shikun & Binui Ltd.
2. Ran David Krakowsky, CFO of Shikun & Binui Ltd. (hereinafter: "the most senior officer in the field of finance").
3. Hila Tirosh, EVP, General Counsel and Company Secretary of Shikun & Binui Ltd.
4. Ronit Rosenzveig, Head of Financial Reporting and Deputy Chief Financial Officer of Shikun & Binui Ltd.
5. Avishai Kimeldorf, CEO of Shikun & Binui Real Estate Ltd.
6. Asaf Inbar, CEO of Shikun & Binui - Solel Boneh - Infrastructure - Ltd.
7. Yuval Skornik, CEO of Shikun & Binui Energy Ltd.
8. Hagai Miller, CEO and CFO of Shikun & Binui America
9. Eran Hashai, CFO of Shikun & Binui SBI Infrastructure Ltd.
10. Shlomi Hakim, CFO of Shikun & Binui Europe B.V.
11. Shmulik Shai, CEO of the Defense Portfolio and O&M activity in the Concessions sector.

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

The internal control includes, among others, controls and procedures designed to ensure that information the Corporation is required to disclose as stated, is accumulated and transferred to the management of the Corporation, including the General Manager and the most senior officer in the field of finance or to those who actually perform the said roles, to enable decision-making at the appropriate time, 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 misstatement or omission of information in the reports will be prevented or detected.

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 report regarding internal control), the Board of Directors and management evaluated the internal control in the Corporation. Based on this evaluation, the Board of Directors and management of the Corporation concluded that the said internal control, as of December 31, 2025, is effective.

Until the date of the report, no event or matter was 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 report regarding internal control.

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

**Executives' Statement**

**Statement of Chief Executive Officer according to Regulation 38C(d)(1)**

**Statement of Chief Executive Officer**

I, Amit Birman, declare that:

**1.** I have examined the quarterly report of Shikun & Binui Ltd. (hereinafter – the Corporation) for the first quarter of 2026 (hereinafter – the reports).

**2.** To my knowledge, the reports do not include any misrepresentation 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, to the Board of Directors, to the Audit Committee and to the Finance Committee and examination of the financial statements of the Corporation's Board of Directors, 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 that are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and –

b. Any fraud, whether material or not, in which the General Manager or those directly subordinate to him are involved, or other employees who have a significant role in internal control over financial reporting and disclosure are involved.

**5.** I, alone or together with others in the Corporation:

a. Have established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 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 established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles.

c. No event or matter that occurred during the period between the date of the last Periodic report for December 31, 2025 and the date of this report has been brought to my attention, which would change the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

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

Amit Birman

CEO

**Executives' Statement**

**Statement of the most senior officer in the field of finance according to Regulation 38C(d)(2)**

**Statement of the most senior officer in the field of finance**

I, Ran David Krakowsky, declare that:

**1.** I have examined the interim financial statements and other financial information included in the reports for the interim period of Shikun & Binui Ltd. (hereinafter – the Corporation) for the first quarter of 2026 (hereinafter – the reports or the interim period reports).

**2.** To my knowledge, the interim financial statements and other financial information included in the reports for the interim period do not include any misrepresentation 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 interim financial statements and other financial information included in the reports for the interim period fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods to which the reports refer.

**4.** I have disclosed to the Corporation's auditing accountant, to the Board of Directors, to the Audit Committee and to the Finance Committee and examination of the financial statements of the Corporation's Board of Directors, based on my most recent evaluation of the internal control over financial reporting and disclosure:

a.

All significant deficiencies and material weaknesses in the determination or operation of the internal control over financial reporting and disclosure as it relates to the interim financial statements and other financial information included in the reports for the interim period, which are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and –

b. Any fraud, whether material or not, in which the General Manager or those directly subordinate to him are involved, or other employees who have a significant role in internal control over financial reporting and disclosure are involved.

**5.** I, alone or together with others in the Corporation:

a. Have established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, as far as it is relevant to the interim financial statements and other financial information included in the reports for the interim period, 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 established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles.

c. No event or matter that occurred during the period between the date of the last Periodic report for December 31, 2025 and the date of this report has been brought to my attention, relating to the interim financial statements and any other financial information included in the reports for the interim period which would change, in my assessment, the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over financial reporting and disclosure of the Corporation.

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

Ran David Krakowsky

CFO

# Shikun & Binui Ltd.

# - Chapter E -

Condensed interim financial statements for the period ended March 31, 2026 of

BRIDGING PENNSYLVANIA DEVELOPER I, LLC

(Associate company)

KPMG LLP
Suite 1000
30 North Third Street
Harrisburg, PA 17101

## Consent of Independent Auditors

To: The Board of Managers of Bridging Pennsylvania Developer I, LLC (the Partnership)

Subject: Letter of Consent Regarding the May 2024 Shelf Prospectus of Shikun & Binui Ltd.

We hereby inform you that we consent to the inclusion (including by way of reference) of our report listed below in connection with the above shelf prospectus:

Review report by the independent auditor dated May 11, 2026 on the condensed financial information of Bridging Pennsylvania Developer I, LLC as of March 31, 2026 and 2025, and for the three-month periods ended on those dates.

/s/ KPMG LLP

Harrisburg, Pennsylvania
May 25, 2026



The page contains only an image, apparently created using OCR, and it does not contain any readable text

# BRIDGING PENNSYLVANIA DEVELOPER I, LLC

Condensed Interim Financial Statements

As of March 31, 2026 and 2025

The page contains only an image, apparently created using OCR, and it does not contain any readable text

**BRIDGING PENNSYLVANIA DEVELOPER I, LLC**

**Table of Contents**

KPMG LLP
Suite 1000
30 North Third Street
Harrisburg, PA 17101

## Independent Auditors' Review Report

The Board of Managers
Bridging Pennsylvania Developer I, LLC:

*Results of Review of Condensed Interim Financial Information*

We have reviewed the accompanying condensed balance sheets of Bridging Pennsylvania Developer I, LLC (the Company) as of March 31, 2026 and March 31, 2025, the related condensed statements of profit and comprehensive income, changes in members' equity, and cash flows for the three-month periods ended March 31, 2026 and 2025, and the related notes (collectively referred to as the condensed interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed interim financial information for it to be in accordance with IAS 34, *Interim Financial Reporting*.

*Basis for Review Results*

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

*Responsibilities of Management for the Condensed Interim Financial Information*

Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with IAS 34, *Interim Financial Reporting* and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed interim financial information that is free from material misstatement, whether due to fraud or error.

Harrisburg, Pennsylvania
May 11, 2026

**BRIDGING PENNSYLVANIA DEVELOPER I, LLC**

Balance Sheets
March 31, 2026 and 2025 and December 31, 2025
(In thousands)

| | March 31, 2026 Unaudited | March 31, 2025 Unaudited | December 31, 2025 Audited |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | $ 483 | $ 484 | $ 207 |
| Restricted money market funds | 53,386 | 61,123 | 35,810 |
| Restricted investment | 422,469 | 395,741 | 415,205 |
| Prepaid expenses | 57,347 | 55,280 | 55,439 |
| Other current assets | 2,634 | 417 | 4,739 |
| Total current assets | 536,319 | 513,045 | 511,400 |
| Non-current assets | | | |
| Contract asset | 1,138,369 | 564,171 | 1,028,923 |
| Restricted investment | 279,661 | 702,130 | 362,435 |
| Prepaid expenses | 52,644 | 110,574 | 64,661 |
| Other non-current assets | 2,070 | 2,067 | 2,071 |
| Total non-current assets | 1,472,744 | 1,378,942 | 1,458,090 |
| **Total assets** | $ 2,009,063 | $ 1,891,987 | $ 1,969,490 |
| **Liabilities and Members' Equity** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | $ 26,074 | $ 26,032 | $ 1,958 |
| Payable to related parties | 24,787 | 21,095 | 30,611 |
| Other current liabilities | 74 | 68 | 73 |
| Total current liabilities | 50,935 | 47,195 | 32,642 |
| Long-term liabilities | | | |
| Long-term debt | 1,781,912 | 1,782,633 | 1,782,096 |
| Other non-current liabilities | 102 | 239 | 117 |
| Total long-term liabilities | 1,782,014 | 1,782,872 | 1,782,213 |
| Total liabilities | 1,832,949 | 1,830,067 | 1,814,855 |
| Members' equity | 176,114 | 61,920 | 154,635 |
| **Total liabilities and members' equity** | $ 2,009,063 | $ 1,891,987 | $ 1,969,490 |

See accompanying notes to the condensed interim financial statements



The page contains only an image, apparently created using OCR, and it does not contain any readable text

**BRIDGING PENNSYLVANIA DEVELOPER I, LLC**

Statements of Profit and Comprehensive Income
Three-months ended March 31, 2026 and 2025 and year ended December 31, 2025
(In thousands)

| | Three month ended March 31, 2026 Unaudited | Three month ended March 31, 2025 Unaudited | For the year ended December 31, 2025 Audited |
|---|---|---|---|
| Contract revenue | $ 99,601 | $ 101,885 | $ 544,348 |
| Contract costs | (71,053) | (71,761) | (390,879) |
| General and administrative expenses | (2,952) | (2,930) | (12,028) |
| Total operating expenses | (74,005) | (74,691) | (402,907) |
| Operating profit | 25,596 | 27,194 | 141,441 |
| Finance expenses | (24,791) | (24,802) | (99,248) |
| Finance income | 22,596 | 21,088 | 88,626 |
| Total finance expenses, net | (2,195) | (3,714) | (10,622) |
| Net profit and comprehensive income | $ 23,401 | $ 23,480 | $ 130,819 |

See accompanying notes to the condensed interim financial statements

**BRIDGING PENNSYLVANIA DEVELOPER I, LLC**

Statements of Changes in Members' Equity
Three-months ended March 31, 2026 and 2025 and year ended December 31, 2025
(In thousands)

**For the three months, March 31, 2026 and 2025 (unaudited)**

| | | |
|---|---|---|
| Balance at December 31, 2025 | $ | 154,635 |
| Profit and comprehensive income | | 23,401 |
| Distribution to members | | (1,922) |
| Balance at March 31, 2026 | $ | 176,114 |

| | | |
|---|---|---|
| Balance at December 31, 2024 | $ | 42,230 |
| Profit and comprehensive income | | 23,480 |
| Distribution to members | | (3,790) |
| Balance at March 31, 2025 | $ | 61,920 |

**For the year ended December 31, 2025 (audited)**

| | | |
|---|---|---|
| Balance at December 31, 2024 | $ | 42,230 |
| Profit and comprehensive income | | 130,819 |
| Distribution to members | | (18,414) |
| Balance at December 31, 2025 | $ | 154,635 |

See accompanying notes to the condensed interim financial statements

**BRIDGING PENNSYLVANIA DEVELOPER I, LLC**

Statements of Cash Flows
Three-months ended March 31, 2026 and 2025 and year ended December 31, 2025
(In thousands)

| | Three month ended March 31, 2026 Unaudited | Three month ended March 31, 2025 Unaudited | For the year ended December 31, 2025 Audited |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net profit | $ 23,401 | $ 23,480 | $ 130,819 |
| Adjustments to reconcile net profit to net cash used in operating activities: | | | |
| Total finance expenses, net | 2,195 | 3,714 | 10,622 |
| Depreciation and amortization | 16 | 17 | 68 |
| | 25,612 | 27,211 | 141,509 |
| Changes in operating assets and liabilities: | | | |
| Changes in prepaid expenses | 10,109 | 10,448 | 56,202 |
| Change in other current assets | 2,130 | 5,957 | 1,561 |
| Changes in accounts payable and accrued liabilities | 117 | (250) | (325) |
| Changes in related party payable | (5,824) | 4,233 | 13,749 |
| Changes in other non-current liabilities | 5 | 67 | - |
| Changes in contract asset | (96,893) | (101,649) | (538,755) |
| Changes in other non-current assets | 1 | - | (4) |
| Net cash used in operating activities | (64,743) | (53,983) | (326,063) |
| **Cash flows from investing activities:** | | | |
| Withdrawals from restricted investment | 75,510 | 81,103 | 401,334 |
| Deposits into restricted money market funds | (90,361) | (102,606) | (463,721) |
| Withdrawals from restricted money market funds | 72,785 | 64,932 | 451,360 |
| Interest income received | 10,002 | 15,307 | 55,222 |
| Net cash provided by investing activities | 67,936 | 58,736 | 444,195 |
| **Cash flows from financing activities:** | | | |
| Interest expense paid | (1) | (3) | (96,008) |
| Payment of letter of credit fees | (974) | (974) | (3,951) |
| Distribution to members | (1,922) | (3,790) | (18,414) |
| Payment of other non-current liabilities | (20) | (16) | (66) |
| Net cash used in financing activities | (2,917) | (4,783) | (118,439) |
| Increase (decrease) in cash and cash equivalents | 276 | (30) | (307) |
| **Cash and cash equivalents:** | | | |
| Beginning of the period | 207 | 514 | 514 |
| End of the period | $ 483 | $ 484 | $ 207 |

See accompanying notes to the condensed interim financial statements

(In thousands)

## 1. Reporting Entity

Bridging Pennsylvania Developer I, LLC, (the "Company") is a limited liability company formed under the laws of Delaware on October 13, 2022 for the purpose of the design, construction, financing, and routine and life cycle maintenance of certain bridges and all associated assets, work products and activities related. The Company is domiciled in the United States of America. These condensed interim financial statements as of and for the three-months ended March 31, 2026 and 2025 comprise the Company as an individual entity.

## 2. Basis of Accounting

The interim financial statements of the Company have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Company's last annual financial statements as of and for the year ended December 31, 2025 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards as issued by the International Accounting Standards Board (IASB). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual set of financial statements.

These interim financial statements were authorized for issuance by the Board of Managers on May 11, 2026.

## 3. Contract Asset

Changes in the contract asset consist of the following:

| | March 31, 2026<br>Unaudited | March 31, 2025<br>Unaudited | December 31, 2025<br>Audited |
|---|---|---|---|
| Opening balance | $ 1,028,923 | $ 456,697 | $ 456,697 |
| Contract revenue | 96,893 | 101,649 | 538,755 |
| Interest income – financing component of contract | 12,553 | 5,825 | 33,471 |
| Closing balance | $ 1,138,369 | $ 564,171 | $ 1,028,923 |

(continued)

(In thousands)

## 4. Related Party Transactions

Related party activity consists of the following:

| | For the three months ended March 31, 2026 (unaudited) | | | | |
|---|---|---|---|---|---|
| | Contract costs: Construction costs | G&A expense: Salary and related expenses | G&A expense: Professional services | Finance expense: Letter of credit fee | Total |
| S&B USA Concessions - Pathways LLC | $ - | $ 147 | $ 500 | $ 80 | $ 727 |
| Bridging Pennsylvania HoldCo LLC | - | - | 750 | - | 750 |
| PennBridges Transport Co LLC | - | - | - | 894 | 894 |
| Bridging Pennsylvania Constructors | 58,123 | - | - | - | 58,123 |
| | $ 58,123 | $ 147 | $ 1,250 | $ 974 | $ 60,494 |

| | For the three months ended March 31, 2025 (unaudited) | | | | |
|---|---|---|---|---|---|
| | Contract costs: Construction costs | G&A expense: Salary and related expenses | G&A expense: Professional services | Finance expense: Letter of credit fee | Total |
| S&B USA Concessions - Pathways LLC | $ - | $ 144 | $ 500 | $ 80 | $ 724 |
| Bridging Pennsylvania HoldCo LLC | - | - | 750 | - | 750 |
| PennBridges Transport Co LLC | - | - | - | 894 | 894 |
| Bridging Pennsylvania Constructors | 58,084 | - | - | - | 58,084 |
| | $ 58,084 | $ 144 | $ 1,250 | $ 974 | $ 60,452 |

| | For the year ended December 31, 2025 (audited) | | | | |
|---|---|---|---|---|---|
| | Contract costs: Construction costs | G&A expense: Salary and related expenses | G&A expense: Professional services | Finance expense: Letter of credit fee | Total |
| S&B USA Concessions - Pathways LLC | $ - | $ 575 | $ 2,000 | $ 323 | $ 2,898 |
| Bridging Pennsylvania HoldCo LLC | - | - | 3,000 | - | 3,000 |
| PennBridges Transport Co LLC | - | - | - | 3,628 | 3,628 |
| Bridging Pennsylvania Constructors | 322,352 | - | - | - | 322,352 |
| | $ 322,352 | $ 575 | $ 5,000 | $ 3,951 | $ 331,878 |

*Payables to Related Parties*

The Company has the following payables to related parties:

| | March 31, 2026 Unaudited | March 31, 2025 Unaudited | December 31, 2025 Audited |
|---|---|---|---|
| Bridging Pennsylvania Constructors (1) | $ 24,787 | $ 21,095 | $ 30,611 |
| | $ 24,787 | $ 21,095 | $ 30,611 |

(1) Payable relates to construction of the Project.

(continued)

(In thousands)

*Other Transactions with Equity Members*

During 2026 and 2025, the Company made the following distributions to its equity members:

| | For the three months ended March 31, 2026 Unaudited | For the three months ended March 31, 2025 Unaudited |
|---|---|---|
| | Distributions: Professional services (a) | Distributions: Professional services (a) |
| S&B USA Concessions - Pathways LLC | $ 769 | $ 1,516 |
| Bridging Pennsylvania HoldCo LLC | 1,153 | 2,274 |
| | $ 1,922 | $ 3,790 |

| | For the year ended December 31, 2025 (audited) | | |
|---|---|---|---|
| | Distributions: Professional services (a) | Distributions: Tax Allowance (b) | Total |
| S&B USA Concessions - Pathways LLC | $ 5,162 | $ 2,204 | $ 7,366 |
| Bridging Pennsylvania HoldCo LLC | 7,742 | 3,306 | 11,048 |
| | $ 12,904 | $ 5,510 | $ 18,414 |

a. Pursuant to the terms of the Professional Services Agreement and the achievement of minimum thresholds related to gross investment income, the Company distributed cash to its members.

b. Pursuant to the financing documents and the Company LLC Agreement, the Company reimbursed its members for federal and state income taxes incurred by the members attributed to their ownership interest in the Company. The reimbursement was approved by the Board of Managers.

## 5. Subsequent Events

The Company performed an evaluation of subsequent events through May 11, 2026, which is the date that the interim financial statements were authorized for issuance. There have been no events subsequent to March 31, 2026, that would require adjustment to or disclosure in the Company's interim financial statements.