

Quarterly Report

For March 31, 2026

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Board of Directors' Report on the State of the Corporation's Affairs for the period ended March 31, 2026





Veridis Environment Ltd

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

For the three-month period ended March 31, 2026

The Board of Directors of Veridis Environment Ltd (hereinafter: the "**Company**") is pleased to submit the Board of Directors' Report on the state of the Company's affairs for the three-month period ended March 31, 2026 (hereinafter: the "**Report Period**" or the "**Report Date**", as applicable), reviewing the description of the Company and the development of its business during the report period in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "**Periodic and Immediate Reports Regulations**"). All data in this report refers to the Company and its controlled corporations on a consolidated basis (hereinafter: the "**Group**"), unless otherwise stated.

The review provided below is limited in scope and refers to material events and changes that occurred in the state of the Company's affairs during the report period. The report was prepared on the assumption that the reader also has the Company's Periodic report for 2025, which was published by the Company on March 16, 2026 (Reference Number: 2026-01-023104) (hereinafter: the "**Periodic report**").

Part One - Board of Directors' Explanations on the Corporation's Business Position, Results of its Operations, its Equity and its Cash Flows

1. General

As of the report date, the Group is engaged, directly and indirectly, in the following areas of activity:

A. Environmental Protection - Within this area of activity, the Group (including through associated companies and partnerships) is primarily engaged in providing mixed waste treatment services, which include, among others, collection, sorting, recycling, RDF (Refuse Derived Fuel) production, compost production from animal manure, treatment of sorted organic waste, operation of a waste transfer station, establishment and operation of waste sorting sites, waste landfilling, and incineration of hazardous waste.

B. Water Desalination - Within this area of activity, the Group is engaged in the field of water desalination through its 50% holding in the concessionaire of the Ashkelon desalination plant (hereinafter: "**VID**") and 100% in the operating company of the Ashkelon desalination plant (hereinafter: "**Adom**").

C. Energy - Within this area of activity, the Group is primarily engaged in energy efficiency projects and air conditioning services. The results of the area of activity primarily include the Company's share in the results of OPC Israel (held at a rate of 20%), which owns several power plants for electricity generation (including in planning and construction stages), and its main activity is the generation and supply of electricity and energy in Israel.

- D. Cardboard Segment - The main activity is the provision of collection, processing, and recycling services for cardboard waste, production and sale of recycled paper rolls for cardboard, and production and sale of corrugated cardboard packaging products and consumer product packaging for customers.
- E. Others - Mainly marketing and sale of imported white paper (it should be noted that in December 2025, the Group's writing and printing paper production activity was discontinued, and as of 2026, the Group's activity in the writing and printing paper field is the marketing and sale of imported paper. It should be noted that due to the decline in activity volumes in this segment, as of 2026 this segment ceased to be a reportable segment and is included within other segments. Comparative figures for previous periods were restated). This item also includes real estate property rental activity.

For further details regarding the Group's segments of activity, see Note 4 to the consolidated interim financial statements of the Company as of March 31, 2026, attached to this report (hereinafter: "the **Financial Statements**"). Regarding trends and prices in the cardboard segment, see section 9 below.

The Group continues to grow in most of its activity segments. It should also be noted that the results of operations in the report period were affected by a fair value adjustment of investment property in the amount of approximately 56 million NIS (approximately 43 million NIS net of tax) - see section 2d below. The results of operations in the corresponding period last year were affected by the recording of a provision for the reversal of recognition of supports for the year 2023 in the amount of approximately 61 million NIS (approximately 47 million NIS net of tax).

2. Material Engagements and Events During the Report Period and Up to the Date of Approval of the Report

- A. Private Placement - As stated in an immediate report dated March 17, 2026 (reference number: 2026-01-023701), on March 17, 2026, the Company's Board of Directors approved a private placement of 8,333,300 ordinary shares of the Company, each of 0.01 NIS par value, to several institutional entities (including an institutional entity that is an interested party) at a share price of 36 NIS. The total net proceeds (after deduction of issuance expenses) amounted to approximately 297.5 million NIS. After the private placement, the Company's issued and paid-up capital amounts to 153,498,610 ordinary shares, and under the assumption of full dilution to 155,373,610 ordinary shares.
- B. Supports - As stated in Note 22a(9)c to the annual consolidated financial statements, on June 4, 2025, held companies filed an administrative petition with the District Court against the decision of the Maintenance of Cleanliness Fund's support committee regarding the denial of operational supports to the consolidated companies for the years 2022 and 2023. As of the date of approval of the financial statements, the consolidated companies and the State of Israel - the Ministry of Environmental Protection are conducting negotiations regarding a variety of issues, including the decision underlying the petition. Pursuant to the parties' agreements and the court's decision, the legal proceeding is stayed for the period during which the negotiations are being conducted in order to allow the parties to exhaust them. Update notices regarding the continued conduct of negotiations are sent to the court from time to time.

On March 31, 2026, the Company filed an update notice and request with the court stating that the parties continue to conduct negotiations regarding a variety of issues, which may be relevant to the continued management of the proceeding, and that they require additional time to exhaust them. The court's decision was received after the balance sheet date, on April 1, 2026, according to which an extension of three additional months was granted.

as requested by the parties. For more details, see the immediate report dated April 3, 2026 (reference number: 2026-01-033850).

Starting from 2025, the Ministry of Environmental Protection began paying quarterly payments as an advance on account of the annual support. During 2025 and in January 2026, the consolidated companies received advances on account of supports for the year 2025 in the amount of approximately 40 million NIS and approximately 6 million NIS, respectively. After the balance sheet date, in the months of April and May 2026, the consolidated companies received the balance of the supports for the year 2025 in a total amount of approximately 34 million NIS.

- C.** On February 18, 2026, a claim was filed against a consolidated company and against the Jordan Valley Regional Council by the Supervisor of Abandoned Property in Judea and Samaria, according to which the defendants must pay usage fees in the amount of approximately 58 million NIS (including VAT) for the use of land where the consolidated company previously operated a landfill, as well as an eviction claim and restoration of the previous condition or rehabilitation, or alternatively, payment for rehabilitation costs estimated at approximately 25 million NIS in connection with the use the consolidated company made of the landfill.

On March 30, 2026, the Jordan Valley Regional Council filed an agreed request for dispute resolution between public bodies with the Attorney General, with the aim that the disagreements between the parties be resolved through the procedures set forth in the Attorney General's guidelines regarding disputes between public authorities (a mediation-like process). To the extent that the parties reach an agreement within the framework of the mediation procedures, it will obviate the need for managing the claim in court.

According to the Group's management assessment, and based, inter alia, on its legal advisors, the consolidated company has good defense arguments regarding the requested remedies and the amount claimed; however, at this preliminary stage, the consolidated company and its legal advisors are unable to assess the chances of the claim, and therefore no provision was included for it in the financial statements.

It should be noted that in the financial statements throughout the reporting period, there is a provision for the closure of the landfill site.

- D.** Hadera 1 and Hadera 2 - Further to section 1.10.7.23(d) of the Periodic report regarding a plan to establish a power plant on land owned by the subsidiary Infinia Ltd., adjacent to the Hadera power plant (hereinafter: "Hadera 1"), on August 10, 2025, a reconsidered discussion was held in the government, in which it was decided to approve the plan. Accordingly, OPC Israel is preparing to act to establish a natural gas-powered power plant with an estimated capacity of approximately 850 MW (hereinafter: "the Project" or "Hadera 2"). In February 2026, Hadera 2 entered into an agreement with GE Vernova (the "Supplier") for the supply of the main equipment for the Hadera 2 power plant, including gas and steam turbines and accompanying equipment (hereinafter - "the Equipment Supply Agreement") as well as a maintenance agreement in connection with said equipment. According to the Equipment Supply Agreement, the Supplier undertook, among other things, to provide the main equipment specified in the agreement at the agreed dates and conditions. Additionally, the Equipment Supply Agreement includes certain provisions regarding the performance of the equipment, guarantees, liability caps and limitations, and equipment warranty from the Supplier (limited by caps and subject to specified circumstances and conditions). Under the Equipment Supply Agreement, Hadera 2 committed to pay at payment dates, some of which occurred as of the date of approval of the report (the total amount paid is estimated in tens of millions of Euros), a total consideration estimated at approximately 20% of the estimated cost of the Project (estimated as of the date of approval of the report at approximately 4.8-5.2 billion NIS).

Further to the above and as described in Notes 11a(3) and 22b(13) to the annual consolidated financial statements, during the first quarter of 2026, significant developments occurred in the advancement of the project to establish a power plant on the property. In light of these developments, the uncertainty component regarding the fulfillment of the lease agreement between Infinia Ltd. and OPC Israel was reduced as described in said Notes (from 20% to 10%), and the expected fulfillment date of the lease agreement was moved forward to July 2026 (instead of June 2027). Additionally, after the balance sheet date, in April 2026, a significant sale transaction was carried out in the area of the property in question, indicating an increase in the land values for industrial designation.

Following the above, as of March 31, 2026, the Group reassessed the fair value of the investment property it owns in Hadera (Hadera 2) using an external appraiser. According to the valuation received, the fair value of the investment property as of March 31, 2026, was estimated at approximately 325 million NIS, based on the capitalization of lease income according to the agreement terms (at a capitalization rate of 5.25%) and land value for industrial use at the end of the agreement period (at a capitalization rate of 5%). Accordingly, the Group included in the financial statements for the first quarter of 2026 an increase in the property value in the amount of approximately 48 million NIS (approximately 37 million NIS after tax effect).

Furthermore, as of March 31, 2026, the Group reassessed the fair value of additional investment property in Hadera (Hadera 1) using an external appraiser. According to the valuation received, the fair value of the investment property as of March 31, 2026, was estimated at approximately 78 million NIS, based on the capitalization of lease income (land) during the agreement period (at a capitalization rate of 5.25%) and an estimate of the present value of the property at the end of the period based on the comparison approach to land for industrial use (at a capitalization rate of 5%). Accordingly, the Group included in the financial statements for the first quarter of 2026 an increase in the property value in the amount of approximately 8 million NIS (approximately 6 million NIS after tax effect).

It should also be noted that the Group is conducting negotiations with OPC Israel for an agreement to sell the rights to the land in Hadera (Hadera 1 and Hadera 2) instead of the lease agreement and the lease option agreement, for an expected consideration of approximately 450 million NIS. As of the date of approval of the financial statements, there is no certainty regarding its completion, its terms, or the final consideration that will be determined.

E. Ramat Beka - During 2023-2024, OPC Israel won ILA tenders for planning and an option to purchase lease rights in land for the establishment of facilities for the production of electricity from renewable energy using photovoltaic technology combined with storage on a cumulative scale of approximately 3,887 dunams. The estimated cost of the project is valued, as of the report's approval date, at approximately 4.3 billion NIS. In January 2026, a unified project plan for both tenders was approved by the National Infrastructure Committee, and after the period during which no request for a government discussion was received, on March 17, 2026, the approved plan was published by the government (from March 16, 2026) in the Official Gazette (Reshumot). Accordingly, the balance of the bid amount (80%) in the amount of approximately 1.1 billion NIS (plus VAT) is expected to be paid 90 days from the date of final plan approval, which was received as stated during March 2026. For details, see also immediate reports from May 11, 2023, and July 1, 2024 (reference numbers: 2023-01-043168 and 2024-01-066978, respectively).

In February 2026, OPC Israel entered into an Engineering, Procurement, and Construction (EPC) agreement for the establishment of a substation and a switching station with a total capacity of approximately 970 MW, which are intended for the integration of the electricity produced in the Ramat Beka project into the electricity grid, in a total amount of approximately 310 million NIS.

After the balance sheet date, in April 2026, OPC Israel entered into an Engineering, Procurement, and Construction (EPC) agreement for the establishment of a photovoltaic power plant with an estimated installed capacity of up to approximately 600 MW, which is intended for the integration of the electricity produced in the Ramat Beka project into the electricity grid, in a total amount of approximately 500 million NIS.

The agreements include customary provisions for such agreements, including collaterals, conditions for making payments, schedules for performing the works, warranty periods, and limitation of the contractor's liability. Additionally, it was determined that OPC Israel is entitled to cancel the agreement prior to the commencement of construction works (NTP) and that the contractors are entitled to cancel the agreement if notice of the commencement of construction works is not given within a period specified in the agreements, all subject to a certain payment, as determined in the agreements and according to the circumstances of the matter. The commencement of construction works is contingent, inter alia, on the completion of the financial closing of the projects, receipt of required permits and regulatory approvals, and fulfillment of additional conditions as specified in the agreements. As of the date of approval of the report, there is no certainty regarding the completion of the aforementioned processes.

F. Ashkelon Desalination Plant - Further to Note 22b(1) to the annual consolidated financial statements regarding a pre-qualification process for the purpose of upgrading, expanding, and operating the Ashkelon desalination plant for an additional period of 25 years, after the balance sheet date, in April 2026, it was decided that the deadline for submitting tender bids would be postponed from June 15, 2026, to August 4, 2026.

G. "Swords of Iron" War, Operation "With Klabia", and Operation "Lion's Roar" - In October 2023, the "Swords of Iron" war (hereinafter: "the War") broke out in the State of Israel. The continuation of the War led to a slowdown in business activity in the Israeli economy, inter alia, following the closure of factories in southern and northern Israel, damage to infrastructure, mobilization of reserve personnel for an unknown period, as well as disruption of economic activity in Israel.

Potential fluctuations due to the War in commodity prices, foreign exchange rates, material availability, labor availability, local services, and access to local resources may affect entities whose primary activity is with or in Israel. In June 2025, Operation "With Klabia" took place, a large-scale military operation by the State of Israel against Iran, and in October 2025, a ceasefire agreement was signed between the State of Israel and Hamas.

On February 28, 2026, a combined attack by Israel and the United States called "Lion's Roar" was launched against government targets in Iran to reduce Iranian capabilities in the nuclear and ballistic missile fields, which led to an escalation in the security situation in Israel, followed by a conflict on the northern front between Israel and the Hezbollah terrorist organization in Lebanon. As a result, significant volatility in energy prices began, including oil prices and volatility in foreign exchange rates. On April 8, 2026, after the report date, a ceasefire was achieved between the United States and Iran, and on April 16, 2026, a ceasefire was achieved with Lebanon. Despite these developments, the market continues to exhibit volatility due to geopolitical risks and high energy prices.

Until the date of approval of the financial reports, the war, Operation "With Kelevia" as well as Operation "Lion's Roar" did not have a material impact on the business results of the company and its held companies (hereinafter: "the Group") and the activities of most of the Group's companies continued and continue mainly as usual (except for difficulty in the arrival of foreign experts required from time to time). In this context, it should be noted that most of the Group's companies provide essential services and are included under the definition of "essential enterprise", and accordingly, the activity continued and continues as usual in accordance with the instructions of the Home Front Command and with adjustments for the absence of personnel due to reserve service.

As of the date of approval of the financial reports, there is uncertainty regarding the development of the war, its scope, duration, consequences, the stability of the ceasefire agreement between Israel and Hamas, as well as developments in Operation "Lion's Roar", and therefore it is not possible at this stage to estimate the full future scope of the impact of the war and the operations on the Israeli economy and on the Group's activities. The Group will continue to examine the developments of the war and the operations and their consequences and will update its estimates if necessary.

Warning regarding forward-looking information - The Company's estimates above regarding the wars, the ceasefire, as well as regarding the plan to establish a power station on land owned by Infinya adjacent to the power station in Hadera ("the Project"), including estimates regarding the project such as the estimate of its estimated establishment cost, the applicability of regulation to the project, the start date of the project's establishment, its capacity and characteristics, as well as the estimate of its estimated establishment cost and the scope of pre-engagement expenses in the agreement as well as a change in the fair value of the lands owned by Infinya, are forward-looking information as defined in the Securities Law, whose realization, scope, and intensity are uncertain and are not under the control of the Company, and are based on the information existing in the Company and OPC Israel estimates as of the date of approval of the report. These estimates may materialize differently than described above, due to factors not under the Company's control such as the duration of the war, its intensity, government policy during the war period, the project's compliance with the quota set in the regulation at the relevant times, securing engagement in major agreements for the project (such as establishment, equipment, gas and financing agreements) under suitable conditions and dates, receiving regulatory approvals for the project, completion of surveys and permit processes, connection, licensing and completion of the rest of the steps described above, the existence of suitable market conditions and macro conditions, as well as the occurrence of any of the risk factors to which the Company is exposed as detailed in Section 1.26 in Chapter A of the report.

3. Report on Financial Position

Item	As of March 31, 2026	As of December 31, 2025	Explanations for Material Changes
	In NIS thousands		
<u>Current Assets</u>			
Cash and cash equivalents	101,114	150,289	For details, see section 7 below.
Restricted deposit	493	709	

Item	As of March 31, 2026	As of December 31, 2025	Explanations for Material Changes
	In NIS thousands		
Customers	557,118	534,916	Most of the increase stems from continued growth in most areas of activity.
Debtors and debit balances	106,102	87,164	Most of the increase stems from income to be received for supports for the first quarter of 2026.
Taxes receivable	8,219	9,476	
Inventory	194,037	195,744	
Total current assets	967,083	978,298	
Non-Current Assets			
Investments in companies and associated partnerships	787,808	792,389	Most of the decrease stems from dividends received from associated companies and withdrawals of partners, offset by the results of the associated companies and partnerships during the period.
Long-term debtors and debit balances	70,279	72,363	
Investment property	479,350	422,840	Most of the increase stems from fair value adjustments. See also notes 7B and 7C to the financial reports.
Fixed assets, net	2,454,885	2,459,057	The main change stems from investments net of depreciation during the period.
Right-of-use assets, net	266,680	268,258	The main change stems from investments net of depreciation during the period.
Intangible assets, net	136,865	150,893	Most of the decrease stems from ongoing amortization during the period.
Goodwill	388,749	388,749	
Deferred taxes	39,837	40,830	
Total non-current assets	4,624,453	4,595,379	
Total assets	5,591,536	5,573,677	

Item	As of March 31, 2026	As of December 31, 2025	Explanations for Material Changes
	In NIS thousands		
<u>Current Liabilities</u>			
Credit from banking corporations and others	376,865	404,226	Most of the decrease stems from a decrease in short-term credit and a decrease in current maturities in respect of long-term loans taken for the purchase of Infinya, offset by an increase in current maturities in respect of a loan taken for the purchase of OPC.
Liabilities to suppliers and service providers	383,849	372,287	Most of the growth stems mainly from the transition to marketing and trade only of white paper.
Creditors and credit balances	169,316	186,136	Most of the decrease stems from a decrease in liabilities to employees and institutions for wages.

Item	As of March 31, 2026	As of December 31, 2025	Explanations for Material Changes
	In NIS thousands		
Current maturities of lease liabilities	63,506	62,513	
Taxes payable	2,560	2,074	
Total current liabilities	996,096	1,027,236	
<u>Non-Current Liabilities</u>			
Loans from banking corporations and others	1,309,414	1,637,199	Most of the decrease stems from early repayment of loans taken to purchase Infinya. See also note 7H to the financial reports.
Loan from the parent company	161,315	149,323	For details, see section 10B below.
Liabilities for employee benefits	31,220	33,601	
Lease liabilities	241,728	243,931	The main change stems from new leases net of repayments during the period.
Other long-term liabilities	13,261	13,261	
Financial derivatives	186	283	
Deferred taxes	402,302	391,617	Most of the increase stems from the tax effect due to fair value adjustments of investment property.
Total non-current liabilities	2,159,426	2,469,215	
Total liabilities	3,155,522	3,496,451	
Equity attributable to company shareholders	2,436,014	2,077,226	The increase stems mainly from the issuance of shares and net profit during the period.
Total equity and liabilities	5,591,536	5,573,677	

4. Results of Operations:

Item	For the three-month period ended March 31		Explanations for Material Changes
	2026	2025	
	In NIS thousands		
Revenues	674,978	616,593	See section 5A below.

Item	For the three-month period ended March 31		Explanations for Material Changes
	2026	2025	
	In NIS thousands		
Cost of revenues	570,720	571,476	Most of the decrease stems from a reduction in activity in the white paper field which was offset by the increase in the environmental quality field.
Gross profit	104,258	45,117	
Selling and marketing expenses	30,805	29,123	Most of the increase stems from expenses for a water desalination tender.
General and administrative expenses	22,772	23,595	Most of the decrease stems from share-based payment cost and depreciation expenses.
Company's share in profits of associated companies and partnerships, net	18,396	17,059	
Increase in value of investment property	56,490	-	Fair value adjustments of investment property. See also notes 7B and 7C to the financial reports.
Other expenses (income), net	(1,113)	2,735	In the report period, primarily profit from the realization of fixed assets and insurance income of a one-time nature in Infinya were included, while in the corresponding period last year, primarily expenses of a one-time nature in Infinya were included.
Operating profit	126,680	6,723	
Finance income	8,701	6,837	Most of the increase stems from exchange rate differences in respect of a long-term loan from a banking corporation in foreign currency in Infinya, offset by a decrease in finance income from derivatives.
Finance expenses	41,573	50,700	Most of the decrease stems from a reduction in financial debt.
Profit (loss) before taxes on income	93,808	(37,140)	
Taxes on income	22,498	111	Most of the increase stems from the tax effect due to fair value adjustments of investment property as well as due to improvement in results of operations.
Net profit (loss)	71,310	(37,251)	

5. Operating Segments

A. Revenues

		For the three-month period ended March 31		Explanations for material changes
		2026	2025	
		In NIS thousands		
Environmental Quality	Revenues before provision	270,455	247,747	Increase in the period as a result of continued growth. In the corresponding period last year, a provision was recorded for the cancellation of recognition of supports in the amount of approximately NIS 61 million.
	Provision	-	(60,629)	
	Revenues	270,455	187,118	
Water Desalination		29,347	28,718	
Energy		13,030	15,365	The main decrease stems from reduction in initiation of contracts with relatively low profitability.
Cardboard		318,224	312,627	The main increase stems from continued efficiency and improvement of the sales mix.
Others		43,922	72,765	The main decrease stems from a decrease in quantities and a decrease in sale prices of white paper, among other things in light of the cessation of writing and printing paper production activity and moving to marketing and trade only.
Total		674,978	616,593	

B. Segment Profit

		For the three-month period ended March 31		Explanations for material changes
		2026	2025	
		In NIS thousands		
Environmental Quality	Segment profit before provision	40,296	39,772	In the corresponding period last year, a provision was recorded for the cancellation of recognition of supports in the amount of approximately NIS 61 million.
	Provision	-	(60,629)	
	Segment profit	40,296	(20,857)	
Water Desalination		8,047	4,994	The main increase stems from the group's share in VID results as a result of an increase in water quantities and repayment of project debt.
Energy		6,550	6,869	The main decrease stems from reduction in initiation of contracts with relatively low profitability.

	For the three-month period ended March 31		Explanations for material changes
	2026	2025	
	In NIS thousands		
Cardboard	8,777	27,742	The main decrease stems from an increase in depreciation expenses in light of the completion of the conversion project alongside the impact of export prices.
Others	64,578	(8,437)	The main increase stems from fair value adjustments of investment real estate (see also Notes 7B and 7C to the financial reports) and also from the cessation of writing and printing paper production activity and moving to marketing and trade only.
Total	128,248	10,311	
Unattributed expenses and adjustments to consolidated	(1,568)	(3,588)	The main decrease stems from a decrease in share-based payment cost alongside continued efficiency in Infinia.
Total	126,680	6,723	

6. EBITDA

The EBITDA index was calculated arithmetically based on the data of the financial reports, as profit before depreciation and amortization, share in results of companies and associate partnerships net, finance expenses or income net, taxes on income, other one-time income (expenses) and with the addition of dividends, partner withdrawals and owner loan repayments from companies and associate partnerships. EBITDA is a financial index that is not based on accepted accounting principles. EBITDA is an accepted index representing the operating performance of the Group.

Following is a summary of the EBITDA data:

		For the three-month period ended March 31		Explanations for material changes
		2026	2025	
		In NIS thousands		
Environmental Quality	EBITDA before provision	61,332	52,963	Growth and increase in dividend amounts and partner withdrawals received from companies and associate partnerships (landfills) - in the report period approximately NIS 8.8 million were received and in the corresponding period last year approximately NIS 4.9 million were received. In the corresponding period last year, a provision was recorded for the cancellation of recognition of supports in the amount of approximately NIS 61 million.
	Provision	-	(60,629)	
	EBITDA	61,332	(7,666)	
Water Desalination		26,695	27,929	The main decrease stems from a decrease in dividend amounts received from VID - in the report period NIS 12.5 million were received and in the corresponding period last year NIS 13 million were received.

	For the three-month period ended March 31		Explanations for material changes
	2026	2025	
	In NIS thousands		
Energy	1,395	31,817	The main decrease stems from owner loan repayment received from OPC Israel in the corresponding period last year in the amount of approximately NIS 29 million.
Cardboard	62,009	73,446	The main decrease stems from the impact of export prices.
Others	8,996	(4,110)	The main growth stems from the cessation of writing and printing paper production activity (which contributed a negative amount to EBITDA) and moving to marketing and trade only.
Total	160,427	121,416	
Unattributed expenses and adjustments to consolidated	(1,568)	(3,588)	The main decrease stems from a decrease in share-based payment cost alongside continued efficiency in Infinia.
Total	158,859	(* 117,828	

*) Total EBITDA before provisions amounts to a total of approximately NIS 178,457 thousand for the three-month period ended March 31, 2025.

Following is the method of calculating the EBITDA:

For the 3-month period ended March 31, 2026:

	Environmental Quality	Water Desalination	Energy	Cardboard	Others	Total
	In NIS thousands					
Segment profit	40,296	8,047	6,550	8,777	64,578	128,248
Plus:						
Depreciation and amortization	19,904	10,933	768	53,232	908	85,745
Dividends and partner withdrawals, and repayment of loans received from companies and associate partnerships	8,820	12,500	-	-	-	21,320
Deducting:						
The Group's share in results of companies and associate partnerships, net	(7,688)	(4,785)	(5,923)	-	-	(18,396)
Profit from revaluation of investment real estate	-	-	-	-	(56,490)	(56,490)
Total	61,332	26,695	1,395	62,009	8,996	160,427

	Environmental Quality	Water Desalination	Energy	Cardboard	Others	Total
	In NIS thousands					
Unattributed expenses, net						(1,568)
EBITDA						<u>158,859</u>

For the 3-month period ended March 31, 2025:

	Environment	Water Desalination	Energy	Cardboard	Others	Total
In thousands of NIS						
Segment profit (loss)	(20,857)	4,994	6,869	27,742	(8,437)	10,311
Plus:						
Depreciation and amortizations	18,754	10,961	1,572	45,704	4,327	81,318
Dividends and partner withdrawals and repayment of loans received from associated companies and partnerships	4,900	13,000	28,946	-	-	46,846
Less:						
Group's share in results of associated companies and partnerships, net	(10,463)	(1,026)	(5,570)	-	-	(17,059)
Total	<u>(7,666)</u>	<u>27,929</u>	<u>31,817</u>	<u>73,446</u>	<u>(4,110)</u>	<u>121,416</u>
Unallocated expenses, net						(3,588)
EBITDA						<u>117,828</u>

7. Liquidity

	For the three-month period ended March 31		Explanations for material changes
	2026	2025	
	In thousands of NIS		
Net cash flow from operating activities	67,531	21,800	The main increase stems from improvement in operating results and changes in working capital.
Net cash flow used in investing activities	(46,644)	(271)	The main change stems from the purchase of fixed assets, while in the corresponding period last year it was offset by the repayment of long-term loans to associated companies and from the repayment of a restricted deposit.
Net cash flow used in financing activities	(70,062)	(37,347)	The main change stems from the repayment of long-term loans from banking corporations and others net and a decrease in short-term credit which was partially offset by proceeds from share issuance.

8. Funding sources

The Group finances its operations mainly through equity, cash flow surpluses arising from its current activities, credit from banking corporations and others, and supplier credit.

The following is a detailed table of net financial debt as of March 31, 2026:

	Environment	Water Desalination	Energy	Infinia	HQ (*)	Total
In thousands of NIS						
Loans from banking corporations and others (**)	420,042	-	361,061	680,515	246,515	1,708,133
Cash and cash equivalents	27,935	6,808	15,615	45,791	4,965	101,114
Restricted deposit	-	-	493	-	-	493
Net financial debt	<u>392,107</u>	<u>(6,808)</u>	<u>344,953</u>	<u>634,724</u>	<u>241,550</u>	<u>1,606,526</u>
Loan from the parent company (**)	-	-	-	-	161,315	161,315
Net financial debt including loan from the parent company	<u>392,107</u>	<u>(6,808)</u>	<u>344,953</u>	<u>634,724</u>	<u>402,865</u>	<u>1,767,841</u>

As of March 31, 2026, the Group has unutilized credit facilities in the amount of approximately NIS 722 million (of which signed facilities total approximately NIS 277 million).

The following is a detailed table of net financial debt as of December 31, 2025:

	Environment	Water Desalination	Energy	Infinia	HQ (*)	Total
In thousands of NIS						
Loans from banking corporations and others (**)	402,115	-	356,319	675,785	630,447	2,064,666
Cash and cash equivalents	22,160	19,722	16,670	42,606	49,131	150,289
Restricted deposit	-	-	709	-	-	709
Net financial debt	<u>379,955</u>	<u>(19,722)</u>	<u>338,940</u>	<u>633,179</u>	<u>581,316</u>	<u>1,913,668</u>
Loan from the parent company (**)	-	-	-	-	149,323	149,323
Net financial debt including loan from the parent company	<u>379,955</u>	<u>(19,722)</u>	<u>338,940</u>	<u>633,179</u>	<u>730,639</u>	<u>2,062,991</u>

*) Mainly the Company.

**) Including interest payable.

Following is additional information regarding credit from banking corporations and others:

- A. **Short-term credit** - The average short-term credit during the reporting period stood at approximately NIS 168 million compared to approximately NIS 211 million in the corresponding period last year.
- B. **Long-term loans (including current maturities)** - The average long-term credit during the reporting period stood at approximately NIS 1,696 million compared to approximately NIS 2,066 million in the corresponding period last year.

For further details regarding the Group's funding sources, see Section 1.18 of Chapter A of the Periodic report.

- C. In January 2026, companies in the Infinia Group completed engagements for taking loans and credit facilities from several banking corporations intended mainly for debt refinancing, including existing bank loans and guarantees. As a result, all liens on the Group's assets were removed, and the debt maturity profile was improved while reducing financing costs.
- D. Further to what is stated in Note 18G to the annual consolidated financial statements regarding the subordinated loan received from the parent company and following the capital raising as described in Section A above, as of March 31, 2026, the company updated the book value of the loan balance to a total of approximately NIS 161,315 thousand and recognized a decrease in the benefit previously recorded (attribution to capital reserve from transactions with controlling shareholders) in the amount of approximately NIS 9,027 thousand. The company estimates that at this stage there is no expectation in the foreseeable future for a public equity offering (an event which, if it occurs, requires the company to repay the loan to the parent company in early repayment). According to the company's assessment, at this stage, it is expected that the company's consolidated net financial debt will decrease below NIS 1.2 billion by March 31, 2027 (an event which, if it occurs, requires the company to repay the loan to the parent company in early repayment), and therefore, in accordance with the loan terms, at the date of publication of the company's financial statements for March 31, 2027 (during May 2027), the company will be required to repay the entire loan balance (including accrued interest) in early repayment. The effective annual interest rate of approximately 8.9% as calculated at the time the loan was granted (with adjustments for changes in the Prime interest rate) was taken into account in the benefit calculation.

Forward-looking information warning - The company's assessments above regarding the expectation to conduct a public offering, the expectation for a decrease in the volume of financial debt and the repayment of the loan, as well as the examination of raising alternatives available to the company, constitute forward-looking information as defined in the Securities Law. These assessments are based on information available to the company as of this date, and there is no certainty that they will materialize in practice. These assessments may not materialize or may materialize in a manner different from what is stated, among other things, due to factors beyond the company's control, including market conditions, the company's financial results, and the occurrence of those risk factors to which the company is exposed as detailed in Section 1.25 of the Periodic report.

9. Market Trend Effects

Starting from 2021, there has been an increase in inflation rates in Israel and worldwide. Alongside the global price increases, central banks around the world raised interest rates with the aim of curbing price increases; starting from 2024, central banks around the world began to lower the interest rate. In 2024, inflation rates in Israel totaled approximately 3.2% and the bank of Israel interest rate decreased by 0.25%. In 2025, inflation rates in Israel totaled approximately 2.6% and the bank of Israel interest rate decreased by 0.25%. During the report period and up to the date of approval of the financial statements, the bank of Israel interest rate decreased by an additional 0.25%.

Most of the Group's revenues in the field of environmental quality, in the field of water desalination, and in the field of energy stem from engagements with local authorities or government entities for periods of several years. Usually, the consideration to which the Group is entitled under the agreements with its customers is linked to the Consumer Price Index (CPI) and/or other relevant indices. Therefore, in the Company's estimation, the continued rise in inflation rates is not expected to have a material adverse effect on its results in these areas.

Most of the Group's revenues in the cardboard sector are not significantly affected by changes in the Consumer Price Index, but rather by global paper prices denominated in foreign currency (mainly Dollar and Euro).

The Group's revenues and profitability in the cardboard sector are also affected by local and global macroeconomic data, and mainly by the global demand for cardboard packaging products and by global prices for pulp and cardboard paper rolls. Although the essence of the Group's activity in these areas is import-substituting local industry and most of the Group's sales in the cardboard sector, including the Group's sales of cardboard paper rolls, are to the local market, the sale price of cardboard paper rolls is derived from the level of cardboard paper roll prices in the world (mainly in Dollar and Euro) and reflects, in practice, the alternative cost of importing the products to Israel. Furthermore, the Group's sales in these areas are affected by the exchange rate of the Shekel against foreign currencies, by the growth rate of the Israeli economy and the global markets (the USA and China, in particular), by global prices of raw materials (mainly pulp prices), and by the ability to import to and export from Israel raw materials and finished products efficiently (maritime transport).

The average growth rate of the Israeli economy in recent years is estimated by the Bank of Israel at approximately 3% per year. Globally, the increase in demand for cardboard packaging products over the last 30 years is approximately 3.2% on average per year, and it corresponds, over time, to population growth and the growth in GDP per capita. The two dominant markets in the world are the Chinese and North American markets. Changes in these markets have a significant impact on the volume of global trade and on the demand for cardboard packaging, including the sale prices of the Group's products in these areas.

Following is the change in the Consumer Price Index and the change in the exchange rate of the Shekel against the Dollar and the Euro, the two main currencies affecting the Group's business results in the cardboard sector:

Financial Report Date	Consumer Price Index in points (*)	Dollar (NIS per 1 Dollar)	Euro (NIS per 1 Euro)
March 31, 2026	147.05	3.16	3.64
March 31, 2025	144.36	3.72	4.02
December 31, 2025	146.63	3.19	3.75
Rates of change for the period of:	%	%	%
Three months ended March 31, 2026	0.29	(0.78)	(2.92)

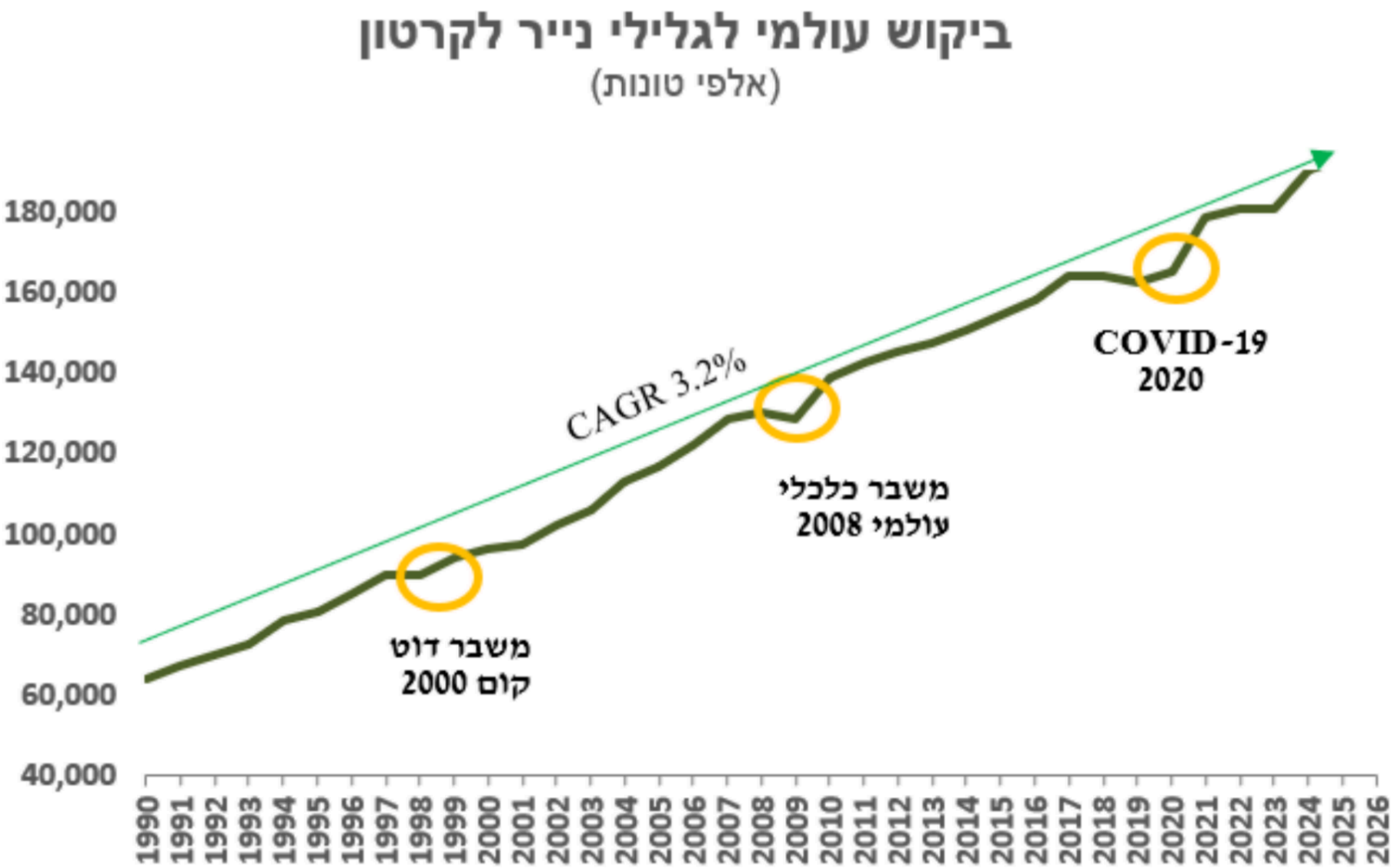
Financial Report Date	Consumer Price Index in points (*)	Dollar (NIS per 1 Dollar)	Euro (NIS per 1 Euro)
Three months ended March 31, 2025	1.06	1.95	5.94
Year ended December 31, 2025	2.65	(12.53)	(1.34)

*) The index based on 2002 average = 100.

Developments in global markets, and specifically in China, the USA, and the Eurozone, including changes in cardboard paper roll prices, raw material prices, volatility in exchange rates, and security prices, affect and will continue to affect the Group's business results, mainly in the cardboard sector.

The global demand for cardboard waste and the fact that waste can be transported economically create, as mentioned, a global market for trading in cardboard (and paper) waste and allow participants in this market to export, from time to time, types of cardboard waste (OCC) and paper that are not used in the production process, or alternatively, to import cardboard waste and expand and/or diversify collection sources. The option to export cardboard and paper waste increases competition in Israel among the various companies engaged in the collection of cardboard and paper waste. Generally, in periods when OCC prices rise, the attractiveness of collecting cardboard and paper waste in Israel increases (also for export purposes) and accordingly, OCC prices in Israel rise. Conversely, in periods when global OCC prices fall, the attractiveness of collecting cardboard and paper waste in Israel decreases and accordingly, OCC prices in Israel fall.

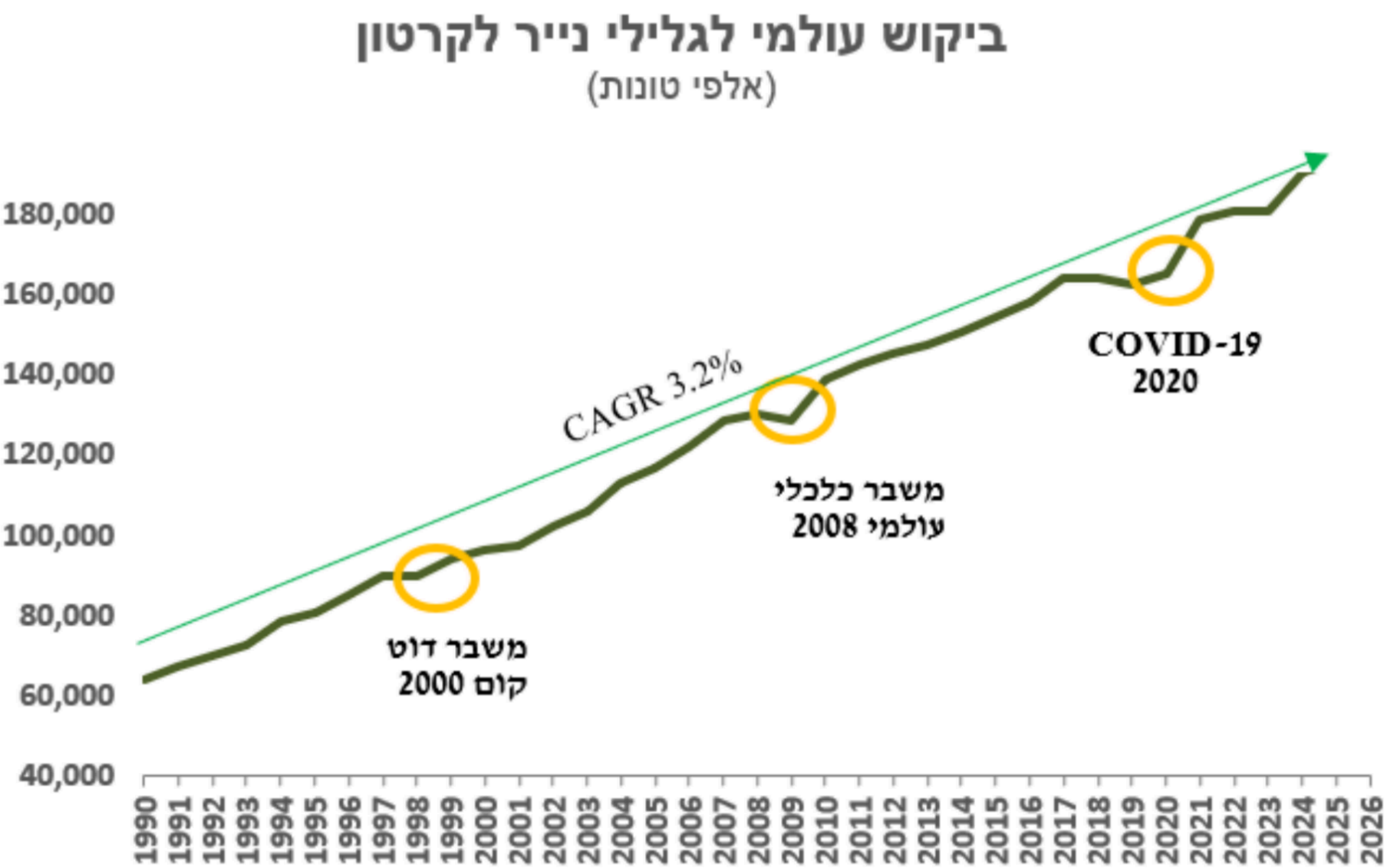
In 2025, OCC prices were in a downward trend; during the first quarter of 2026, OCC prices were in a slight upward trend and their level as of the date of the report is around the historical average.



* Source: Fastmarkets RISI

In the Group's estimation, OCC prices, the main raw material in the production of recycled paper rolls for cardboard, affect the sale prices of cardboard paper rolls, mainly in determining the threshold of economic production viability ("floor price").

The cardboard paper roll market is characterized by growing and stable demand over the years and by high entry barriers, due to the significant capital investment required for the establishment of a plant for the production of cardboard paper rolls. The demand for cardboard paper rolls, which constitute a central raw material in the production of corrugated cardboard packaging products, has consistently grown globally over the years. The growth in demand over the last few decades was mainly influenced by natural population growth and the improvement in the standard of living, which is reflected in the growth in the level of product consumption.

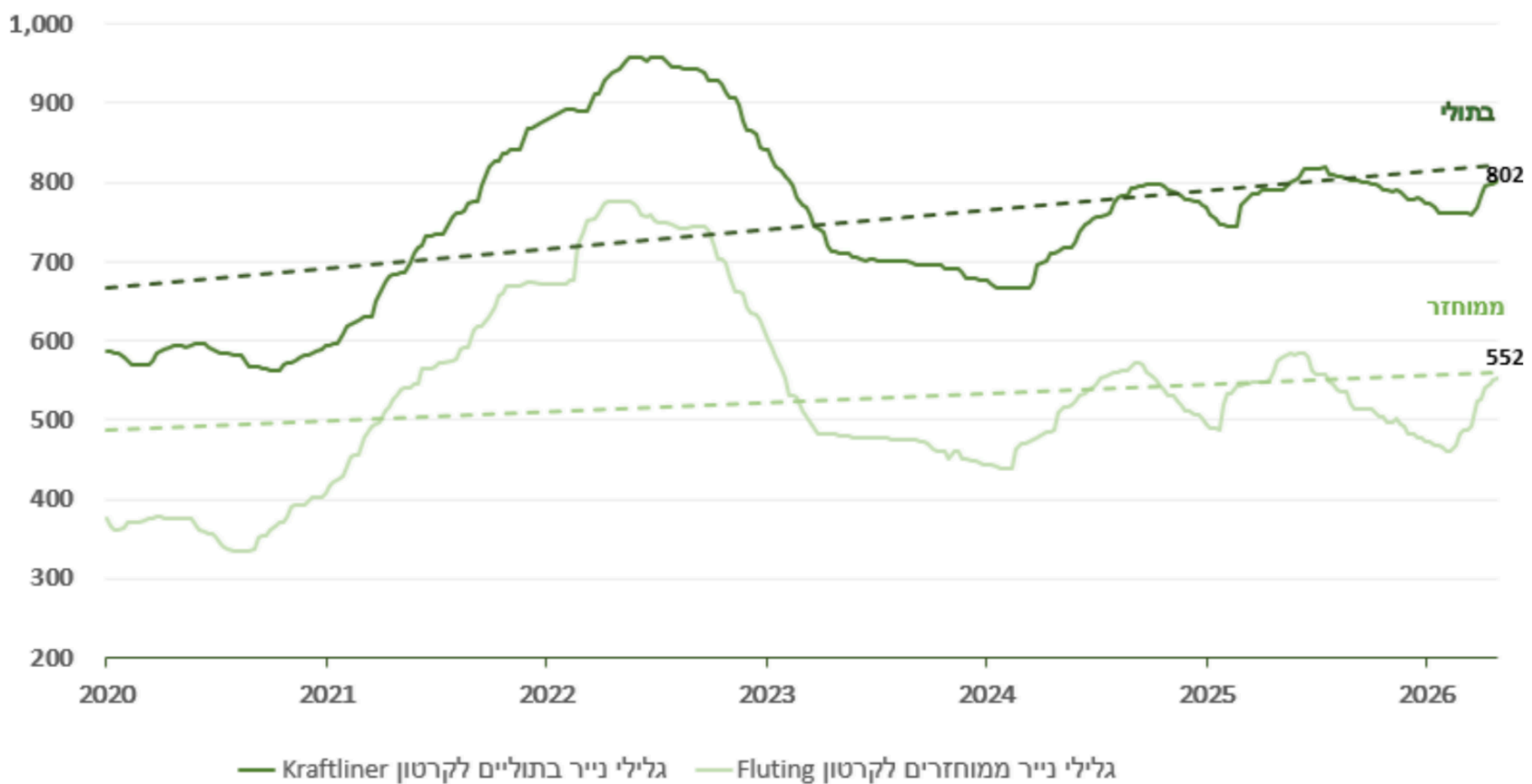


מקור: Numera Analytics

In the Company's estimation, in recent years two trends have been developing that may support the continued growth of demand for cardboard packaging and cardboard paper rolls: one trend is the growth in e-commerce volumes, most of whose products are sold in cardboard packaging. The second trend is the increasing awareness and engagement worldwide in the subject of sustainability and environmental quality, including the transition to using recycled or recyclable cardboard packaging instead of plastic packaging. The demand for packaging products in the local market in 2025 was characterized by stability, and a similar trend is also occurring at the beginning of 2026.

Cardboard paper rolls are a transportable product (import and export or long-distance transport) and there is active global trade in them, which is mainly affected by demand levels for packaging products and the costs and availability of maritime transport. The demand for cardboard paper rolls, which constitute a central raw material in the production of corrugated cardboard packaging products, has consistently grown globally over the years. As can be seen in the graph below, the average growth rate over the last 30 years stands at slightly more than 3% per year. The growth in demand over the last few decades was mainly influenced by natural population growth and the improvement in the standard of living, which is reflected in the growth in the level of product consumption. Starting from the end of 2022, there was a decrease in demand for cardboard paper rolls. Despite some improvement in demand in the global market in 2024, 2025 was characterized by a continued decrease in demand as a result of excess production capacity in cardboard paper rolls in the global market. Notwithstanding the above, there was an increase in sales to the local market. As mentioned above, demand for packaging products in 2025 was characterized by stability and a similar trend is also occurring at the beginning of 2026.

Below is a graphic description depicting the development of prices in Europe for recycled paper rolls for cardboard of the Fluting type and virgin paper rolls of the Liner type starting from 2020 and onwards:



* Source: Fastmarkets RISI

In addition to the impact of the pulp price, the price level of paper rolls for cardboard is affected by other factors, including the utilization rate of production means (demand vs. supply), the price of waste cardboard (OCC) and production inputs (energy, transport, etc.). Active global trade in paper rolls for cardboard is based on efficient and available maritime transport. During the years 2024 and 2025, no material decrease in local demand for paper rolls for cardboard was felt despite the war in these years. In 2025, there was growth in sales of the company's paper rolls for cardboard to the local market. The first quarter of 2026 was characterized by stability in the level of sales of paper rolls for cardboard despite changes in exchange rates and global paper prices.

A high correlation can be identified in the graph above between the prices of "virgin" and recycled paper rolls, whose price embodies a "discount" over time relative to "virgin" paper. Additionally, a certain business cyclicity can be seen in selling prices, although over time a clear upward trend in selling prices is evident. For the most part, the peak of each cycle is higher than the peak of the preceding cycle.

As of the report date, the group has loans from banking corporations and others in a total amount of approximately NIS 1.8 billion bearing variable interest (regarding the fair value of the loans, see Note 5 to the financial statements).

It should be clarified that the Company is unable to estimate the trend of changes in interest rates. Insofar as interest rates rise by significant rates over time, this may have an adverse effect on the group's results.

Impairment of Israel's credit rating - In October 2023, shortly after the outbreak of the war, the credit rating agencies Moody's and Fitch announced that the credit rating of the State of Israel is under review for a downgrade. Likewise, the credit rating agency S&P Global Ratings announced a downgrade of the credit rating outlook for the State of Israel from stable to negative, while leaving the existing credit rating unchanged. Following this, on February 9, 2024, the credit rating agency Moody's announced a downgrade of the credit rating of the State of Israel by one notch from A1 to A2 with a negative outlook and the possibility of a further downgrade if a full-scale war opens on the northern front, and noted that the main driver for the downgrade is Moody's assessments that the continuation of the war, its effects and wide-ranging consequences materially increase the political risk in the State of Israel and weaken the executive and legislative bodies and financial resilience in the foreseeable future, adding that the negative outlook stems from additional existing risks and specifically the risk of escalation against the Hezbollah terrorist organization in the north which has the potential for a significantly greater impact on the economy than that currently existing. On April 2, 2024, Fitch left the credit rating unchanged but lowered the outlook to negative. On April 19, 2024, S&P Global Ratings announced a downgrade of the State of Israel's rating from level AA- to A+ and left the rating outlook at negative. On August 13, 2024, the credit rating agency Fitch announced a downgrade of the State of Israel's rating from level A+ to level A while the rating outlook is still negative. On September 27, 2024, the credit rating agency Moody's announced a downgrade of the State of Israel's credit rating by two notches from level A2 to level BAA1 and left the rating outlook at negative. On October 2, 2024, S&P Global Ratings announced a downgrade of the State of Israel's rating by one notch from level A+ to A and left the rating outlook at negative. On November 7, 2025, S&P Global Ratings left the credit rating of the State of Israel unchanged but raised the outlook from negative to stable. On May 8, 2026, S&P Global Ratings left the credit rating of the State of Israel unchanged and left the outlook unchanged.

10. Events after the date of the statement of financial position

For details regarding events after the balance sheet date, see Notes 6 and 7 to the financial statements.

11. Legal proceedings

The Company's auditing accountants draw attention to what is stated in Note 6 to the financial statements regarding the investigation of officers in the company, regarding lawsuits filed against group companies, including requests for approval of class actions and regarding proceedings in connection with the group companies' eligibility for support.

Part Two - Disclosure Provisions in Connection with the Corporation's Financial Reporting

12. Corporation's Liability Schedule

For details regarding the corporation's liability schedule by maturity dates, see the liability schedule report published by the Company concurrently with the publication of this Board of Directors' report.

Gil Agmon, Chairman of the Board

Ilan Ben Simon, CEO

Date: May 24, 2026

Appendix - Disclosure Regarding Valuation

Details regarding a very material valuation in accordance with Regulation 8B(i) and Regulation 49 of the Securities Regulations (Periodic reports and immediate reports), 1970.
The valuation is attached as an appendix to this chapter.

Identification of the subject of valuation:	The value determined for the balance sheet item "Investment property"
Timing of the valuation:	The valuation was performed as of March 31, 2026
Value of the subject of valuation close to the valuation date if accepted accounting principles, including depreciation and amortizations, did not require a change in its value in accordance with the valuation:	Carrying value NIS 277 million
Value of the subject of valuation according to the valuation:	NIS 325 million
Identification of the valuers:	Haim Ben David. Real estate appraiser and urban planner, certified as a real estate appraiser since 1995. Served as a senior appraiser at the office of "Ziski Yosef Zarnitzky Building Engineers and Real Estate Appraisers" for over 20 years. Engaged in consulting, support and preparation of appraisal opinions for private clients and companies. Has experience in preparing opinions for various public companies. The valuer has no dependency on the Company or parties related to it, except for the fact that he received a fee for the valuation. Furthermore, the valuer confirmed that his fee is not contingent on the results of the valuation.
Reference to indemnification agreements with the valuer:	The Company undertakes to indemnify the appraiser or anyone on his behalf (directly related to the work on the opinion), for any direct damage or expense caused to them as a result of a final and absolute judgment given against the appraiser in connection with the opinion, and this only insofar as the damage was caused due to his reliance in the opinion on incorrect financial data provided to him by the Company. The commitment to indemnification shall not apply in any case where the appraiser acts in connection with the opinion with negligence or malice.
Valuation model:	Income capitalization approach with required adjustments.
Assumptions according to which the valuer performed the valuation, in accordance with the valuation model:	
Leasable area taken into account in the calculation (sqm)	51,321 sqm
Capitalization rate	5.25%

General	The value estimate was prepared with reference to the income capitalization approach, capitalizing ground rent according to the lease agreement (including option receipts) at a capitalization rate of 5.25% while deducting an uncertainty component (10%) and taking into account the deferral until the realization of the lease agreement, while at the end of the agreement period, industrial land use value was taken into account. Additionally, the reasonableness of the value was examined according to the comparison approach with reference to sale transactions of industrial lands, making necessary adjustments regarding the appropriate coefficient and this in relation to the specific characteristics of the land and the planned station.
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For further information see Note 7B to the financial statements.

Consolidated Financial Statements as of March 31,
2026
(Unaudited)



Veridis Environment Ltd.
Interim Consolidated Financial Statements as of March 31, 2026
Unaudited

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Tel-Aviv 6492102	ey.com

Review Report of the Accountant to the Shareholders of Veridis Environment Ltd.

Introduction

We have reviewed the accompanying financial information of Veridis Environment Ltd. (hereinafter - the Company) and its consolidated companies (hereinafter - the Group), which includes the condensed consolidated statement of financial position as of March 31, 2026 and the condensed consolidated statements of 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 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 this interim financial information based on our review.

We did not review the condensed interim financial information of companies held on an equity basis, the investment in which amounted to approximately NIS 663,637 thousand as of March 31, 2026, and the Group's share in the earnings of said companies amounted to approximately NIS 8,838 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 furnished to us, and our conclusion, insofar as it relates to the financial information 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 aforementioned 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 aforementioned 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.

Emphasis of Matter paragraph (attention referral)

Without qualifying our aforementioned conclusion, we draw attention to what is stated in Note 6 to the interim consolidated financial statements, regarding the investigation of officers in the Company, regarding claims filed against Group companies, including requests for certification of class actions and regarding proceedings in connection with the eligibility of Group companies for supports.

Kost Forer Gabbay & Kasierer
Accountants

Tel-Aviv,
May 24, 2026

Veridis Environment Ltd.

Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS in thousands		
Current assets			
Cash and cash equivalents	101,114	77,185	150,289
Restricted deposit	493	38	709
Trade receivables	557,118	577,644	534,916
Other receivables and debit balances	106,102	138,222	87,164
Taxes receivable	8,219	10,554	9,476
Inventories	194,037	241,116	195,744
	967,083	1,044,759	978,298
Non-current assets			
Investments in companies and partnerships accounted for at equity	787,808	865,746	792,389
Long-term receivables and debit balances	70,279	76,986	72,363
Investment property	479,350	161,741	422,840
Property, plant and equipment, net	2,454,885	2,466,654	2,459,057
Right-of-use assets, net	266,680	284,745	268,258
Intangible assets, net	136,865	192,022	150,893
Goodwill	388,749	388,749	388,749
Financial derivatives	-	1,343	-
Deferred taxes	39,837	45,588	40,830
	4,624,453	4,483,574	4,595,379
	5,591,536	5,528,333	5,573,677

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

Veridis Environment Ltd.

Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Current liabilities			
Credit from banking corporations and others	376,865	565,743	404,226
Trade and other payables	383,849	401,883	372,287
Other payables and credit balances	169,316	179,773	186,136
Current maturities of lease liabilities	63,506	61,738	62,513
Taxes payable	2,560	833	2,074
	996,096	1,209,970	1,027,236
Non-current liabilities			
Loans from banking corporations and others	1,309,414	1,699,810	1,637,199
Loan from the parent company	161,315	156,003	149,323
Employee benefit liabilities	31,220	26,834	33,601
Lease liabilities	241,728	258,877	243,931
Other long-term liabilities	13,261	10,750	13,261
Financial derivatives	186	-	283
Deferred taxes	402,302	353,741	391,617
	2,159,426	2,506,015	2,469,215
Equity attributable to the company's shareholders			
Share capital	1,535	1,452	1,452
Share premium	1,811,573	1,507,189	1,507,231
Capital reserve from transactions with controlling shareholders	23,801	16,017	32,828
Reserve for share-based payment transactions	16,160	16,707	22,412
Reserve for actuarial gains (losses)	(192)	269	(192)
Capital reserve from transactions with non-controlling interests	92,510	92,510	92,510
Other reserves	(5,054)	(2,363)	(3,386)
Retained earnings	495,681	180,567	424,371
	2,436,014	1,812,348	2,077,226
Total equity	5,591,536	5,528,333	5,573,677

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

May 24, 2026 Date of approval of the financial statements	Gil Agmon Chairman of the Board of Directors	Ilan Ben Simon CEO	Beni Bar On CFO
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Veridis Environment Ltd.

Consolidated Statements of Profit or Loss

	For the 3 months ended on March 31		For the year ended on
	2026	2025	December 31
	Unaudited		2025
	NIS thousands		
	(Excluding net profit (loss) per share data)		
Revenue	674,978	616,593	2,607,032
Cost of revenue	570,720	571,476	2,299,712
Gross profit	104,258	45,117	307,320
Selling and marketing expenses	30,805	29,123	122,942
General and administrative expenses	22,772	23,595	94,765
Group's share in profits of associates and partnerships, net	18,396	17,059	88,113
Increase in value of investment property	56,490	-	260,994
Other income (expenses), net	1,113	(2,735)	(13,239)
Operating profit	126,680	6,723	425,481
Finance income	8,701	6,837	43,447
Finance expenses	41,573	50,700	189,873
Profit (loss) before taxes on income	93,808	(37,140)	279,055
Taxes on income	22,498	111	72,502
Net profit (loss)	71,310	(37,251)	206,553
Basic and diluted net profit (loss) per share attributable to the company's shareholders (in NIS)	0.49	(0.26)	1.42

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

Veridis Environment Ltd.

Consolidated Statements of Comprehensive Income

	For the 3 months ended		For the year
	on March 31		ended on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
Net profit (loss)	71,310	(37,251)	206,553
Other comprehensive profit (loss) (after tax effect):			
<u>Amounts that will not be subsequently reclassified to profit or loss:</u>			
Actuarial gain (loss) for defined benefit plans	-	27	(434)
<u>Amounts that will be or are reclassified to profit or loss when specific conditions are met:</u>			
Group's share in other comprehensive loss, net of companies accounted for by the equity method	(1,668)	(644)	(1,667)
Total other comprehensive loss	(1,668)	(617)	(2,101)
Total comprehensive profit (loss)	69,642	(37,868)	204,452

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

Veridis Environment Ltd.

Consolidated Statements of Changes in Equity

	Share capital	Share premium	Capital reserve from transactions with controlling shareholders	Reserve for share-based payment transactions	Reserve for actuarial losses	Capital reserve from transactions with non-controlling interests	Other reserves	Retained earnings	Total
	Unaudited NIS thousands								
Balance as of January 1, 2026 (Audited)	1,452	1,507,231	32,828	22,412	(192)	92,510	(3,386)	424,371	2,077,226
Net profit	-	-	-	-	-	-	-	71,310	71,310
Other comprehensive loss	-	-	-	-	-	-	(1,668)	-	(1,668)
Total comprehensive profit (loss)	-	-	-	-	-	-	(1,668)	71,310	69,642
Issuance of shares (see Note 7a)	83	297,462	-	-	-	-	-	-	297,545
Cost of share-based payment	-	-	-	628	-	-	-	-	628
Release of restricted shares granted to employees	-	6,880	(6,880)	-	-	-	-	-	-
Transaction with controlling shareholders (see Note 7e)	-	-	(9,027)	-	-	-	-	-	(9,027)
Balance as of March 31, 2026	1,535	1,811,573	23,801	16,160	(192)	92,510	(5,054)	495,681	2,436,014

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

Consolidated statements of changes in equity

Veridis Environment Ltd.

Unaudited NIS thousands									
	Share capital	Share premium	Capital reserve from transactions with controlling shareholders	Reserve for share-based payment transactions	Reserve for actuarial gains	Capital reserve from transactions with non-controlling interests	Other reserves	Retained earnings	Total
Balance as of January 1, 2025 (Audited)	1,452	1,500,310	16,017	22,741	242	92,510	(1,719)	217,818	1,849,371
Loss	-	-	-	-	-	-	-	(37,251)	(37,251)
Other comprehensive income (loss)	-	-	-	-	27	-	(644)	-	(617)
Total comprehensive income (loss)	-	-	-	-	27	-	(644)	(37,251)	(37,868)
Cost of share-based payment	-	-	-	845	-	-	-	-	845
Release of restricted shares granted to employees	-	6,879	-	(6,879)	-	-	-	-	-
Balance as of March 31, 2025	1,452	1,507,189	16,017	16,707	269	92,510	(2,363)	180,567	1,812,348

The accompanying notes form an integral part of the interim consolidated financial statements.

Veridis Environment Ltd. Consolidated statements of changes in equity									
	Share capital	Share premium	Capital reserve from transactions with controlling shareholders	Reserve for share-based payment transactions	Reserve for actuarial gains (losses) NIS thousands	Capital reserve from transactions with non-controlling interests	Other reserves	Retained earnings	Total
Balance as of January 1, 2025	1,452	1,500,310	16,017	22,741	242	92,510	(1,719)	217,818	1,849,371
Net profit	-	-	-	-	-	-	-	206,553	206,553
Other comprehensive loss	-	-	-	-	(434)	-	(1,667)	-	(2,101)
Total comprehensive income (loss)	-	-	-	-	(434)	-	(1,667)	206,553	204,452
Cost of share-based payment	-	-	-	6,592	-	-	-	-	6,592

	Share capital	Share premium	Capital reserve from transactions with controlling shareholders	Reserve for share-based payment transactions	Reserve for actuarial gains (losses) <u>NIS</u> <u>thousands</u>	Capital reserve from transactions with non-controlling interests	Other reserves	Retained earnings	Total
Transaction with controlling shareholders	-	-	16,811	-	-	16,811	-	-	16,811
Release of restricted shares granted to employees	-	6,879	(6,879)	-	-	-	-	-	-
Expiry of warrants for employees	-	42	-	(42)	-	-	-	-	-
<u>Balance as of December 31, 2025</u>	1,452	1,507,231	32,828	22,412	(192)	92,510	(3,386)	424,371	2,077,226

The accompanying notes form an integral part of the interim consolidated financial statements.

Veridis Environment Ltd.		Consolidated statements of cash flows	
	For the 3 months ended		For the year
	on March 31		ended
	2026	2025	on
	Unaudited		December 31
	NIS thousands		2025
			Audited
<u>Cash flows from operating activities</u>			
Net profit (loss)	71,310	(37,251)	206,553
Adjustments required to present cash flows from operating activities (a)	(3,779)	59,051	242,081
Net cash provided by operating activities	67,531	21,800	448,634
<u>Cash flows from investing activities</u>			
Proceeds from disposal of investment in a subsidiary	1,131	-	1,475

	For the 3 months ended		For the year
	on March 31		ended
	2026	2025	on
	Unaudited		December 31
	NIS thousands		2025
			Audited
Investments in associates and partnerships	-	(981)	(3,980)
Repayment of long-term loans to associates	-	28,946	61,743
Purchase of property, plant and equipment	(49,087)	(38,881)	(184,317)
Investment in investment property	(20)	(211)	(316)
Purchase of intangible assets	(315)	(541)	(2,413)
Proceeds from disposal of property, plant and equipment	821	1,427	9,155
Restricted deposit, net	216	9,392	8,721
Repayment of finance lease receivables	610	578	2,359
Net cash used in investing activities	(46,644)	(271)	(107,573)
Cash flows from financing activities			
Credit from banking corporations, net	(19,851)	37,764	(14,323)
Proceeds from issuance of shares (net of issuance expenses)	297,545	-	-
Receipt of long-term loans from banking corporations and others	52,500	425,000	1,197,654
Repayment of long-term loans from banking corporations and others	(382,301)	(484,866)	(1,398,473)
Repayment of lease liabilities	(17,955)	(15,245)	(68,633)
Net cash used in financing activities	(70,062)	(37,347)	(283,775)
Increase (decrease) in cash and cash equivalents	(49,175)	(15,818)	57,286
Balance of cash and cash equivalents at the beginning of the period	150,289	93,003	93,003
Balance of cash and cash equivalents at the end of the period	101,114	77,185	150,289

The accompanying notes form an integral part of the interim consolidated financial statements.

(a) Adjustments required to present cash flows from operating activities

	For the 3 months ended on March 31		For the year ended on
	2026	2025	December 31
	Unaudited	Unaudited	2025
	NIS thousands		Audited
Adjustments to profit and loss items:			
Depreciation and amortization	83,856	81,318	340,141
Loss (gain) from disposal of property, plant and equipment, net	(1,216)	1,590	(5,282)
Increase in value of investment property	(56,490)	-	(260,994)
Loss from derecognition of right-of-use assets	12	31	92
Company's share in profits of associates and partnerships, net of dividends received	2,924	841	56,442
Exchange rate differences regarding long-term loan from a banking corporation	(5,821)	-	(31,370)
Revaluation of loan to an associate	-	(37)	(37)
Change in liabilities for employee benefits, net	(1,081)	(656)	5,958
Deferred taxes, net	11,710	(8,431)	34,926
Share-based payment	628	845	6,592
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(22,202)	(26,529)	16,200
Decrease (increase) in other receivables and debit balances and taxes receivable	(16,677)	(5,931)	33,725
Decrease (increase) in inventory	1,707	(14,126)	31,246
Increase (decrease) in trade payables and service providers	13,305	12,299	(26,284)
Change in financial derivatives	294	(2,651)	1,104
Increase (decrease) in other payables and credit balances, taxes payable and others	(14,728)	20,488	39,622
	(3,779)	59,051	242,081

The accompanying notes form an integral part of the interim consolidated financial statements.

Veridis Environment Ltd.

Consolidated Statements of Cash Flows

	For the 3 months ended March 31		For the year ended December 31 2025
	2026	2025	2025
	Unaudited		Audited
	NIS thousands		
(b) Additional information on cash flows			
Cash paid during the period for:			
Interest	<u>39,988</u>	<u>48,394</u>	<u>161,213</u>
Income taxes	<u>9,763</u>	<u>11,435</u>	<u>34,970</u>
Cash received during the period for:			
Interest	<u>3,253</u>	<u>2,075</u>	<u>14,633</u>
Income taxes	<u>-</u>	<u>-</u>	<u>6,019</u>
Dividends and partner withdrawals	<u>21,320</u>	<u>17,900</u>	<u>144,555</u>
(c) Material non-cash transactions			
Acquisition of fixed assets on credit	<u>14,277</u>	<u>12,922</u>	<u>16,020</u>
Recognition of right-of-use assets against lease liabilities	<u>16,913</u>	<u>6,249</u>	<u>45,913</u>
Derecognition of right-of-use assets against lease liabilities terminated	<u>180</u>	<u>607</u>	<u>2,688</u>

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

Veridis Environment Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Note 1: - General

- A. These financial statements were prepared in a condensed format as of March 31, 2026 and for the three-month period ended on that date (hereinafter - condensed consolidated interim financial statements). These statements should be read in conjunction with the Company's audited annual consolidated financial statements as of December 31, 2025 and for the year ended on that date and the notes accompanying them (hereinafter - the annual consolidated financial statements).
- B.

As stated in Note 1A to the annual consolidated financial statements, in light of the completion of the conversion project in the Infinia Group (conversion of the writing and printing paper machine to containerboard) and in light of continuous losses in the production of writing and printing papers, the activity of producing writing and printing papers was discontinued in December 2025. The conversion of the paper machine and the completion of the investments in the containerboard waste filtration system during 2025 allow for full production of containerboard. Starting in 2026, the Group's activity in the writing and printing paper sector is the marketing and sale of imported writing and printing papers only. See also Note 4 below regarding operating segments.

C. "Swords of Iron" War, Operation "With Kalvi" and Operation "Lion's Roar"

In October 2023, the "Swords of Iron" war (hereinafter - the War) broke out in the State of Israel. The War led to a slowdown in business activity in the Israeli economy, among other things, following the closure of factories in the south and north of the country, damage to infrastructure, mobilization of reserve personnel for an unknown period, and disruption of economic activity in Israel.

Potential fluctuations in commodity prices, foreign exchange rates, material availability, labor availability, local services, and access to local resources may affect entities whose primary activity is with or in Israel. In June 2025, Operation "With Kalvi" took place, a large-scale military operation by the State of Israel against Iran, and in October 2025, a ceasefire agreement was signed between the State of Israel and Hamas.

On February 28, 2026, a combined attack by Israel and the United States named "Lion's Roar" was launched against government targets in Iran to reduce Iranian capabilities in the nuclear and ballistic missile fields, which led to an escalation in the security situation in Israel, followed by a conflict on the northern front between Israel and the Hezbollah terror organization in Lebanon. As a result of the above, significant volatility began in energy prices, including oil prices and fluctuations in foreign exchange rates. On April 8, 2026, after the reporting date, a ceasefire was reached between the United States and Iran, and on April 16, 2026, a ceasefire was reached with Lebanon. Despite these developments, the market continues to exhibit volatility due to geopolitical risks and high energy prices.

Until the date of approval of the financial statements, the War, Operation "With Kalvi", and Operation "Lion's Roar" did not have a material impact on the business results of the Company and its held companies, and the activity of most Group companies continued essentially as usual (except for difficulties in the arrival of foreign experts required from time to time). In this context, it should be noted that most of the Group's companies provide essential services and engage in essential activities, and some are even approved as an "essential enterprise" or as an "enterprise providing existential services," and accordingly, activity has continued and continues as usual in accordance with Home Front Command instructions and while adjusting for labor absences due to reserve service.

As of the date of approval of the financial statements, there is uncertainty regarding the development of the War, its scope, duration, consequences, the stability of the ceasefire agreement, as well as developments in Operation "Lion's Roar," and therefore it is not possible at this stage to assess the full future impact of the War and the operations on the Israeli economy and on the Group's activity. The Group will continue to examine the developments of the War and operations and their consequences and update its estimates as necessary.

Note 2: - Significant Accounting Policies

Format of Preparation of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements are prepared in accordance with Accounting Standard 34, "Financial Reporting for Interim Periods," and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual consolidated financial statements.

Note 3: - Investment in Associates and Partnerships

Below is information regarding investments in material associates:

A. OPC Power Israel Ltd. (hereinafter - OPC Israel)

1. General

The Group holds 20% of the shares of OPC Israel (OPC Energy Ltd., a public company whose shares are traded on the Tel Aviv Stock Exchange, holds 80% of the issued capital of OPC Israel), which is engaged in the generation and supply of electricity and energy primarily to private customers and to the Electricity System Operator Ltd. (hereinafter - the System Operator), as well as in the initiation, development, construction, and operation of power plants and facilities for energy production using natural gas and renewable energy in Israel. OPC Israel has active power plants as follows: Rotem, Hadera 1, Tzomet, Gat, and distributed stations. Furthermore, during 2026, the operation of a power plant adjacent to the Sorek desalination facility (Sorek 2) is planned. Additionally, OPC Israel is promoting several projects, the main ones being the Ramat Beka project (solar integrated with storage) and the Hadera 2 project.

The financial statements of OPC Israel as of March 31, 2026 are attached to these financial statements.

2. Seasonality

OPC Israel's results from energy sales are primarily based on the Time of Use (TOU) tariff, which is published by the Electricity Authority, assuming a certain discount given relative to the generation component. The months of the year are divided into three seasons: summer (June to September), winter (December, January, and February), and transition (March to May and October to November), where a different tariff is set for each demand hour cluster for each season.

3. After the balance sheet date, in May 2026, the board of directors of OPC Energy Ltd. approved providing an owner's loan to OPC Israel in the amount of approximately NIS 1.55 billion (hereinafter - the Owner's Loan), for the purpose of financing the equity required to advance projects in advanced development in Israel, including the Ramat Beka project and the Hadera 2 project. The proceeds will be used primarily to finance payment to the Israel Land Authority (ILA) for the remaining rights in the Ramat Beka project land and to finance pre-construction payments related to the aforementioned projects. The Group's share in the Owner's Loan totals approximately NIS 310 million and it will be provided to OPC Israel no later than September 15, 2026 or 5 business days from the date on which the full consideration for the sale of land was paid (NIS 450 million plus VAT), if any, as detailed in Note 7D below. The Owner's Loan will bear interest at the Prime rate plus a certain margin or interest in accordance with Section 3(j) of the Income Tax Regulations, whichever is higher. The Owner's Loan will be repaid by OPC Israel no later than September 30, 2027, with the agreement including an option for early repayment.

4. Condensed Financial Information

Below is condensed financial information for OPC Israel for each of the reporting periods:

	March 31		December 31	
	2026	2025	2025	
	Unaudited		Audited	
	NIS thousands			
In the Statement of Financial Position (*):	439,453	424,422	604,091	
Current assets	6,384,146	6,159,503	6,314,530	
Non-current assets	413,837	432,131	511,462	
Current liabilities	3,346,250	2,988,829	3,364,924	
Non-current liabilities	3,063,512	3,162,965	3,042,235	
Net assets				
Ownership rate in associate	20%	20%	20%	
	612,702	632,593	608,447	
Loans to associate	-	19,940	-	
Balance of investment account in associate	612,702	652,533	608,447	

*) Includes adjustments for cost surplus.

	For the 3 months ended March 31		For the year ended December 31	
	2026	2025	2025	
	Unaudited		Audited	
	NIS thousands			
Results of operations (*):	565,000	526,000	2,320,505	
Revenues				
Net profit attributable to shareholders of the associate	29,615	27,850	210,240	
Ownership rate in associate	20%	20%	20%	
Group's share in the associate's profits	5,923	5,570	42,048	

*) Includes adjustments for cost surplus.

Notes to the Interim Consolidated Financial Statements

Veridis Environment Ltd.

Note 3: - Investment in associate companies and partnerships (continued)

B. VID Desalination Company Ltd. (hereinafter - VID)

The Group holds 50% of the shares of VID, which is the holder of the franchise for the establishment and operation of a seawater desalination facility with an annual volume of up to approximately 120 million cubic meters in Ashkelon. The franchise period ends during 2027. The Group's investment in VID is accounted for using the equity method.

Below is condensed financial information of VID for each of the reporting periods:

	March 31		December 31
	2026	2025	2025
	Unaudited		Audited
In the statement of financial position (*):	NIS thousands		
Current assets	284,325	263,749	261,234
Non-current assets	29,741	190,645	70,889
Current liabilities	81,751	131,483	75,445
Non-current liabilities	42,696	80,897	51,629
Net assets	189,619	242,014	205,049
Holding rate in the associate company	50%	50%	50%
Investment account balance in the associate company	94,810	121,007	102,525

*) Including adjustments for excess cost.

	For the 3 months ended March 31		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
Results of operations (*):	NIS thousands		
Revenue	77,328	64,676	290,255
Net and comprehensive income	9,569	2,052	25,087
Holding rate in the associate company	50%	50%	50%
Group's share in the associate company's profits	4,785	1,026	12,544

*) Including adjustments for depreciation of excess cost.

Notes to the Interim Consolidated Financial Statements

Veridis Environment Ltd.

Note 4: - Operating Segments

A. General

In accordance with IFRS 8, the Group's operating segments are determined based on the information examined by the chief operating decision-maker (the Group CEO) for the purpose of making decisions regarding resource allocation and performance evaluation.

The Group's operating segments are as follows:

Environment	- Main activity is providing mixed waste treatment services, including, among others, collection, sorting, recycling, RDF (refuse-derived fuel) production, compost production from animal manure, treatment of sorted organic waste, operation of a waste transfer station, establishment and operation of waste sorting sites, landfilling, and incineration of hazardous waste, including through associate companies and partnerships.
Water Desalination	- Main activity is seawater desalination performed through a 50% holding in VID (an associate company), the franchisee of the desalination plant in Ashkelon, and a 100% holding in Adom (Desalination Ashkelon) Ltd. (a consolidated subsidiary), the operator of the desalination plant.
Energy	- Main activity is executing energy efficiency projects and air conditioning services. The segment's results include, primarily, the Company's share in the results of the associate company OPC Israel, which owns several power plants for electricity generation (including in planning and construction stages) and its main activity is the generation and supply of electricity and energy in Israel.
Cardboard	- Main activity is providing cardboard waste collection, processing and recycling services, production and sale of recycled paper rolls for cardboard, and production and sale of corrugated cardboard packaging products and packaging for consumer products to customers.
Others	- Mainly marketing and sale of imported white paper (it should be noted that in month 2025, the activity of producing writing and printing paper was discontinued by the Group and starting from year , the Group's activity in the writing and printing paper field is marketing and sale of imported paper. It should be noted that in light of the decline in the activity volumes of this segment, starting from year this segment ceased to be a reportable segment and is included within the other segments. Comparative figures for prior periods were restated). The item also includes real estate property rental activity.

Segment performance (segment profit (loss)) is evaluated based on operating profit. Segment results include items directly attributable to the segment and items that can be reasonably attributed. Unallocated items include, primarily, management and general and other costs managed on a group basis or that cannot be reasonably allocated.

Note 4: - Operating Segments (continued)

B. Reporting on operating segments

For the 3-month period ended March 31, 2026:

	Environment	Water Desalination	Energy	Cardboard Unaudited	Others	Adjustments to consolidated	Total
							NIS thousands
Revenue from external customers	270,455	29,347	13,030	318,224	43,922	-	674,978
Inter-segment revenue	9,862	-	1,872	35	805	(12,574)	-
Total revenue	280,317	29,347	14,902	318,259	44,727	(12,574)	674,978
Segment profit	40,296	8,047	6,550	8,777	64,578	-	128,248
Unallocated expenses, net							(1,568)
Operating profit							126,680
Finance expenses, net							(32,872)
Profit before taxes on income							93,808
Additional information							
Depreciation and amortization	19,904	10,933	768	53,232	908	-	85,745
Group's share in profits of associate companies and partnerships, net	7,688	4,785	5,923	-	-	-	18,396

	Environment	Water Desalination	Energy	Cardboard Unaudited	Others	Adjustments to consolidated	Total
							NIS thousands
Dividends and loan repayments received from associate companies and partnerships	8,820	12,500	-	-	-	-	21,320

Veridis Environment Ltd.

Notes to the Interim Consolidated Financial Statements

Note 4: - Operating Segments (continued)

For the 3-month period ended March 31, 2025:

	Environment	Water Desalination	Energy	Cardboard Unaudited	Others (*)	Adjustments to consolidated	Total
							NIS thousands
Revenue from external customers	187,118	28,718	15,365	312,627	72,765	-	616,593
Inter-segment revenue	10,666	-	-	760	226	(11,652)	-
Total revenue	197,784	28,718	15,365	313,387	72,991	(11,652)	616,593
Segment profit (loss)	(20,857)	4,994	6,869	27,742	(8,437)	-	10,311
Unallocated expenses, net							(3,588)
Operating profit							6,723
Finance expenses, net							(43,863)
Loss before taxes on income							(37,140)
<u>Additional information</u>							
Depreciation and amortization	18,754	10,961	1,572	45,704	4,327	-	81,318
Group's share in profits of associate companies and partnerships, net	10,463	1,026	5,570	-	-	-	17,059
Dividends and loan repayments received from associate companies and partnerships	4,900	13,000	28,946	-	-	-	46,846

*) Restated, see section A above.

Veridis Environment Ltd.

Notes to the Consolidated Interim Financial Statements

Note 4: - Operating Segments (continued)

For the year ended December 31, 2025:

	Environment	Water Desalination	Energy	Controlled Cardboard	Others (*)	Adjustments to Consolidated	Total
				NIS Thousands			
External revenues	969,661	124,767	66,898	1,199,325	246,381	-	2,607,032
Inter-segment revenues	35,954	-	5,672	2,039	809	(44,474)	-
Total revenues	1,005,615	124,767	72,570	1,201,364	247,190	(44,474)	2,607,032
Segment profit	98,088	32,552	50,006	67,327	193,128	-	441,101
Unallocated expenses, net							(15,620)
Operating profit							425,481
Financing expenses, net							(146,426)
Profit before income taxes							279,055
<u>Additional Information</u>							
Depreciation and Amortization	78,247	43,811	5,536	191,697	18,917	-	338,208
Group's share in profits of companies and partnerships accounted for, net	33,521	12,544	42,048	-	-	-	88,113
Dividends and loan repayments received from companies and partnerships accounted for	41,955	43,000	121,343	-	-	-	206,298

(*) Restated, see Section A above.

C. Additional Information - Detail of External Revenues in the Environment Segment

	For the 3 months ended on March 31		For the year ended on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS Thousands		
Revenues from waste collection	127,818	122,038	491,876
Revenues from waste sorting and recycling	111,257	(*) 37,069	(*) 347,521
Revenues from treatment and incineration of hazardous waste	11,274	11,888	44,936
Revenues from landfilling and landfill operation	11,419	9,270	48,898
Other revenues in the Environment segment	8,687	6,853	36,430
	270,455	187,118	969,661

(*) After a provision for the derecognition of operating grants in the amount of approximately NIS 61 million recorded during the first quarter of 2025.

D. Additional Information - Detail of External Revenues in the Cardboard Segment

	For the 3 months ended on March 31		For the year ended on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS Thousands		
Revenues from cardboard collection	39,807	38,215	153,514
Revenues from sale of paper rolls for cardboard	115,367	117,597	457,961
Revenues from sale of cardboard packaging	163,050	156,815	587,849
	318,224	312,627	1,199,324

Note 4: - Operating Segments (continued)

E. Information based on geographical areas

The Group operates in several main geographical areas. Below is the breakdown of revenues from external customers:

	For the 3 months ended on March 31		For the year ended on December 31
	2026	2025	2025
	Unaudited		Audited
	NIS Thousands		
Israel	636,101	567,794	2,399,613
United States	6,436	33,094	107,390
Others	32,441	15,705	100,029
	674,978	616,593	2,607,032

The Group allocates revenues from external customers to foreign countries based on the location of the customer's management. Export revenues are mainly attributed to the Cardboard segment (in previous periods mainly to the Cardboard and White Paper segment).

Note 5: - Financial Instruments

Fair Value

The balance in the financial statements of financial assets and financial liabilities corresponds or is close to their fair value.

Note 6: - Contingent Liabilities

As stated in Note 22A to the annual consolidated financial statements, an investigation was conducted against the Company and officers in the Company, and the investigation material was transferred from the police to the State Attorney's Office for review and decision-making.

Following the investigation, motions for the approval of class action lawsuits (hereinafter: "the Approval Motions") were filed against the Company. As of the date of approval of the financial statements, one motion remains after other approval motions were dismissed by court decision, along with a motion for discovery and inspection of documents to examine the filing of a derivative lawsuit. As of the date of approval of the financial statements, all such proceedings are stayed by court decision. Additionally, a motion for the approval of a class action was filed against the Company and two of its consolidated subsidiaries alleging environmental nuisances purportedly created as a result of unlawful disposal of waste originating from the site under investigation. A mediation process is underway between the parties to this motion.

Additionally, as stated in Note 22A to the annual consolidated financial statements, lawsuits were filed against the Company and group companies, including a motion for the approval of a class action, and additional proceedings exist against/by the group companies. These lawsuits and proceedings involve significant amounts. At this stage, it is not possible to estimate their results and implications, except for one lawsuit where the assessment is that the likelihood of it being dismissed exceeds the likelihood of it being accepted. Therefore, no provisions were included in the financial statements for the aforementioned lawsuits and proceedings. For further details - see the aforementioned note.

Below are details regarding developments in the main proceedings during and after the reporting period:

1.
- As stated in Note 22A(9)C to the annual consolidated financial statements, the consolidated subsidiaries filed an administrative petition with the District Court against the decision of the Support Committee of the Maintenance of Cleanliness Fund regarding the denial of operating support to the consolidated subsidiaries for the years 2022 and 2023 following the investigation.

As of the date of approval of the financial statements, the consolidated subsidiaries and the State of Israel - the Ministry of Environmental Protection are in contacts regarding various issues, including the decision underlying the petition. Pursuant to the parties' agreements and the court's decision, the legal proceeding is stayed for the period of the contacts to allow the parties to exhaust them. Update notices on the continuation of the contacts are sent to the court from time to time.

On March 31, 2026, the Company filed an update notice and a request with the court stating that the parties continue to hold contacts regarding various issues, which may be relevant to the continued conduct of the proceeding, and for their exhaustion they require additional time. The court's decision was received after the balance sheet date on April 1, 2026, granting a three-month extension as requested by the parties.

2. As stated in Note 22A(15) to the annual consolidated financial statements, on December 30, 2024, a consolidated subsidiary received an indictment filed with the Court for Local Affairs in Ma'ale Adumim, against the consolidated subsidiary and an officer therein, for operating the Mashua organic waste treatment site without a valid business license.

On December 7, 2025, an arraignment hearing was held on the indictment, during which preliminary arguments were raised on behalf of the consolidated subsidiary. Against the backdrop of the consolidated subsidiary's announcement at the hearing of its intention to file a petition against the licensing authority's decision not to renew the company's business license and an objection filed by the consolidated subsidiary regarding this decision, it was determined that an additional arraignment hearing would be held. As of the date of approval of the financial statements, no hearing date has been set.

On January 4, 2026, the consolidated subsidiary filed an administrative petition against the business licensing authority's decision not to renew the site's business license. The respondents' response to the petition (the licensing authority, the council, and the local committee's engineer) was filed after the balance sheet date, on April 13, 2026, within which the respondents claim that the petition should be dismissed summarily and on its merits and that the decision of the regional council's business licensing authority was made after a re-examination of the objection and consultations with professionals, and that it is a substantive decision. No hearing date has yet been set for the petition.

At this stage, the consolidated subsidiary has decided to continue the operation of the treatment site until the exhaustion of proceedings.

Notes to the Interim Consolidated Financial Statements

Veridis Environment Ltd.

Note 6: - Contingent Liabilities (Continued)

3. As stated in Note 22a(17) to the annual consolidated financial statements, on February 18, 2026, a lawsuit was filed against a consolidated company and against the Jordan Valley Regional Council by the Custodian of Abandoned Property in Judea and Samaria, according to which the defendants must pay usage fees in the amount of approximately NIS 58 million (including VAT) for the use of real estate where the consolidated company previously operated a landfill, as well as a claim for eviction and restoration of the situation to its previous state or rehabilitation, and alternatively payment of rehabilitation costs estimated at approximately NIS 25 million in connection with the use made by the consolidated company of the landfill.

On March 30, 2026, the Jordan Valley Regional Council filed an agreed-upon request for the settlement of a dispute between public bodies to the Attorney General, with the aim that the disagreements between the parties be resolved through the procedures established in the Attorney General's guidelines regarding disputes between public authorities (a quasi-mediation process). To the extent that the parties reach an agreement within the framework of the mediation proceedings, this will obviate the need for managing the claim in court.

According to the assessment of the Group's management, and based, inter alia, on its legal advisors, the consolidated company has good defense arguments in relation to the requested remedies and the amount claimed, however, at this preliminary stage, the consolidated company and its legal advisors are unable to estimate the chances of the claim, and therefore no provision was included in respect thereof in the financial statements.

It should be noted that in the financial statements for all reporting periods, there is a provision for the closure of the landfill site.

Note 7: - Additional Information

- A. On March 17, 2026, the Company's Board of Directors approved a private placement of 8,333,300 ordinary shares of the Company, of NIS 0.01 par value each, to several institutional entities (among them an institutional entity that is an interested party) at a share price of NIS 36. The total net proceeds (net of issuance expenses) amounted to approximately NIS 297.5 million. Following the private placement, the issued and paid-up capital of the Company totals 153,498,610 ordinary shares, and under the assumption of full dilution, 155,373,610 ordinary shares.
- B. Further to what is stated in Notes 11a(2) and 22b(13) to the annual consolidated financial statements regarding land in Hadera designated for a power plant, during the first quarter of 2026, significant developments occurred in promoting the project for the establishment of a power plant on the property. These developments included, among other things, an engagement in an agreement for the supply of the main equipment for the power plant. In light of the aforementioned developments, and the reduction of the uncertainty component regarding the exercise of the lease agreement between Infinia and OPC Israel as described in the aforementioned notes (from a rate of 20% to a rate of 10%) and the advancement of the expected exercise date of the lease agreement to July 2026 (instead of June 2027). In addition, after the balance sheet date, in April 2026, a significant sale transaction was carried out in the area of the subject property, which indicates an increase in land values for industrial designation.

Following the above, as of March 31, 2026, the Group again estimated the fair value of the investment property owned by it in Hadera through an external appraiser. According to the appraisal received, the fair value of the investment property as of March 31, 2026 was estimated at approximately NIS 325 million (Level 3 in the fair value hierarchy), based on the capitalization of rental income according to the terms of the agreement (at a capitalization rate of 5.25%) and the value of land in use for industry at the end of the agreement period (at a capitalization rate of 5%). Accordingly, the Group included in the financial statements for the first quarter of 2026, a revaluation gain on real estate in the amount of approximately NIS 48 million (approximately NIS 37 million after the tax effect).

It should be noted that a change in the capitalization rate of approximately 0.25% would result in a change in the value of the real estate in the amount of approximately NIS 11 million.

Veridis Environment Ltd.

Notes to the Interim Consolidated Financial Statements

Note 7: - Additional Information (Continued)

- C.** Further to what is stated in Notes 11a(3) and 22b(13) to the annual consolidated financial statements regarding another property in Hadera leased to OPC Israel on which there is a power plant, near the date of the report, a significant sale transaction was carried out in the area of the subject property which indicates an increase in land values for industrial designation. Following the above, as of March 31, 2026, the Group again estimated the fair value of the aforementioned investment property through an external appraiser. According to the appraisal received, the fair value of the investment property as of March 31, 2026 was estimated at approximately NIS 78 million (Level 3 in the fair value hierarchy), based on the capitalization of rental income (real estate) during the agreement period (at a capitalization rate of 5.25%) and an estimate of the current value of the property at the end of the period based on the comparison approach for land in use for industry (at a capitalization rate of 5%). Accordingly, the Group included in the financial statements for the first quarter of 2026, a revaluation gain on real estate in the amount of approximately NIS 8 million (approximately NIS 6 million after the tax effect).
- D.** As stated in Note 22b(8) to the annual consolidated financial statements, Infinia is conducting negotiations with OPC Israel for an agreement to sell the rights to the real estate in Hadera described in sections B and C above, (instead of the lease agreement and the lease option agreement) for an expected consideration of approximately NIS 450 million. As of the date of approval of the financial statements, there is no certainty regarding its completion, its terms, or the final consideration that will be determined.
- E.** Further to what is stated in Note 18g to the annual consolidated financial statements regarding the subordinated loan received from the parent company and further to the capital raising as described in section A above, as of March 31, 2026, the Company updated the carrying value of the loan balance to a total of approximately NIS 161,315 thousand and recognized a decrease in the benefit recorded in the past (allocation to equity reserve from transactions with controlling shareholders) in the amount of approximately NIS 9,027 thousand. The Company estimates that at this stage, there is no expectation in the foreseeable future for a public equity offering (an event upon the occurrence of which the Company is required to prepay the loan to the parent company). According to the Company's assessment, at this stage, it is expected that the scope of the consolidated net financial debt of the Company will decrease below the amount of NIS 1.2 billion by March 31, 2027 (an event upon the occurrence of which the Company is required to prepay the loan to the parent company) and therefore, according to the terms of the loan, at the time of publication of the Company's financial statements as of March 31, 2027 (during May 2027), the Company will be required to prepay the loan balance in full (including accrued interest). In calculating the benefit, the annual effective interest rate of approximately 8.9% was taken into account as calculated at the time the loan was provided (with adjustments for changes in the prime interest rate).
- F.** As stated in Note 12e to the annual consolidated financial statements, during November 2024, Infinia submitted a request for assistance within the framework of the "Jerusalem" plan of the Ministry of Economy and Industry for the encouragement and establishment of infrastructure for a circular economy (hereinafter - "the Plan"). The Plan is intended to support the establishment and expansion of recycling plants and sorting facilities, as well as increasing the industrial use of recycled raw materials. On January 12, 2026, approval was received from the Ministry of Economy regarding the Company's eligibility to receive a support grant in a total amount of approximately NIS 41 million.

According to the assessment of Infinia's management, at this stage, a total of approximately 70% is attributed to investments made in the plant up to the date of approval of the financial statements and the remaining 30% is subject to the execution of future investments, as far as they are carried out. According to the terms of the Plan, an advance in the amount of approximately 65% of the approved support (in respect of the amounts invested) is supposed to be received close to the provision of a bank guarantee by Infinia in the amount of approximately NIS 2 million.

In light of the aforementioned approval, Infinia is expected to begin recognizing the grants (against a decrease in the cost of investment), according to its eligibility. In the interim consolidated financial statements as of March 31, 2026, the reduction of the investment against recognition of grants receivable has not yet been included, which according to Infinia's estimate will be recorded in the second quarter of 2026.

Note 7: - Additional Information (Continued)

- G. Further to what is stated in Note 22a(9)(c) to the annual consolidated financial statements, starting from 2025, the Ministry of Environmental Protection began paying quarterly payments as an advance on account of the annual support. During 2025 and in January 2026, the consolidated companies received advances on account of the supports for 2025 of approximately NIS 40 million and approximately NIS 6 million, respectively. After the balance sheet date, in the months of April and May 2026, the consolidated companies received the balance of the supports for 2025 in a total amount of approximately NIS 34 million.
- H. In February and March 2026, the Company carried out voluntary early repayments in the amount of approximately NIS 67 million and approximately NIS 313 million (including interest accrued to those dates) of the loans taken by the Company for the acquisition of Infinia. As of March 31, 2026, the balance of the loans taken by the Company from banking corporations for the acquisition of Infinia (100%) totaled approximately NIS 241 million. After the balance sheet date, in May 2026, the Company carried out an additional voluntary early repayment in the amount of approximately NIS 69 million (including accrued interest) such that as of the date of approval of the financial statements, the loan balance totals approximately NIS 174 million, where the main repayment dates for the remaining loan principal are in the years 2028 and 2030.
- I. Further to what is stated in Note 22b(1) to the annual consolidated financial statements, in connection with a tender for the upgrade, expansion, and operation of the desalination plant in Ashkelon for an additional period of 25 years, after the balance sheet date, in April 2026, it was decided that the deadline for submitting bids for the tender would be postponed from June 15, 2026, to August 4, 2026.

144A Menachem Begin Road,
Tel Aviv 6492102

ey.com

May 24, 2026

To,
The Board of Directors of Veridis Environment Ltd.

Dear Sirs/Mesdames,

Re: Consent letter in connection with the shelf prospectus of Veridis Environment Ltd. (hereinafter - the Company) dated July 19, 2024

We hereby inform you that we consent to the inclusion (including by way of reference) of our reports detailed below based on the Company's shelf prospectus dated July 19, 2024:

Review report dated May 24, 2026, on the condensed consolidated interim financial information of the Company as of March 31, 2026, and for the three-month period ended on that date.

Respectfully yours,
Cost Forer Gabbay & Kasierer
Accountants

Financial statements of an associate company (OPC Israel)

As of March 31, 2026 (Unaudited)



OPC Power Israel Ltd.
Condensed Interim Consolidated Financial Statements
As of March 31, 2026
(Unaudited)

Condensed Interim Consolidated Financial Statements as of March 31, 2024 (Unaudited)

OPC Power Israel Ltd.

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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 Accountants to the Shareholders of OPC Power Israel Ltd.

Introduction

We have reviewed the accompanying financial information of OPC Power Israel Ltd. and its subsidiaries, which comprises 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 are also responsible for the preparation of the 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 these interim periods based on our review.

Scope of Review

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

Conclusion

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

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

Somekh Chaikin

Accountants

May 19, 2026

KPMG Somekh Chaikin, a partnership registered in Israel and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

OPC Power Israel Ltd.	Condensed Consolidated Interim Statements of Financial Position as at		
	March 31 2026	March 31 2025	December 31 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Current Assets			
Cash and cash equivalents	170	168	248
Trade receivables	236	216	306
Other receivables and debit balances	34	40	50
Total Current Assets	440	424	604
Non-Current Assets			
Long-term deposits and restricted cash	40	61	40
Long-term receivables and debit balances	39	29	39
Long-term derivative financial instruments	40	41	42
Property, plant and equipment	4,398	4,126	4,319
Right-of-use assets and deferred expenses	613	622	613
Intangible assets	223	225	224
Total Non-Current Assets	5,353	5,104	5,277
Total Assets	5,793	5,528	5,881

OPC Power Israel Ltd.

Condensed Consolidated Interim Statements of Financial Position as at (Continued)

	March 31 2026 (Unaudited) NIS millions	March 31 2025 (Unaudited) NIS millions	December 31 2025 (Audited) NIS millions
Current Liabilities			
Loans and credit from banking corporations and financial institutions (including current maturities)	125	85	117
Current maturities of debt to shareholders	-	64	-
Trade payables	254	224	335
Other payables and credit balances	36	59	60
Total Current Liabilities	415	432	512
Non-Current Liabilities			
Long-term loans from banking corporations and financial institutions	2,692	2,274	2,728
Long-term debt to shareholders	-	106	-
Other long-term liabilities	29	14	19
Deferred tax liabilities	523	478	515
Total Non-Current Liabilities	3,244	2,872	3,262
Total Liabilities	3,659	3,304	3,774
Equity			
Share capital	798	798	798
Capital reserves	1,124	1,132	1,131
Retained earnings	212	294	178
Total Equity	2,134	2,224	2,107
Total Liabilities and Equity	5,793	5,528	5,881

Giora Almogy
Director

Anna Bernstein Schwartzman
Director

and CFO

Date of approval of the financial statements: May 19, 2026

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

Condensed Consolidated Interim Statements of Profit and Loss

OPC Power Israel Ltd.

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Revenue from sales and services	565	526	2,321
Cost of sales and services (excluding depreciation and amortization)	(410)	(378)	(1,673)
Depreciation and amortization	(52)	(61)	(231)
Gross profit	103	87	417
Compensation for loss of income	-	-	16
General and administrative expenses	(15)	(11)	(52)
Business development expenses	(2)	-	(5)
Other income (expenses), net	(6)	(3)	31
Profit from regular operations	80	73	407
Finance expenses	(38)	(39)	(157)
Finance income	3	4	11
Finance expenses, net	(35)	(35)	(146)
Profit before taxes on income	45	38	261
Income tax expenses	(11)	(9)	(50)
Profit for the period	34	29	211

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

OPC Power Israel Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	<u>NIS millions</u>	<u>NIS millions</u>	<u>NIS millions</u>
Profit for the period	<u>34</u>	<u>29</u>	<u>211</u>
Items of other comprehensive income (loss) initially recognized in other comprehensive income and transferred or to be transferred to profit and loss			
Effective portion of the change in fair value of cash flow hedges, net of tax	(13)	(3)	(8)
Net change in fair value of financial instruments used for cash flow hedging transferred to profit and loss, net of tax	1	-	-
Taxes on items of other comprehensive loss	<u>3</u>	<u>-</u>	<u>-</u>
Other comprehensive loss for the period, net of tax	<u>(9)</u>	<u>(3)</u>	<u>(8)</u>
Total comprehensive profit for the period	<u>25</u>	<u>26</u>	<u>203</u>

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

Condensed Consolidated Interim Statements of Changes in Equity

OPC Power Israel Ltd.

	Attributable to the Company's shareholders				
	Share capital	Capital reserves	Hedging reserve	Retained earnings	Total
	NIS millions	NIS millions	NIS millions (Unaudited)	NIS millions	NIS millions
For the three-month period ended March 31, 2026					
Balance as of January 1, 2026	798	1,145	(14)	178	2,107
Transactions with controlling shareholders	-	2	-	-	2
Other comprehensive loss for the period, net of tax	-	-	(9)	-	(9)
Profit for the period	-	-	-	34	34
Balance as of March 31, 2026	798	1,147	(23)	212	2,134
For the three-month period ended March 31, 2025					
Balance as of January 1, 2025	798	1,141	(6)	265	2,198
Other comprehensive loss for the period, net of tax	-	-	(3)	-	(3)
Profit for the period	-	-	-	29	29
Balance as of March 31, 2025	798	1,141	(9)	294	2,224
For the year ended December 31, 2025					
	(Audited)				
Balance as of January 1, 2025	798	1,141	(6)	265	2,198
Transactions with controlling shareholders	-	4	-	-	4
Dividend	-	-	-	(298)	(298)
Other comprehensive loss for the year	-	-	(8)	-	(8)
Profit for the year	-	-	-	211	211
Balance as of December 31, 2025	798	1,145	(14)	178	2,107

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

Condensed Consolidated Interim Statements of Cash Flows

OPC Power Israel Ltd.

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Cash flows from operating activities			
Profit for the period	34	29	211
Adjustments:			
Depreciation and amortization	53	62	235
Consumption of diesel fuel	16	4	26
Financing expenses, net	35	35	146
Income tax expenses	11	9	50
Other expenses (income), net	6	3	(31)
	155	142	637
Changes in trade and other receivables	98	30	(104)
Changes in trade and other payables and other long-term liabilities	(112)	56	209
	(14)	86	105
Net cash provided by operating activities	141	228	742
Cash flows from investing activities			
Interest received	1	1	8
Acquisition of property, plant and equipment, intangible assets and deferred expenses	(166)	(42)	(373)
Others	-	(1)	20
Net cash used in investing activities	(165)	(42)	(345)
Cash flows from financing activities			
Interest paid	(35)	(30)	(138)
Receipt of long-term loans from banking corporations and financial institutions, net	-	149	698
Financing activity with shareholders	-	-	(27)
Dividend paid to shareholders	-	-	(298)
Change in short-term loans from banking corporations	-	(2)	(2)

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Change in cash with the parent company	11	-	-
Repayment of long-term loans from banking corporations and others	(29)	(22)	(95)
Repayment of long-term debt from shareholders	-	(145)	(317)
Others	(1)	(1)	(8)
Net cash used in financing activities	(54)	(51)	(187)
Net increase (decrease) in cash and cash equivalents	(78)	135	210
Cash and cash equivalents balance at the beginning of the period	248	34	34
Effect of exchange rate fluctuations on cash and cash equivalents	-	(1)	4
Cash and cash equivalents balance at the end of the period	170	168	248

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

OPC Power Israel Ltd.

**Notes to the Condensed Consolidated Interim Financial Statements as of March 31, 2026
(Unaudited)**

Note 1 - General

The Reporting Entity

OPC Power Israel Ltd. (hereinafter - "the Company") is a private company incorporated in Israel on May 1, 2022. The registered address of the Company is 121 Menachem Begin Road, Tel Aviv, Israel. The Company is held by OPC Energy Ltd. at a rate of 80% (hereinafter - "the parent company"), a public company traded on the Tel Aviv Stock Exchange Ltd. and by Veridis - Power Plants Ltd. at a rate of 20% (hereinafter - "Veridis").

As of the date of the report, the Company and its held companies (hereinafter - "the Group") operate in the production and supply of electricity and energy in Israel.

Note 2 - Basis of Preparation of the Financial Statements

A. Statement of compliance with International Financial Reporting Standards (IFRS Accounting Standards) (hereinafter - "IFRS").

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (hereinafter - "IAS 34"), and do not include all the information required in full annual financial statements. They should be read together with the financial statements for the year ended December 31, 2025 (hereinafter - "the Annual Reports"). In addition, these reports were prepared in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

These condensed consolidated interim financial statements were approved for publication by the Company's Board of Directors on May 19, 2026.

B. Functional Currency and Presentation Currency

The currency that represents the main economic environment in which the Company operates is the NIS. Accordingly, the NIS constitutes the functional currency of the Company. In addition, the NIS serves as the presentation currency of these financial statements. Other currencies that are not the NIS constitute foreign currency.

C. Use of Estimates and Judgments

In preparing the financial statements in accordance with IFRS, Company management is required to use judgment, assessments, estimates and assumptions that affect the application of accounting policy and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Management's judgment when applying the Group's accounting policy and the main assumptions used in evaluations involving uncertainty are consistent with those used in the Annual Reports.

For details regarding the extension of the useful life of the Rotem power plant during the fourth quarter of 2025, see Note 2e1 to the Annual Reports.

D. Seasonality

The Group companies' revenues from the sale of energy are based mainly on the Time of Use (TOU) tariff, which is published by the Electricity Authority, assuming a certain discount given in relation to the production component. The months of the year are divided into three seasons: summer (June to September), winter (December, January and February) and transition (March to May and October to November), where for each season a different tariff is set for each demand hour cluster.

Note 3 - Significant Accounting Policy

The accounting policy of the Group in these condensed consolidated interim financial statements is the accounting policy applied in the Annual Reports.

Note 4 - Revenue from Sales

Composition of revenue from sales:

	For the three-month period ended March 31		For the year ended December 31
In NIS millions	2026	2025	2025
	(Unaudited)		(Audited)
Revenue from sales of energy to private customers	299	282	1,271
Revenue from sales of energy to the system operator and other suppliers	47	50	181
Revenue from availability services	30	33	143
Revenue from sale of energy to the system operator at cogeneration tariff	8	18	76
Revenue from steam sales	14	15	57
Other revenue	-	-	2
Total revenue from sale of energy and others (excluding infrastructure services)	398	398	1,730
Revenue from private customers for infrastructure services	167	128	591
Total revenue	565	526	2,321

Note 5 - Credit from Banking Corporations and Others, BONDS, Guarantees and Equity

A. Material events during and after the reporting period

1. Bank financing agreements of the Company

Below are the amounts of the Company's Adjusted EBITDA, subordinated owner loans and principal and/or interest swap hedging transactions at their par value (as defined in the financial covenants in Note 13b1 to the Annual Reports):

	For the three-month period ended March 31		For the year ended December 31
In NIS millions	2026	2025	2025
	(Unaudited)		(Audited)
Adjusted EBITDA	138	137	611
Balance of subordinated owner loans (including interest payable)	-	100	-
Balance of principal and/or interest swap hedging transactions at par value (1)	42	39	41

(1) For further details regarding the Company's index swap contracts, see Note 17 to the Annual Financial Reports.

2. Short-term credit facilities:

As of the date of approval of the report, the Company has binding short-term credit facilities from banking corporations in Israel valid for various dates, mainly during the second half of 2026, in the scope of NIS 300 million, the utilization of which as of the date of the report stands at NIS 4 million. For details about the terms of the facilities, see Note 13b3 to the Annual Reports.

Additionally, as of the date of the report and close to the date of approval of the report, non-binding credit facilities from banking corporations and financial institutions were utilized for the purpose of letters of credit and bank guarantees in the scope of approximately NIS 344 million and approximately NIS 401 million. The utilization of non-binding facilities is subject to the discretion of each financing entity individually at each utilization request date, and therefore there is no certainty as to the ability to utilize them at any time.

OPC Power Israel Ltd.

**Notes to the Condensed Interim Consolidated Financial Statements as of March 31, 2026
(Unaudited)**

**Note 5 - Credit from Banking Corporations and Others, BONDS, Guarantees, and Equity
(Cont.)**

B. Changes in Material Guarantees of the Group:

Further to the statements in Note 13C to the Annual Reports, below is a detail of the main changes that occurred during the reporting period in the volume of bank guarantees provided by Group companies to third parties:

	As of March 31, 2026	As of December 31, 2025
	NIS millions	NIS millions
Regarding projects in operation	197	189
Regarding projects under construction and development	74	91
Regarding submission of a bid in the Sorek tender	50	50
Regarding virtual supply activity (1)	37	33
Total	358	363

(1) Near the date of approval of the report, the bank guarantee amount provided to the system administrator was increased by approximately NIS 57 million due to seasonality.

In addition, the Company and Group companies provide corporate guarantees from time to time to secure the obligations of Group companies in connection with their activities.

C. Financial Covenants:

Further to the statements in Note 13 to the Annual Reports, below are the financial covenants, as defined in said Note, applicable to Group companies with respect to their financing agreements with corporations (including long-term loans and committed short-term credit facilities), as well as the actual amounts and/or ratios as of March 31, 2026:

Financial Covenants	Ratio for Breach	Actual Value
<u>OPC Israel regarding corporate financing agreements¹</u>		
Equity of the company	Shall not be less than NIS 1,100 million	Approx. NIS 2,134 million
Ratio of equity to the company's balance sheet	Shall not be less than 20%	37%
Ratio between net debt to EBITDA of the company	Shall not exceed 8	4.2
<u>Covenants applicable to Hadera regarding the Hadera financing agreement</u>		
Minimum projected DSCR	1.10	1.14
Average projected DSCR	1.10	1.63
LLCR	1.10	1.63

As of March 31, 2026, the Group companies meet the aforementioned financial covenants.

Note 6 - Engagements and Contingent Liabilities

A. Engagements

1. Ramat Beka Project (In advanced development)

- A.** In February 2026, OPC Ramat Beka entered into an Engineering, Procurement, and Construction (EPC) agreement for the establishment of a substation (SS) and a switching station (SWS) with a total capacity of approximately 970 MW, intended to adapt the electricity produced in the Ramat Beka project to the power grid, with a total volume of approximately NIS 310 million.

The agreement includes customary provisions for agreements of this type, including collateral, conditions for making payments, work execution schedules, warranty periods, and limitation of the contractor's liability.

Additionally, it was determined that OPC Ramat Beka is entitled to cancel the agreement before the start of construction works (NTP) and the contractor is entitled to cancel the agreement if notice of the start of construction works is not given within a period determined in the agreement, all subject to a certain payment to the contractor, as determined in the agreement and according to the circumstances of the matter.

The start of execution of construction works at the project site is conditional, among other things, on the completion of the financial closing of the project, receipt of required regulatory permits and approvals, and the fulfillment of additional conditions as detailed in the agreement. As of the date of approval of the report, there is no certainty regarding the completion of the aforementioned processes.

¹ In addition, the Company has short-term bank credit facilities including financial covenants identical to the covenants detailed above.

OPC Power Israel Ltd.

Notes to the Condensed Interim Consolidated Financial Statements as of March 31, 2026 (Unaudited)

Note 6 - Engagements and Contingent Liabilities (Cont.)

A. Engagements (Cont.)

1. Ramat Beka Project (In advanced development) (Cont.)

- B.** On April 16, 2026, OPC Ramat Beka entered into an Engineering, Procurement, and Construction (EPC) agreement for the establishment of a photovoltaic power plant with an estimated installed capacity of up to approximately 600 MW, with a total volume of approximately NIS 500 million. The agreement includes customary provisions for agreements of this type, including collateral, terms and dates for making payments, work execution schedules, warranty periods, liquidated damages limited in amount, and limitation of the contractor's liability. Additionally, it was determined that the project company is entitled to cancel the agreement prior to the issuance of a notice to proceed ("NTP"), and the contractor is entitled to cancel it if NTP is not given within a period determined in the agreement, all with a certain payment as determined in the agreement according to the case. The start of execution of construction works at the project site is conditional, among other things, on the completion of the financial closing of the project and receipt of required regulatory permits and approvals. According to the Company's assessment, the volume of payments under the agreement until the NTP date is expected to amount to non-material sums.

1. Hadera 2 Project (In advanced development)

In February 2026, OPC Hadera Expansion Ltd. (hereinafter – "Hadera Expansion") entered into an agreement with GE Vernova (the "Supplier") for the supply of the main equipment for the Hadera Expansion power plant, including gas and steam turbines and auxiliary equipment (hereinafter - the "Equipment Supply Agreement") as well as a maintenance agreement in connection with said equipment. According to the Equipment Supply Agreement, the Supplier undertook, among other things, to supply the main equipment in the agreement at the times and conditions agreed upon. Additionally, the Equipment Supply Agreement includes certain provisions regarding equipment performance, guarantees, liability caps and limitations, as well as liability for the equipment by the Supplier (which is limited by caps and subject to determined circumstances and conditions). According to the Equipment Supply Agreement, Hadera Expansion undertook to pay the total agreement consideration at various payment dates, some of which had occurred as of the date of approval of the report (the total amount paid is estimated at tens of millions of Euros). The total consideration as stated is estimated at approximately 20% of the estimated cost of the project, which is estimated as of the date of approval of the report at a total of approximately NIS 4.8-5.2 billion.

B. Contingent Liabilities

After the reporting date, in May 2026, a payment demand was received from the Hadera Municipality for a betterment levy, accompanied by an assessment in the amount of approximately NIS 194 million, in connection with the exercise of rights under NIP 20B by way of issuing a building permit for the Hadera Expansion power plant construction project (hereinafter - the "Project" and the "Assessment", respectively).

The completion of obtaining the building permit for the project (required for obtaining the Electricity Authority's approval for financial closing) is subject to conditions as determined in the building permit from March 2026, including the settlement of the betterment levy payment. The Company intends to settle the demand in the coming days such that 50% of the Assessment amount will be paid in cash and the balance will be secured by a bank guarantee in favor of the Hadera Municipality.

The Company disputes the amount of the Assessment, which constitutes only a preliminary assessment, and therefore the settlement of the payment and the provision of the guarantee as stated will be done under protest, in order to advance the project. The Company, together with its legal advisors, is preparing to file an appeal against the amount of the Assessment. As of the date of approval of the report, and given that this is a preliminary assessment and considering the expected appeal process, the Company is unable to reliably estimate the final betterment levy amount that will be determined.

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, restricted cash, customers, other receivables, suppliers, and other payables of the Group corresponds to or is close to their fair value. The fair value of other financial assets and financial liabilities and the carrying amounts presented in the statement of financial position are as follows:

As of March 31, 2026		
NIS millions	Carrying amount ⁽¹⁾ (Unaudited)	Fair value (Unaudited)
Loans from banking corporations and financial institutions (Level 2)	2,819	2,871
	2,819	2,871

As of March 31, 2025		
NIS millions	Carrying amount ⁽¹⁾ (Unaudited)	Fair value (Unaudited)
Loans from banking corporations and financial institutions (Level 2)	2,533	2,538

NIS millions	Carrying amount ⁽¹⁾ (Unaudited)	Fair value (Unaudited)
	2,533	2,538

OPC Power Israel Ltd.

Notes to the Condensed Interim Consolidated Financial Statements as of March 31, 2026 (Unaudited)

Note 7 - Financial Instruments (Cont.)

A. Financial instruments measured at fair value for disclosure purposes only (Cont.)

NIS millions

	As of December 31, 2025	
	Carrying amount ⁽¹⁾ (Audited)	Fair value (Audited)
Loans from banking corporations and financial institutions (Level 2)	2,848	2,892
	2,848	2,892

(1) Including current maturities and interest payable.

For details regarding the Group's risk management policy including engagement in derivative financial instruments as well as the method for determining fair value, see Note 17 to the Annual Reports.

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

As of March 31, 2026 and 2025 and December 31, 2025, the Group has index swap contracts (Level 2) totaling approximately NIS 40 million, NIS 40 million, and NIS 39 million, respectively, which are used for hedge accounting. Valuation techniques and the various levels were detailed in Note 17 to the Annual Reports. As of December 31, 2025, the nominal Shekel discount interest range in the value calculations is 3.9%-4.5% and the real discount interest range is 1.3%-2.1%.

Note 8 - Material Events During the Reporting Period and Thereafter

A. Further to the statements in Note 1 to the Annual Reports, on February 28, 2026, a significant escalation occurred in the regional geopolitical situation, with the outbreak of another large-scale military conflict between Israel and US military forces and Iran, which also includes Iranian attacks on other countries in the Middle East region ("Operation Lion's Roar"). As part of the operation, among other things, air routes in Israel were closed, and a general emergency situation was declared in the Israeli home front, in a manner that limits activity in the public space, alongside a large-scale reserve mobilization.

During Operation Lion's Roar, all gas platforms (including the Karish reservoir) were shut down for varying periods of time, where as of the date of approval of the report, the three gas reservoirs returned to full operation. With reference to the Tamar gas reservoir, its shutdown was conducted for only a few days at the beginning of Operation Lion's Roar such that upon its operation all the Company's gas needs were supplied, while some of the gas was purchased at a price higher than the alternative price from the Karish reservoir with a non-material effect as of the date of approval of the report. In addition, given the emergency state declared in the Israeli economy, a certain decrease occurred in demand for a short period whose effect is non-material. Also, force majeure notices were received from suppliers and contractors alongside limited availability of work teams and foreign experts at the activity sites, including at the Sorek 2 site (which is in acceptance testing).

On April 8, 2026, a temporary ceasefire was declared with Iran, while continuing the maritime blockade in the Straits of Hormuz on the movement of oil and natural gas tankers. On April 17, 2026, a temporary ceasefire was declared in Lebanon, where as of the date of approval of the report, Hezbollah attacks from Lebanon continue, and accordingly, emergency situation restrictions were reinstated in northern Israel to a certain extent. As of the date of approval of the report, in the Company's assessment, Operation Lion's Roar did not have a material impact on its business activities and/or financial results. However, as of the date of approval of the report, there is a significant concern about the rekindling of hostilities with Iran and the intensification of fighting in Lebanon.

The aforementioned events involve significant uncertainty and they may affect the macroeconomic environment, and as such, adversely affect the resilience of the economy and the marketplace in Israel. The worsening of the security situation may harm the activity of the Group and the activity of the Company's customers and suppliers, as well as adversely affect the results of the Group's operations, the availability and cost of capital, and the financing sources required by the Group.

Therefore, as of the date of approval of the report, it is not possible to estimate the scope of the impact of the above on the Group and its results, if any, in the short and medium term.

- B.** Further to the statements in Note 10B(5) to the Annual Reports regarding the Ramat Beka project, in January 2026, a plan was approved in the National Infrastructure Committee for a unified project for the two tenders, and in the window of the period during which no request for a government discussion was received, on March 17, 2026, the approved plan by the government (from March 16, 2026) was published in the official gazette. Accordingly, the balance of the bid amount (80%) in the total amount of approximately NIS 1.1 billion (plus VAT) is expected to be paid 90 days from the date of final plan approval which was received as stated during March 2026.

OPC Power Israel Ltd.

Notes to the Condensed Interim Consolidated Financial Statements as of March 31, 2026 (Unaudited)

Note 8 - Material Events During the Reporting Period and Thereafter (Cont.)

- C.** Further to Note 19C to the Annual Reports regarding shareholder loans, after the reporting date, the board of directors of the Parent Company approved the provision of a Shekel loan facility by the Parent Company to the Company, in a total amount of up to approximately NIS 1.55 billion, for the purpose of financing the required equity to advance projects in advanced development in Israel, including the Ramat Beka project and the Hadera 2 project. The loan facility is intended to be used primarily to finance the payment to the ILA for the balance of the land rights in the Ramat Beka project as well as to finance pre-construction payments in connection with said projects.

Veridis, which holds 20% of the Company's shares, is expected to provide its relative share in the financing, in a total amount of up to approximately NIS 310 million, at a later date, in accordance with the agreements between the parties, and at that same time the Company will repay the Parent Company the balance of the loan provided by it in excess of its share plus the accrued interest (such that the Parent Company's share will amount to approximately NIS 1.24 billion). The loan principal shall bear Prime interest plus a margin (representing market conditions as of the date of provision of the loan facility) or interest according to Section 3(j) of the Income Tax Regulations, whichever is higher. The loan principal shall be repaid by the Company no later than September 30, 2027. The agreement includes an option for early repayment, subject to its provisions, as well as restrictions on making repayments, including in the case of a breach event or repayment restriction according to the Company's corporate financing agreements.

Furthermore, the agreement includes provisions for a case where Veridis does not provide its share of the financing by the date set for it, including the adjustment of interest and indexation terms with respect to the financing component attributed to its share, as well as a mechanism for conversion into the Company's shares in accordance with the provisions of the partnership agreement between the Parent Company and Veridis. As of the date of approval of the report, the signing of the loan agreement is subject to final approval by Veridis.

- D. In the three-month periods ended March 31, 2026 and 2025, the Group purchased fixed assets in a total amount of approximately NIS 152 million and approximately NIS 16 million, respectively.
- E. For further details regarding developments in credit from banking corporations and others and guarantees during the reporting period and thereafter, see Note 5.
- F. For further details regarding developments in engagements, contingent liabilities, and others during the reporting period and thereafter, see Note 6.

Somekh Chaikin

Millennium Tower KPMG

17 Ha'Arba'a Street, P.O.B. 609

Tel Aviv 6100601

03 684 8000

May 19, 2026

To

The Board of Directors of

Veridis Environment Ltd.

Dear Sir/Madam,

Re: Consent letter regarding shelf prospectus of Veridis Environment Ltd.
Dated July 19, 2024

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports detailed below in a shelf offering which will be published by you by virtue of the Company's shelf prospectus dated July 19, 2024:

Review report of the auditing accountants dated May 19, 2026 on condensed financial information of OPC Power Israel Ltd. for March 31, 2026 and for the three-month period ended on that date.

Respectfully yours,

Somekh Chaikin

accountants

**Report on the Effectiveness of Internal Control
over Financial Reporting and Disclosure for the
First Quarter of 2026**



Veridis Environment Ltd.

First Quarter Report of 2026 on the Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C of the Securities Regulations (Periodic and Immediate Reports), 1970

The Management, under the supervision of the Board of Directors of Veridis Environment Ltd. (hereinafter - the Corporation), is responsible for the determination and existence of adequate internal control over financial reporting and disclosure in the Corporation.

In this regard, the members of management are:

- 1. Ilan Ben-Simon, CEO.
- 2. Eran Sapir, CEO of Environment Division.
- 3. Beni Bar-On, CFO.
- 4. Hagit Benesh, General Counsel and Company Secretary.
- 5. Liat Bar-David, Finance Manager.

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, designed by the CEO and the most senior officer in the field of finance or under their supervision, or by whoever actually performs 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 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.

Internal control includes, among other things, controls and procedures designed to ensure that information the Corporation is required to disclose as stated, is accumulated and transferred to the Corporation's management, including the CEO and the most senior officer in the field of finance or whoever actually performs the said roles, in order to enable decisions to be made at the appropriate time, with respect to the disclosure requirement.

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

In the annual report on 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 on Internal Control), the Board of Directors and Management evaluated the internal control in the Corporation; based on this evaluation, the Board of Directors and the Corporation's management 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 evaluation of the effectiveness of internal control, as presented in the framework of the Last Annual Report on Internal Control.

As of the date of the report, based on the evaluation of the effectiveness of internal control in the Last Annual Report on 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.

Management Certifications:

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

Management Statement

CEO Statement

I, Ilan Ben-Simon, declare that:

- 1. I have examined the quarterly report of Veridis Environment Ltd. (hereinafter - the Corporation) for the first quarter of 2026 (hereinafter - the Reports).
- 2. To my knowledge, the Reports do not include any incorrect representation of a material fact and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances under which those representations were included, will not be misleading with respect to the period of the Reports.

3. To my knowledge, the financial reports 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 relate.
4. I have disclosed to the Corporation's auditing accountant, to the Board of Directors, to the Audit Committee and to the Financial Statements Committee of the Corporation's Board of Directors, based on my most current evaluation of internal control over financial reporting and disclosure:
 - A. All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure which are reasonably likely to adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of financial reports in accordance with the provisions of the law; and-
 - B. Any fraud, whether material or not material, in which the CEO or his direct subordinate is 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. 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. 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 financial reports in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - C. No event or matter that occurred during the period between the date of the last report 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.

The above does not derogate from my responsibility or the responsibility of any other person, according to any law.

May 24, 2026

Ilan Ben-Simon

CEO

(b) Declaration of the most senior officer in the field of finance according to Regulation 38(d)(2)

Managers' Declaration

Statement of the Senior Officer in the Field of Finance

I, Beni Bar On, declare that:

1. I have reviewed the interim financial statements and other financial information included in the reports for the interim periods of Veridis Environment Ltd. (hereinafter - the Corporation) for the first quarter of 2026 (hereinafter - the reports).
2. To my knowledge, the interim financial statements and other financial information included in the reports do not contain any misrepresentation of a material fact and do not lack a representation of a material fact necessary so that the representations included in them, in light of the circumstances in which those representations were included, will not be misleading with respect to the reporting periods.
3. To my knowledge, the interim financial statements and other financial information included in the reports for the interim periods fairly reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods to which the reports refer.
4. I have disclosed to the Corporation's auditing accountant, the Board of Directors, the Audit Committee and the Financial Statements Committee of the Corporation's Board of Directors, based on my most recent assessment regarding 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 periods, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and-
 - b. Any fraud, whether material or not, in which the CEO or his direct subordinates are involved, or other employees who have a significant role in the 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 financial statements and other financial information included in the reports, is brought to my knowledge by others in the Corporation and the consolidated companies, particularly during the period of preparation of the reports; and-
 - b. Have established controls and procedures, or ensured the establishment and existence of controls and procedures under my supervision, designed to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

- C. No event or matter that occurred during the period between the date of the last report and the date of this report has been brought to my knowledge, relating to the interim financial statements and any other financial information included in the reports for the interim periods, which has the effect of changing, in my estimation, 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 derogates from my responsibility or the responsibility of any other person, according to any law.

May 24, 2026

Beni Bar On
CFO