

Keystone Infra Ltd.

Chapter C

Financial Statements

As of 31 December 2025

This report is a translation of Keystone Infra's Hebrew-language financial statements, prepared solely for convenience purposes. Please note that the Hebrew version is the binding version, and in any event of discrepancy, the Hebrew version will prevail.

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[letterhead of PWC]

**Independent Auditors' Report
to the Shareholders of Keystone Infra Ltd.**

The Opinion:

We have audited the Financial Statements of Keystone Infra Ltd. (the "**Company**") which include the Statements Of Financial Position as of 31 December 2025 and the Statements of Comprehensive Income, of Changes in Equity, and of Cash Flows for the year then ended, and the notes to the Financial Statements, including the significant accounting policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 31 December 2025 and its financial results and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

Basis for the Opinion:

We conducted our audit in accordance with Generally Accepted Auditing Standards in Israel, including standards set in the Accountants Regulations (Mode of Operation of Accountants), 5733-1973. Our responsibilities under those standards are described in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements paragraph of this report. We are independent of the Company in accordance with the legal provisions applicable in Israel regarding independence and the prevention of conflicts of interest for independent auditors in Israel. Furthermore, we have fulfilled our other ethical responsibilities in accordance with the Auditors Law, 5715-1955, and the regulations promulgated thereunder. We believe that the audit evidence obtained is sufficient and adequate to provide a basis for our opinion.

Key Audit Matters

The key audit matters specified below are those communicated or were required to be communicated to the Company's board of directors (the "**Board**") and that, in our professional judgment, were of most significance in the audit of the financial statements for the current period. These include, among others, any matter that: (1) relates, or may relate, to material items or disclosures in the financial statements, and (2) our discretion with respect to which was especially challenging, subjective, or complex. These matters were addressed in our audit of and opinion on the financial statements as a whole. The communication of those matters below does not alter in any way our opinion on the financial statements, taken as a whole, and we are not providing a separate opinion on those matters or the items or disclosures they relate to.

Fair Value of Investments in Investees

As described in Note 3 to the Financial Statements, the Company qualifies as an Investment Entity according to IFRS 10. Consequently, Investments in Investees are measured at fair value through profit or loss. As of 31 December 2025, the balance of investments in companies presented at fair value through profit or loss amounts to approx. ILS 4,658,108 thousand. When assessing the fair value of Investments in Investees presented at fair value based on unobservable inputs (Level 3), the management exercises judgment in determining the assumptions and estimates on which the fair value is based. The fair value of these companies is assessed with the assistance of independent valuers, based on valuation techniques that are subjective in nature and incorporate various assumptions such as: future cash flow forecasts, life expectancy of entities, multiples, standard deviations, and discount rates. Additionally, fair value can also be determined based on the price of a transaction performed close to the reporting date, similar transactions, or according to financing rounds in those investments. We identified the main estimates used as the basis for calculating the fair value of Investments in Investees based on

unobservable inputs (Level 3) as a key audit matter.

Auditing the fair value of investments in these investees requires auditor judgment as well as knowledge and experience to examine the reasonableness of the assumptions and data used by management and valuers in determining the fair value estimate.

The audit procedures that we performed in response to the key audit matter

- Obtaining an understanding of the data acquisition process used by the Company in calculating the fair value.
- Reviewing the Company's methodology used for determining the fair value.
- Examining the completeness and accuracy of the data used in the valuations.
- Evaluating the reasonableness of significant assumptions used by the Company's management in determining the fair value.
- Getting support from an expert economic on our behalf to review the valuations.
- Examining changes in estimates and assumptions underlying the valuation, compared to previous periods.
- Assessing the adequacy of disclosures in the financial statements.

Responsibilities of the Board and Management for the Financial Statements

The Board and Management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010; and for such internal control as the Board and Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board and Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as required, matters related to going concern and using the going concern basis of accounting unless the Board and Management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Independent Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In an audit carried out in accordance with Generally Accepted Auditing Standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, willful misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of provision of an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and Management.

- reach a conclusion on the appropriateness of the Board's and Management's use of the going concern basis of accounting and, based on the audit evidence obtained by us, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are insufficient, to include a modification to the standard language of our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board and Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the independent auditor identifies during the audit.

Furthermore, we provide the Board and Management with a statement that we have complied with relevant ethical requirements regarding our independence, and communicate with them all relationships and other matters that may reasonably be deemed to influence our independence, and where applicable, safeguards implemented to eliminate threats identified to our independence.

From the matters communicated, or required to be communicated, with the Board and Management, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes disclosure about such matter to outsiders.

The engagement partner for the audit contemplated in the independent auditor's report is Noam Hadar.

Tel Aviv
23 March 2026

KESSELMAN & KESSELMAN
Certified Public Accountants
A member firm of PricewaterhouseCoopers International Limited

[Letterhead of PWC)

23 March 2026

To:

The Board of Directors of Keystone Infra Ltd.

4 Ariel Sharon St., Givatayim

Dear Sir/Madam,

Re: **Letter of consent in connection with the shelf prospectus of Keystone Infra Ltd. (the “Company”) of May 2024**

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

The auditor’s report as of 23 March 2026 on the Company’s financial statements as of 31 December 2025.

Sincerely,

KESSELMAN & KESSELMAN
Certified Public Accountants
A member firm of PricewaterhouseCoopers International Limited

Keystone Infra Ltd. - Statements of Financial Position

		<u>31 Dec.</u>	<u>31 Dec.</u>
		<u>2025</u>	<u>2024</u>
	<u>Note</u>	<u>ILS in thousands</u>	
Assets			
Current assets			
Cash and cash equivalents	5	313,943	378,888
Accounts receivable	6	<u>16,044</u>	<u>7,505</u>
		<u>329,987</u>	<u>386,393</u>
Non-current assets			
Investments in investees and loans	7	4,658,108	3,081,673
Pledged deposit		-	822
Accounts receivable	6	<u>780</u>	<u>25,069</u>
		<u>4,658,888</u>	<u>3,107,564</u>
Total Assets		4,988,875	3,493,957
Liabilities and equity			
Current liabilities			
Commercial papers and short-term loans	8	-	187,500
Current maturities of bonds	10	96,371	56,542
Accounts payables	9	<u>12,542</u>	<u>25,119</u>
		<u>108,913</u>	<u>269,161</u>
Non-current liabilities			
Bonds	10	1,448,657	885,508
Accounts payables	7C5	-	6,771
Deferred taxes	11	<u>387,317</u>	<u>184,089</u>
		<u>1,835,974</u>	<u>1,076,368</u>
Total liabilities		<u>1,944,887</u>	<u>1,345,529</u>
Equity			
	13		
Share capital		1,511,931	1,495,664
Proceeds on account of options		7,611	9,036
Share-based payment capital reserve		21,341	21,341
Retained earnings		<u>1,503,105</u>	<u>622,387</u>
		<u>3,043,988</u>	<u>2,148,428</u>
Total Liabilities and Equity		4,988,875	3,493,957

Date of approval of the financial statements by the Company's Board: 23 March 2026

Aharon Biram
Chairman of the Board

Navot Bar
CEO

Rachel Segal
Chief Financial Officer

Keystone Infra Ltd. - Statements of Comprehensive Income

	Note	The year ended 31 December		
		2025	2024	2023
		ILS in thousands		
Revenue	7			
Net change in fair value of Investments in Investees measured at fair value through profit or loss, net of income from dividend, interest and loan proceeds		1,029,290	43,933	406,767
Income from dividend, interest and loan proceeds		236,658	238,261	252,597
Total Revenue		1,265,948	282,194	659,364
Operational expenses				
Management fees	12	40,629	34,691	31,058
Expenses on share-based payment	13	-	2,794	-
Transaction costs due to acquisition of investees (primarily professional services)		1,338	2,257	1,161
Other operational expenses	16	14,922	12,182	6,773
Total Expenses		56,889	51,924	38,992
Operating income		1,209,059	230,270	620,372
Financing income	16	10,816	6,435	6,276
Financing expenses	16	(74,883)	(48,605)	(61,173)
Profit before income taxes		1,144,992	188,100	565,475
Deferred tax expenses (income)	11	203,228	(5,259)	121,594
Total comprehensive income attributable to the Company's shareholders		941,764	193,359	443,881
Basic earnings per share attributable to the Company's shareholders (in ILS)		5.0	1.1	2.9
Basic earnings per share attributable to the Company's shareholders (in ILS)		4.9	1.1	2.9

The accompanying notes are an integral part of the Financial Statements

Keystone Infra Ltd. - Statements of Changes in Equity

	Attributable to the Company's shareholders				
	Share capital and premium	Proceeds on account of options	Share-based payment capital reserve	Retained earnings	Total equity
	ILS in thousands				
Balance as of 1 January 2023	1,320,388	11,148	18,547	124,147	1,474,230
Income for the year	-	-	-	443,881	443,881
Expiration of options	11,148	(11,148)	-	-	-
Dividend	-	-	-	(60,000)	(60,000)
Balance as of 31 December 2023	1,331,536	-	18,547	508,028	1,858,111
Issue of equity	164,128	9,036	-	-	173,164
Share-based payment	-	-	2,794	-	2,794
Income for the year	-	-	-	193,359	193,359
Dividend	-	-	-	(79,000)	(79,000)
Balance as of 31 December 2024	1,495,664	9,036	21,341	622,387	2,148,428
Income for the year	-	-	-	941,764	941,764
Exercise of options	16,267	(1,425)	-	-	14,842
Dividend	-	-	-	(61,046)	(61,046)
Balance as of 31 December 2025	1,511,931	7,611	21,341	1,503,105	3,043,988

The accompanying notes are an integral part of the Financial Statements

Keystone Infra Ltd. - Statements of Cash Flows

	The year ended 31 December		
	2025	2024	2023
	ILS in thousands		
Cash flows from operating activities			
Income for the year	941,764	193,359	443,881
Adjustments required for presenting cash flows from operating activities:			
Adjustments to profit or loss items -			
Depreciation and amortization	-	-	16
Deferred taxes	203,228	(5,259)	121,594
Change in fair value of Investments in Investees	(1,029,290)	(43,933)	(406,767)
Income from dividend, interest and loan proceeds	(236,658)	(238,261)	(252,597)
Expenses on share-based payment	-	2,794	-
Financing expenses, net	64,067	42,170	54,897
	(998,653)	(242,489)	(482,857)
Changes in the Company's asset and liability items -			
Decrease (increase) in accounts receivable	(8,741)	(2,263)	22,509
Increase (decrease) in accounts payable	3,059	(1,029)	(5,088)
	(5,682)	(3,292)	17,421
Cash paid and received during the period by the Company for:			
Interest paid	(63,195)	(22,316)	(27,264)
Interest received	9,014	6,111	6,276
Dividend, interest, and loans proceeds	236,658	238,261	252,597
	182,477	222,056	231,609
Net cash provided by operating activities	119,906	169,634	210,054

Keystone Infra Ltd. – Statements of Cash Flows

	The year ended 31 December		
	2025	2024	2023
	ILS in thousands		
Cash flows from investing activities			
Acquisition of investees	(618,784)	(31,000)	(79,554)
Sale of investees	97,826	-	-
Loan to a related company	-	(24,491)	-
Release (creation) of bank deposit	822	32,178	(1,321)
Net cash used in investing activities	(520,136)	(23,313)	(80,875)
Cash flows from investing activities			
Proceeds from issue of shares	-	176,237	-
Proceeds from issue of bonds	648,742	300,000	18,080
Issue expenses	(2,230)	(6,285)	(58)
Exercise of options	14,842	-	-
Issue of commercial paper	-	-	37,500
Redemption of commercial paper	(187,500)	-	-
Receipt of long-term loans from a financial institution	187,500	-	187,500
Repayment of long-term loans from a financial institution	(187,500)	(187,500)	(350,000)
Dividend paid	(80,746)	(74,300)	(45,000)
Repayment of bonds	(57,823)	(56,489)	(36,412)
Net cash provided by (used for) financing activities	335,285	151,663	(188,390)
Increase (decrease) in cash and cash equivalents	(64,945)	297,984	(59,211)
Cash and cash equivalents at the beginning of the period	378,888	80,904	140,115
Cash and cash equivalents at the end of the period	313,943	378,888	80,904
Information about investing activities not involving cash flows:			
Declared dividend	-	19,700	15,000
Investment in Keystone Power	1,278,617	-	-
Convertible loan to an investee	26,187	-	-

The accompanying notes are an integral part of the Financial Statements

Keystone Infra Ltd. – Notes to the Financial Statements

Note 1 – General

A. The Business

Keystone Infra Ltd. (the “**Company**”) was incorporated in Israel on 18 February 2019 at which time it started its operations. The address of the Company’s registered office is 4 Ariel Sharon St., Givatayim.

On 1 June 2021, the Company’s shares were first listed on the Tel Aviv Stock Exchange Ltd. (“**TASE**”).

On 23 October 2023, the Company changed its name from Keystone REIT Ltd. to its current name.

The Company invest in, manages and enhances strategic infrastructure assets, with the aim of maximizing long-term value for the its investors.

The Company was formed with the purpose of serving as a listed infrastructure investment fund against the background of recommendations of an interministerial committee for the promotion of tradable infrastructure investment funds published in June 2019 (the “**Committee**”). The legislation anchoring the Committee's recommendations, including a unique tax regime for infrastructure investment funds, has not yet been enacted, see below Note 11E – Taxes on Income.

As of the reporting date, the Company has various investments in several sectors:

Transport – including mass transit and chartered bus, road operation and electric vehicle charging; Conventional energy – including power generation and supply through natural gas-fired power plants; Renewable Energy – including production and sale of electricity from solar (PV) and wind projects, as well as storage of electricity generated by these projects; Water – including seawater desalination; and Telecommunications – including the establishment of data centers as well as development, construction, and operation of international offshore and onshore communication cables.

The Company is defined as an Investment Entity under IFRS 10, and accordingly measures its investments at fair value; see Note 3 below for further details.

The Company entered into an agreement with a management company (MC) for sourcing management services, with the management fees paid to the MC calculated based on the fair value of the Company’s assets. Furthermore, the MC is entitled to options for 5% of the total shares allotted in every issue, with an exercise price equal to the issue price; see Note 12A1 below.

Given the mechanisms currently established in the management agreement between the Company and the MC, the MC and the controlling shareholders thereof – Gil and Esther Deutsch, Aharon Naftali Biram and Navot Bar, are deemed controlling shareholders of the Company.

While the MC continues to be deemed as a controlling shareholder of the Company, the agreement with the MC will be approved from time to time according to the law, including in accordance with the provisions of Chapter V of the Companies Law and the regulations promulgated thereunder. The current period of the agreement is until June 2026. For details, see Note 12A1 below.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 1 – General (Cont.)

B. Sale of 10% of Egged Partnership

On 18 March 2026, the Company closed a transaction for the sale of 10% of Egged Partnership to Meitav Gemel and Pension Ltd., in consideration for approx. ILS 375 million. The consideration amount reflects an Egged valuation of approx. ILS 6 billion. Accordingly, subsequent to the closing of the transaction, the Company holds approx. 71.1% of the Partnership, affording it (indirectly) approx. 64.98% of Egged's shares. To emphasize, the transaction did not include a sale of shares in the General Partner of the Partnership, and the Company remained the holder of 100% of the shares of the General Partner. As a result of the transaction, the Company recorded in Q4/2025 a pre-tax profit from change in fair value of approx. ILS 385 million.

C. Restructuring

On 31 December 2025, the Company completed a restructuring under which all of its activities in the field of conventional energy were transferred to Keystone Power Ltd., a wholly-owned subsidiary of the Company. For further details, see Note 7C4.

D. Impact of war in Israel

Since 7 October 2023 and the outbreak of the Swords of Iron war, the State of Israel has been engaged in an armed conflict that has affected the country and the Israeli economy. The year 2025 opened against the backdrop of a ceasefire in the northern and southern fronts and the return of residents to their homes, when in October 2025, an agreement was signed under the auspices of mediating states, which primarily concerned the release of the hostages and a ceasefire in Gaza. Despite the many difficulties and challenges in the business environment, the Israeli economy has demonstrated strength and resilience, and economic recovery is apparent since the second half of 2024. Following Operation Rising Lion Israel's risk premium declined but remained high compared to its level on the eve of the Swords of Iron war, the domestic equity indices rose significantly, the government bond yields fell sharply, and the Israeli shekel strengthened substantially. In March 2026, Operation Roaring Lion commenced, during which the local stock indices continued to rise and the Shekel also continued to strengthen. The Company's investees which operate in Israel, that operate in the infrastructure, transportation and energy sectors, are infrastructures that are vital and critical for the functioning of the various systems in the economy, and accordingly they have continued to provide their services on an ongoing basis through the period of the hostilities. Accordingly, no material effect was recorded on the liquidity position of the Company and its investees, nor on their financing sources. During Operation Rising Lion and Operation Roaring Lion, activity in certain assets of the Company was reduced on a limited basis, without a material effect on the Company's operations. From time to time, to the extent the war persists and the impact on the economy deepens, the Company's management will re-examine potential impacts on the operations of the subsidiaries.

Since, as of the date of release of this report, there is uncertainty as to the development and effects of the armed conflict, the Company's management is unable to assess the future impact on its results of operations, financial position, the cash flows and financial soundness of the Company and its investees as a result of the war.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 1 – General (Cont.)

E. Impact of Higher Inflation and Interest Rates

In 2025, the Consumer Price Index ("CPI") rose by ~2.4%, compared to the ~3.4% increase of CPI recorded in 2024.

In an attempt to curb inflation, the Bank of Israel maintained interest rate stability, and from January 2024, the Bank of Israel interest rate remained at 4.5% until November 2025, when it was reduced to 4.25%. In January 2026, the interest rate was reduced once more to 4.0%, and it stands at this rate as of the publication date of these reports. The Bank of Israel interest rate impacted the Company's financing expenses until the date of the full repayment of the outstanding balance of the credit facilities and commercial paper, which occurred in August 2025. For further details, see Note 8A.

The Company's revenue from investment proceeds – Most of the Company's investments are protected against a rise in inflation as they include CPI-linkage mechanisms to protect the income, expenses and financing components. Some of the investments are affected positively by the rise in inflation, as their income is directly or indirectly affected by inflation, whereas expenses, including financial costs, are only partly linked to the CPI. Therefore, a rise in inflation increases the revenue from the Company's investments.

The Company's revenue from changes in the fair value of the Company's investments – Changes in interest rates affect the discount rates applied in measuring the fair value of investments, when a decrease positively affects changes in fair value, and an increase negatively affect changes in fair value. The Company's investments are characterized by low risk and inelastic demand because they supply basic products (water, electricity and transport), and therefore, during times of uncertainty, their appeal grows and mitigates the effect of the rise in the discount rate. Furthermore, because the principal customers of the Company's investments are Israel or Israeli government-owned companies, their credit risk is negligible, which in turn also affects the risk of the projects and the effect on the discount rates.

The project-related bank debt in respect of most of the Company's investments carries fixed interest rates throughout the lifetime of the project, and therefore the rise in the market interest rate does not affect the cost of the debt in such investments. Furthermore, for some project companies the loans are additionally linked to the CPI. Such companies benefit from a mechanism of indexation of their income component, such that in net terms, a higher CPI may even immaterially benefit them. The buyer partnership in the Egged transaction has a variable-interest bank debt which amounts, as of the reporting date, to approx. ILS 600 million (out of a total debt of approx. ILS 1.47 billion, with the remaining amount is CPI-linked and carry a fixed interest rate). As a consequence, the rise in the Bank of Israel interest rate and the higher inflation will lead to an increase in the partnership's financing expenses. Subsequent to the balance sheet date, in January 2026, Egged Partnership incurred additional debt in the sum of approx. ILS 260 million for the purpose of completing the exercise of the second option in Egged. See Note 7C1 for further details regarding the refinancing carried out in Egged Partnership.

The operating costs of the Company consist primarily of management fees and transaction expenses and are not affected by higher inflation or interest rates.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 1 – General (Cont.)

The financing expenses of the Company are affected by higher inflation. For details, see Note 4.1A below.

In view of the foregoing, the Company estimates that the effects of the inflation and interest rate in the short and medium terms are not expected to be material. The Company is unable to assess the trends of changes in price and interest levels, and therefore unable to assess whether there will be a long-term impact.

F. In these financial statements:

The Company	Keystone Infra Ltd.
Interested Party	Within the meaning thereof in paragraph 1 of the definition of Interested Party in a Corporation in Section 1 of the Securities Law, 5728-1968.
Related Parties	As defined in IAS 24.
The MC	N. K. Keystone Ltd.
Investments in Investees	Investments in investees are measured at fair value through profit or loss in accordance with the IFRS 10.

Note 2 – Significant Accounting Policies

A. Financial Statements' Presentation Basis

The Company's financial statements as of 31 December 2025 and 2024 and for each of the three years in the period ending 31 December 2025 comply with the IFRS Accounting Standards, which are standards and interpretations released by the International Accounting Standards Board (IASB) and include the additional disclosure required pursuant to the Securities Regulations (Annual Financial Statements), 5770-2010.

In the context of presentation of these financial statements, it is noted as follows:

- 1) The financial statements were prepared on a cost basis, with the exception of Investments in Investees which are measured at their fair value (see Section B below).
- 2) The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of certain significant accounting estimates. Furthermore, it requires the Company's management to exercise judgment in the process of implementing its accounting policy. Note 3 provides disclosure about areas that involve significant judgment or complexity, or areas in which the assumptions and estimates have a significant effect on the financial statements. Actual results may materially differ from the estimates and assumptions used by the Company's management.
- 3) The Company's operating cycle period is 12 months.
- 4) The Company analyzes the expenses recognized in the statement of profit or loss according to a classification method that is based on the nature of the expense.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 2 – Significant Accounting Policies (cont.)

B. Investment in Investees

In the Company's position, it qualifies as an Investment Entity under IFRS 10 and therefore measures its investments at fair value, as specified in Note 3 with respect to material accounting judgments and estimates.

C. Functional Currency

Items included in the Company's financial statements are measured in the currency of the primary economic environment in which it operates (the "Functional Currency"). The Company's financial statements are presented in ILS, which is the Company's Functional Currency.

D. Cash and Cash Equivalents

In the statements of cash flow, cash and cash equivalents include cash on hand, short-term deposits with banking corporations and other highly liquid short-term investments with original maturities of not more than 3 months.

E. Share Capital

Common shares of the Company are classified as share capital.

Incremental costs directly attributed to the issue of new options or shares are presented under equity as a deduction, net of tax, from the issue proceeds.

F. Financial Liabilities

Loans and bonds are initially measured at fair value net of all attributable transaction costs. After initial recognition, they are measured at amortized cost according to the effective interest method; loans and bonds are classified under current liabilities, unless the Company has an unconditional right to defer payment thereof for at least 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

G. Current and Deferred Taxes

Tax expenses include current taxes and deferred taxes. Taxes are recognized in the statement of profit or loss, with the exception of taxes related to items recorded in other comprehensive income or directly under equity, which are also recognized in other comprehensive income or equity, respectively.

The amount recognized as current taxes is calculated based on the tax laws that have been enacted or substantively enacted as of the date of the statement of financial position.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 2 – Significant Accounting Policies (cont.)

The Company recognizes deferred taxes based on the liability method, in respect of temporary differences between the amounts of the assets and liabilities included in the financial statements and the amounts taken into consideration for tax purposes. The amount of deferred taxes is determined according to the tax rates (and tax laws) that have been enacted or substantively enacted as of the date of the statement of financial position and are expected to apply when the deferred tax assets are utilized or when the deferred tax liabilities are settled.

Deferred tax assets are recognized in respect of deductible temporary differences, within the limits of the amount of the differences, where it is probable that they may be used in the future against taxable income.

H. Revenue Recognition

1) Revenue from changes in the fair value of investees

The investments of the Company in investees are presented at fair value, with changes in the fair value recognized in profit or loss. The fair value as of the reporting date is determined, as the case may be, with respect to investments in listed companies per their quoted prices in TASE and in other investments according to an economic valuation conducted by independent external valuers and/or the Company's management. For further details, see Note 3 below.

2) Financing income

Financing income is recognized on a periodic basis, based on the carrying amount of financial assets measured at amortized cost, according to the effective interest method.

3) Dividend income

Dividend income is recognized where the Company's right to receive payment is established, it is probable that the financial benefits attributed to the dividend will flow to the entity and the dividend amount can be reliably measured.

In infrastructure projects, it is customary that shareholder investments are carried out both through investment in the share capital and capital notes of the portfolio assets and through investment in shareholder loans, whereby these investments are made by all shareholders in the investees *pro rata*. Each of the shareholders makes an identical investment in equity and an identical investment in shareholder loans. Consequently, no shareholder has priority over another, and all shareholders shall benefit from the repayment of the shareholder loan or from a dividend to be distributed *pro rata*, without preference regarding the manner in which the held fund shall return their investment to them. In light of the above, the fund sees no difference between dividend receipts and shareholder loan repayments.

I. Earnings per Share

The calculation of basic earnings or loss per share is based, as a rule, on the profit or loss distributable to shareholders, divided by the weighted average of the number of outstanding shares during the period. When calculating diluted earnings or loss per share, the Company adjusts the profit or loss attributed to the Company's shareholders and the weighted average of the number of outstanding shares for the effects of all dilutive potential shares, as follows:

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 2 – Significant Accounting Policies (cont.)

- The post-tax amount of dividends and interest recognized for the period in relation to dilutive potential shares is added to the profit or loss attributed to the Company's shareholders, and it is adjusted for any other changes in income or expenses that may derive from conversion of the dilutive potential shares;
- The weighted average of the number of additional shares that would be outstanding assuming that all dilutive potential shares are converted is added to the weighted average of the number of outstanding shares.

Potential shares are taken into account as aforesaid, only where their effect is dilutive (reduces the earnings per share or increases the loss per share).

J. Financial Assets

1) Financial assets at amortized cost

Financial assets at amortized cost are financial assets held under a business model the purpose of which is to hold financial assets in order to collect contractual cash flows, and their contractual terms and conditions provide for entitlement on defined dates to cash flows that constitute only principal and interest payments in respect of the outstanding amount of the principal.

Such assets are classified as current assets, except for maturities for terms longer than 12 months after the date of the statement of financial position, which are classified as non-current assets. The Company's financial assets at amortized cost are recognized within "cash and cash equivalents", "pledged deposits" and "accounts receivable" in the statement of financial position.

2) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are investments in shares or debt instruments that do not meet the criteria for measurement at amortized cost, as described in Section 1 above. These assets are measured at fair value through profit or loss on a periodic basis. The assets are classified as non-current assets, unless management intends to dispose of the investment therein within a period of up to 12 months after the date of the statement of financial position, or their maturity date is no later than 12 months after the date of the statement of financial position, in which case they are classified as current assets.

K. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction takes place either in the principal market for the asset or liability, or, in the absence of a principal market – in the most advantageous market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, in their economic best interest.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 2 – Significant Accounting Policies (cont.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured or disclosed at fair value are categorized within the fair value hierarchy, based on the lowest level of inputs which is significant to the fair value measurement as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than the quoted prices included in Level 1 which are directly or indirectly observable.

Level 3: Inputs that are not based on observable market inputs (valuation techniques without using observable market inputs).

L. Share-Based Payment

The Company implements a plan for share-based payment to the MC and its employees, which is settled by equity instruments of the Company, under which the Company receives services from the MC in consideration for equity instruments (options) of the Company, as well as to Company employees, consultants or officers. The fair value of the services received from the MC in consideration for the grant of options is recognized as an expense in the income statement. The total amount recorded as an expense is determined while accounting for the fair value of the options granted:

- Accounting for market-based performance conditions (for example, the price of the entity's share);
- Not accounting for the effect of non-market service conditions and performance conditions (non-market vesting conditions) (for example, meeting profitability and revenue targets and continued employment with the Company for a specific period); and
- Accounting for the effect of any conditions other than vesting conditions.

Non-market vesting conditions are included in the assumptions used for estimating the number of options that are expected to vest. The total expense is recognized during the vesting period, which is the period during which all the defined terms for the vesting of the share-based payment arrangement are required to be satisfied.

Upon exercise of the options, the Company issues new shares. Proceeds, net of directly attributable transaction costs, are recognized in share capital (nominal value) and share premium.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 2 – Significant Accounting Policies (cont.)

M. New Amendments [sic] and Amendments to Existing Standards that have not yet Taken Effect and with Respect to which the Company has not Chosen Early Application

As of the date of approval of these financial statements, there are no new standards or amendments to existing standards that were not presented in the Company's annual financial statements for 2025, with the exception of IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18").

IFRS 18 replaces International Accounting Standard 1 - Presentation of Financial Statements ("IAS 1"), where many requirements of IAS 1 have been transferred to IFRS 18, and to several other standards (without change or with certain changes). IFRS 18 is designed to improve the way information is transferred by companies to investors through their financial statements, and specifically to increase transparency and comparability between companies, focusing on information about financial performance in the statement of profit or loss. In addition, IFRS 18 is accompanied by amendments to International Accounting Standard 7 - Statement of Cash Flows (IAS 7) (the most significant of which is regarding the classification of cash flows from interest and dividends), International Accounting Standard 33 - Earnings per Share (IAS 33), and International Accounting Standard 34 - Financial Reporting for Interim Periods (IAS 34).

The new key principles under IFRS 18 address the following:

a. The structure of the statement of profit or loss

Under IFRS 18, items in the statement of profit or loss will be classified into one of 5 categories: operating, investing, financing, income taxes and discontinued operations. IFRS 18 provides general guidelines for classification of the items among these categories. In addition, according to IFRS 18, entities will be required to present new subtotals in the statement of profit or loss, including operating profit.

b. Disclosure in the financial statements on "Management-defined Performance Measures" (MPMs) – In general, MPMs are subtotals of income and expenses that is used in public communications in order to reflect management's perspective of the overall financial performance of the entity.

c. Principles for the aggregation and disaggregation of information in the primary financial statements or the notes.

As part of the transitional provisions, IFRS 18 requires that, in the annual report for the year of initial application of the standard, an entity will present an adjustment to every item in the statement of profit or loss for the comparable year preceding the year of adoption of the standard, between the amounts restated under IFRS 18 and the amounts originally stated while applying IAS 1. A similar adjustment is also required in interim financial statements in the year of initial application for the current and aggregate comparable period in the year preceding the year of adoption of the standard.

In accordance with the provisions of IFRS 18, the standard will be applied by the Company to annual periods beginning on 1 January 2027 by way of retrospective application.

The Company is examining the effect of the application of IFRS 18 on its financial statements.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 3 – Material Accounting Judgments and Estimates

Estimates and judgments are reviewed on an ongoing basis, and are based on multiple factors, including expectations in relation to future events, which expectations are deemed reasonable, in view of the existing circumstances.

The Company makes estimates and assumptions about the future. By their nature, it is rare for the resulting accounting estimates to be identical to the actual respective results. The estimates and assumptions with significant risk for making material adjustments in the carrying amount of assets and liabilities during the subsequent financial year are specified below.

Investment Entity

The classification of the Company as an Investment Entity constitutes a judgment assessed by the Company. In the Company's position, it qualifies as an Investment Entity under IFRS 10, as specified below, and therefore measures its investments at fair value.

Under IFRS 10, an entity is an Investment Entity if it meets the following conditions:

- a. The company obtains funds from one or more investors for the purpose of providing those investors(s) with investment management services;
- b. The company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c. The company has more than one investment – as of the reporting date the Company has investments in several different entities, and the Company continues in its efforts to examine appropriate opportunities for further investment.
- d. The Company measures and evaluates the performance of substantially all of its investments on a fair value basis, which is a key indicator for making decisions about exit strategy.

As described above, the Company's business purpose is generating value for its investors, by capital appreciation and dividends, which is reflected in the existence of an exit strategy for capturing the appreciation of its capital investments and its investments in non-financial assets, as follows:

Investments in project companies (including companies that hold several project companies) that hold limited-term licenses/franchises (licenses/franchises are generally granted for a term ranging between 20 and 30 years) – Holding these companies until the end of the term of the license/franchise is the exit strategy for investments of this type. After expiration of the license/franchise, the Company acts to liquidate or sell the project company. For companies holding several project companies, the relevant date is the latest license expiration date among the licenses, but in any event no later than 25 years from the acquisition date.

Investment in an infrastructure company without a license/franchise – The period of operations of a company of this type is indefinite, and the Company has thus set a period of 10 to 15 years, during which it will act to maximize the value of the investment in accordance with a development and enhancement plan and then act to liquidate the investment in accordance with predetermined criteria.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 3 – Material Accounting Judgments and Estimates (Cont.)

Such liquidation may be carried out, *inter alia*, by any of the following means: Initial public offering; private placement; sale or distribution of the ownership rights in the investee entities to the investors.

Investment in Investees

By virtue of the Company's classification as an Investment Entity (as specified above), investments by the Company in investees are presented at fair value, with changes in fair value recognized in profit or loss.

The fair value as of the reporting date for investments in listed companies according to their quoted price on TASE and for investments in other companies according to an economic valuation conducted by independent external valuers and/or the Company's management.

The valuation includes the use of generally accepted valuation performance techniques and assumptions with respect to various estimates, including in connection with future cash flows, the entity's lifetime, multiples, standard deviation, discount rate, etc.

Fair value may also be determined based on the price of a transaction made shortly before the reporting date, on similar transactions or according to capital raising rounds made in those investments.

Changes in fair value may result from a change in the future cash flow forecast, a change in the discount rate, and from considering various risks such as credit risks and liquidity risks.

Where the Company's management estimates that the primary assumptions underlying a previous valuation have not materially changed, the fair value of the investment in the investee is taken by a factor of the rate of return to the owners (K_e) which is taken from the previous valuation calculation, net of dividends and/or loan repayments distributed since the date of the previous valuation.

The Company records changes in fair value in the "Net change in fair value of Investments in Investees measured at fair value through profit or loss" item.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 4 – Financial Risk Management

1. Financial Risk Factors

The Company's operations may expose it to diverse financial risks, such as market risks (price, CPI, interest and foreign exchange risks) and liquidity risks. The Company's risk management plan focuses on the attempt to minimize possible adverse effects on its financial performance as a result thereof.

Risk management is conducted by the Company's CEO in accordance with the resolutions adopted from time to time by the Company's Board. The CEO identifies, assesses and defines the financial risks, in close collaboration with the relevant Company officers. The Board provides guidelines for the overall management of risks, as well as a policy that addresses specific areas, such as interest rate risks, and the investment of retained earnings, if any.

a. Market risks

1) Price risk

The Company invests in shares and/or loans of investees, which have been classified as financial assets, measured at fair value through profit or loss. Due to such investments, the Company is subject to a price risk in respect of changes in the value of such financial assets. Furthermore, the investments entail a business and economic risk. Therefore, material changes may occur in the value of the Company's investments. For information about changes in the fair value of the Company's investments and value sensitivity analyses, see Note 7 below.

2) Foreign exchange risk

The Company's operations are chiefly in Israel, and most operations are consequently based on the shekel (ILS). However, the Company has immaterial overseas investments that are linked to the relevant foreign exchange rate as well as various elements of the operational structure of investees are linked to the US dollar and/or Euro and/or Zloty, and hence the Company believes it is exposed to foreign exchange risk.

3) The CPI

Various components of the operational structure of the different projects are linked to the CPI and other indices, across income, expense, and financing components. As a result, the majority of the Company's investments are protected against inflation. The Series A bonds issued by the Company are CPI-linked, and a 1% change in the CPI will affect the Company's annual financing expenses related to the Series A bonds, based on their outstanding amount as of the reporting date, by approx. ILS 6 million.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 4 – Financial Risk Management (Cont.)

b. Liquidity Risk

1. Liability management

The Company's investments are expected to predominately comprise investments in unlisted companies. As a result, the Company is subject to the risk that the investments will not be able to be capitalized in the short term.

The following table presents an analysis of the Company's financial liabilities, according to the remaining period until their contractual payment date as of the date of the balance sheet. The amounts presented in the table are undiscounted contractual cash flows.

As of 31 December 2025 (ILS in thousands):

	Up to 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 years	5 years or more	Total
Series A Bonds	100,997	100,274	99,551	98,828	233,891	633,541
Series B Bonds	54,708	122,363	119,627	116,891	1,262,261	1,675,850
Accounts payable	12,542	-	-	-	-	12,542
Total	168,247	222,637	219,178	215,719	1,496,152	2,321,933

As of 31 December 2024 (ILS in thousands):

	Up to 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 years	5 years or more	Total
Commercial paper	187,500	-	-	-	-	187,500
Series A Bonds	61,432	98,667	97,961	97,263	325,044	680,367
Series B Bonds	18,220	17,640	32,195	31,359	314,054	413,469
Accounts payable	25,119	6,771	-	-	-	31,890
Total	292,271	123,078	130,156	128,622	639,098	1,313,226

2. Fair Value estimates

The carrying amount of cash and cash equivalents, a pledged deposit, accounts receivable and accounts payables, is consistent with or proximate to their fair value.

The Company's investments are recorded at fair value according to the value hierarchy as specified in Note 7 below and Note 2K above.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 4 – Financial Risk Management (Cont.)

Series A Bonds:

	31 December	
	2025	2024
	ILS in thousands	
Carrying amount	605,547	645,262
Fair value	575,450	597,330

Series B Bonds:

	31 December	
	2025	2024
	ILS in thousands	
Carrying amount	939,481	296,788
Fair value	981,223	304,920

The fair value of Series A Bonds and Series B Bonds is based on their price on TASE on the reporting date.

On 9 February 2025, a private placement of the Company's Series B Bonds to accredited investors was carried out in an amount of approx. ILS 150 million par value, by way of expansion of the Company's existing Series B Bonds, and for a total gross consideration of approx. ILS 152.1 million (issue expenses in the sum of ILS 0.6 million).

On 31 July 2025, a public issue of the Company's Series B Bonds was carried out in an amount of approx. ILS 480.4 million par value, by way of expansion of the Company's existing Series B Bonds, for a total gross consideration of approx. ILS 496.6 million (issue expenses in the sum of ILS 1.6 million), with the issue proceeds used, *inter alia*, for the repayment of the Company's credit facilities and commercial paper.

S&P Maalot announced a rating of +iA for the expansion of the bond series specified above.

Note 5 – Cash and Cash Equivalents

	31 December	
	2025	2024
	ILS in thousands	
Cash and on-call deposits	44,895	317
Short-term bank deposits	269,048	378,571
	313,943	378,888

Short-term deposits, deposited in banks in Israel, are for periods of up to three months.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 6 – Accounts Receivable

Short-term accounts receivable:

	31 December	
	2025	2024
	ILS in thousands	
Prepaid expenses	1,782	1,172
Accounts receivable	129	216
Related Parties	14,133	5,303
Government institutions	-	814
	16,044	7,505

Long-term accounts receivable:

The balance includes balances vis-à-vis Related Parties.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans

A. Composition of the Investments in Companies:

Company Name	Section in Note	Balance as of 31 December 2025				
		Original Investment Amount	Aggregate Investment Proceeds	Fair Value	Fair Value Hierarchy	Holding Rate
		ILS in Thousands				
Egged Partnership	1	1,639,027	64,339	2,770,000	Level 3	63.3%(*)
Eranovum	2	155,635	-	270,026	Level 3	49%
Ashkelon Desalination Plant	2	218,660	165,500	131,700	Level 3	50%
Keystone Power	2	890,128	681,648	1,278,617	Level 3	100.0%
Sunflower Sustainable Investments	3	184,940	-	190,292	Level 1	55.17%
Cinturion	4	17,473	-	17,473	Level 3	30%
Total Investments in Investees and loans		3,105,863	911,487	4,658,108		

(*) As of the reporting date, the Company holds ~81.1% of the interests in Egged Partnership (as well as full ownership of the general partner of Egged Partnership), which, as of the reporting date, holds 78% of Egged's shares. (See Note 7C1 below regarding the acquisition of additional 14% of Egged's share capital in January 2026 and Note 1B above regarding the sale of 10% of the Company's holdings in Egged Partnership after the balance sheet date).

- 1) The fair value of the investment is determined based on the transaction for the sale of 10% of Egged partnership, which was closed as of the date of approval of the financial statements, see Note 1B above.
- 2) The fair value of the investment is based on an external valuation that were carried out as of 31 December 2025.
- 3) The fair value of the investment is determined based on the quoted share price on TASE.
- 4) The fair value of the investment is determined based on the consideration paid at the transaction closing date, with management's assessment being that no material change in fair value has occurred since that date.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

Company Name	Balance as of 31 December 2024				
	Original Investment Amount	Aggregate Investment Proceeds	Fair Value	Fair Value Hierarchy	Holding Rate
ILS in Thousands					
Egged Partnership	1,053,693	64,339	1,511,000	Level 3	48.6%(*)
Drive Group(1)	69,247	55,015	104,300	Level 3	21.3%
Eranovum	101,773	-	223,561	Level 3	49.0%
Ashkelon Desalination Plant	218,660	122,500	146,000	Level 3	50%
IPM Be'er Tuvia Power Plant	585,582	198,218	426,205	Level 3	32.1%
G.P. Global	22,309	-	35,013	Level 1	10.6%
Ramat Hovav Power Plant	174,641	201,526	367,445	Level 3	-
Hagit Power Plant	107,596	103,967	129,838	Level 3	-
Sunflower Sustainable Investments	179,165	-	120,838	Level 1	53.24%
Cinturion	17,473	-	17,473	Level 3	30%
Total Investments in Investees and loans	2,530,139	745,565	3,081,673		

B. Composition of revenue from the investments in companies[sic]:

Company Name	Year Ended 31 December 2025		
	Net Change in Value of the Investments Measured at Fair Value net of Revenue from Dividend, Interest and Loan Proceeds	Revenue from Dividend, Interest and Loan Proceeds	Total
ILS in Thousands			
Egged Partnership	673,666	-	673,666
Drive Group(*)	(6,474)	15,721	9,247
Eranovum	(7,397)	-	(7,397)
Ashkelon Desalination Plant	(14,300)	43,000	28,700
IPM Be'er Tuvia Power Plant	63,654	104,592	168,246
G.P. Global	(10,341)	-	(10,341)
Ramat Hovav Power Plant	(9,536)	39,732	30,196
Hagit Power Plant	(25,906)	33,613	7,707
Soreq Power Plant	302,245	-	302,245
Sunflower Sustainable Investments	63,679	-	63,679
Total	1,029,290	236,658	1,265,948

(*) In November 2025, a transaction was closed for the sale of the Company's holdings in Drive Group to Egged; for details, see Note 7C1.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

Year Ended 31 December 2024

Company Name	Net Change in Value of the Investments Measured at Fair Value net of Revenue from Dividend, Interest and Loan Proceeds	Revenue from Dividend, Interest and Loan Proceeds	Total
ILS in Thousands			
Egged Partnership	220,496	64,339	284,835
Drive Group	100	16,971	17,071
Eranovum	(3,894)	-	(3,894)
Ashkelon Desalination Plant	(22,000)	31,500	9,500
IPM Be'er Tuvia Power Plant	(11,452)	9,446	(2,006)
G.P. Global	6,072	-	6,072
Ramat Hovav Power Plant	(76,734)	53,488	(23,246)
Hagit Power Plant	(60,553)	62,517	1,964
Sunflower Sustainable Investments	(8,102)	-	(8,102)
Total	43,933	238,261	282,194

Year Ended 31 December 2023

Company Name	Net Change in Value of the Investments Measured at Fair Value net of Revenue from Dividend, Interest and Loan Proceeds	Revenue from Dividend, Interest and Loan Proceeds	Total
ILS in Thousands			
Egged Partnership	207,106	-	207,106
Drive Group	10,200	12,594	22,794
Eranovum	125,682	-	125,682
Ashkelon Desalination Plant	(21,500)	30,500	9,000
IPM Be'er Tuvia Power Plant	(72,206)	100,150	27,944
G.P. Global	(4,592)	-	(4,592)
Ramat Hovav Power Plant	75,042	67,903	142,945
Hagit Power Plant	58,477	41,450	99,927
Sunflower Sustainable Investments	28,558	-	28,558
Total	406,767	252,597	659,364

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

C. Additional Information on the Investments

1) Investment in Egged Partnership

- a. As of the reporting date, the Company (indirectly) holds ~63% of the shares of Egged - Public Transportation Ltd. ("**Egged**"), the largest public transportation company in Israel, through ~81% holding in Keystone Fund – Egged Partnership, Limited Partnership ("**Egged Partnership**"), which holds 78% of Egged's shares.

As of the report release date, the Company (indirectly) holds ~65% of Egged, following the acquisition in February 2026 by Egged Partnership of an additional 13.2% of Egged's issued share capital and its holding rate of Egged totals 91.4% and in March 2026 the Company sold 10% of its holdings in Egged Partnership, as specified below. 74%).[sic]

- b. On 18 March 2026, the Company closed a transaction for the sale of 10% of the Company's holdings in Egged partnership. As a result of the transaction, the Company recorded in Q4 a profit (before tax) including as a result of revaluation, of approx. ILS 385 million (before tax), see Note 1B above.
- c. Egged Partnership signed on 6 June 2022 an agreement for the acquisition of 60% of Egged's shares and the granting of a put option to the shareholders for the purchase of their remaining shares two and three years after the date of the closing of the transaction (in this section: the "**Purchase Agreement**").
 1. In October 2022 (the "**Closing Date**"), Egged Partnership completed the purchase of 60% of Egged shares in consideration for a total amount of approx. ILS 2,981 million (the consideration includes adjustments in accordance with the agreement, that were made on 23 March 2023) which was financed as follows:
Equity of ILS 1,265 million and bank financing of approx. ILS 1,400 million. An additional amount of ILS 296 million which constitutes an indemnity fund according to the agreement, was provided as a deferred payment amount, and will be paid net of indemnity amounts due to Egged Partnership from the sellers in the transaction (if due), plus interest and linkage (the "**Deferred Amount**").
 2. In February 2025, the first put option under the Purchase Agreement was exercised, and Egged partnership acquired an additional 18% of Egged's shares for a consideration of approx. ILS 833 million, which was financed as follows: equity in the amount of ILS 468 million and bank financing in the amount of ILS 365 million. Concurrently with the closing of the additional purchase, an amendment to the Purchase Agreement was signed, under which the consideration for Egged's shares will be reduced by ILS 150 million in exchange for the full and final settlement of indemnity claims against the selling shareholders under the Purchase Agreement (including a waiver of future indemnity claims), and the Deferred Amount was paid by Egged Partnership for those shares, as well as repayment of bank debt of approx. ILS 256 million.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

3. In January 2026, after to the reporting date, the second and final put option under the Purchase Agreement was exercised, and Egged partnership purchased an additional ~13.2% of Egged's shares for a consideration of approx. NIS 593 million, as follows: equity in the amount of ILS 335 million and bank financing in the amount of ILS 258 million.

The Company's total investment in Egged Partnership as of the date of signing of the report (including the consideration for the exercise of the second put option) totaled ILS NIS 1,905 million.

As part of the share purchase transaction, the following financing agreements were also signed:

Financing agreements – In order to finance the purchase of Egged Transportation shares, Egged Partnership signed financing agreements for the purchase of 60% of Egged in the amount of ILS 1,440 million, as well as a credit facility agreement of up to ILS 1 billion for financing the purchase of the put option shares, by virtue thereof Egged Partnership drew down ILS 365 million to finance the exercise of the first option.

On 24 December 2025, Egged Partnership signed an agreement for the refinancing of the existing bank debt and credit facility (the debt utilized for the purchase of 60% of Egged's shares and the exercise of the first put option) in an amount of up to ILS 1,750 million. An amount of approx. ILS 1,466 million was used for the full prepayment of all of the aforementioned outstanding debt of the partnership, and the balance was designated as a credit facility for the financing of Egged's shares under the second put option. In January 2026, after the reporting date, the Partnership drew down a total of ILS 258 million under the facility for the financing of the second put option and the total debt of the Partnership is currently ILS 1,724 million. The loans were provided in three tracks: a linked fixed interest track at a rate of ~3.6%-4% totaling ILS 345 million, a non-linked track at a rate of 5.6% - 6% totaling ILS 518 million, and a variable interest track with a margin of 0.4% - 0.6% totaling ILS 861 million. Interest on the loans shall be paid in semi-annual installments commencing in June 2026 until the final maturity date of each respective loan.

The agreement determines standard financial covenants, where failure to comply constitutes a breach of the agreement and grounds for acceleration, as well as standard loan agreement acceleration grounds. The agreement includes remedy mechanisms via capital injections by the partners in Egged Partnership, as well as a relief mechanism for compliance with the Debt-to-EBITDA ratio.

To secure the repayment of the loan and Egged Partnership's other obligations to the lenders, various collateral was provided, the primary ones being a pledge and a first-ranking, fixed charge, unlimited in amount, over all shares of Egged and the means of control therein held by Egged Partnership, as well as over the Partnership's rights in the bank account through which the loans were provided.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

d. Egged - Public Transportation Ltd. ("**Egged**")

Egged is the largest public transportation company in Israel, operating (directly and through investees) in the field of public transport in Israel and Europe, chartered bus and tourism industries in Israel, and in the operation and maintenance of the Light Rail in the Dan Region, ownership and operation of maintenance garages for Egged's fleet and provision of services to third parties, engages in bus and minibus leasing, and manages, maintains, and operates advanced transportation infrastructure, including Highway 6 and the Carmel Tunnels (via the Drive Group, see Note 7C1E4 below), and holds a portfolio of real estate assets in Israel.

1. Distributions in Egged – In 2025, Egged distributed a dividend totaling approx. ILS 125 million, the Partnership's share of this distribution amounted to approx. ILS 98 million.

e. Events in Egged during and after the reporting period

1. On 12 March 2025, Egged Holdings Ltd. (a company wholly owned by Egged) received a notice from NTA regarding its winning bid in the tender to operate two light rail lines in the Tel Aviv Metropolitan Area – the Green Line and the Purple Line, for a period of 10 years, with an option to extend for up to an additional 10 years. Proceedings challenging Egged Holdings' tender win were dismissed, and Egged has begun preparations for operation. In April 2025, the operating agreement was signed, and in September 2025, the mobilization phase (the "**Mobilization**"), as defined in the agreement, has commenced.
2. During 2025, Egged won the following tenders: (1) In February 2025, for the operation of public transportation in the Golan Heights using 39 buses for a period of 8 years, with operations in this cluster commencing in November 2025; (2) In March 2025, for the operation of public transportation in the Netherlands using 120 buses for a period of 12 years, the Company is preparing for operation under the tender in 2026; (3) In June 2026, for the operation of 50 buses in Warsaw for a period of 10 years, Egged is preparing for operation under the tender in 2026.
3. Starting from H2/2024, the Ministry of Transport began promoting sector-wide regulation (the "**Sectoral Regulation**"), under which it is working, *inter alia*, to change the mix of service lines, which is expected to include the cancellation of some service lines and the augmentation of other service lines; to change the revenue mix of the operators, such that out of the total amounts paid to the operators, the revenue component originating from passenger incentives will increase at the expense of the payment based on the price per kilometer, thereby incentivizing the operators to improve the standard of passenger service, in order to ensure public transport users validate rides. Operators that choose to participate in the Sectoral Regulation may enjoy a 2-4 year extension of the operation period of their service lines, or a financial benefit in lieu of an extended operation period. As of the date of this report, the Sectoral Regulation has not yet taken effect, and Egged as well as (to the best of Egged Group's knowledge) the other operators, are conducting negotiations with the Ministry of Transport regarding the Sectoral Regulation.
4. On 24 November 2025, Egged Holdings closed a transaction for the acquisition of 21.33% of the share capital of the A. Drive Group from the Company for a consideration of ILS 97.8 million, in accordance with the value determined for Drive in the Company's books as of the closing date and net of specified adjustments.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

5. In November 2025, a share purchase agreement was signed between an Egged-owned company in the Netherlands (EBS) and a company in Lithuania (“TOKS”). Under the agreement between the parties, on the transaction closing date, EBS will acquire 51% of the share capital of TOKS against the payment of €16.8 million, with the amount of the consideration subject to such adjustments as specified in the agreement, including in respect of the total net debt and total working capital at the time of closing. Under the shareholders' agreement, PUT and CALL options were granted based on the fair value of TOKS (subject to a 10% discount/premium, as applicable), effective from 4 years after the closing of the transaction, until 6 years following the date of closing of the transaction. The closing of the transaction is subject to the fulfillment of conditions precedent, including the receipt of approval of the transaction by the Lithuanian Competition Authority, which was received in February 2026, the absence of a material adverse change, and the receipt of a release letter for the pledge on TOKS shares. As of the reporting date, the conditions precedent for the closing have not yet been met.
6. On 6 January 2026, Egged received a tax decision by agreement with the Israel Tax Authority, regulating the transfer of real estate assets within the Egged Group in accordance with the provisions of Section 105I of the Income Tax Ordinance, effective retroactively as of 30 September 2025. The objective of this move is to create a structural and operational separation between the public transportation activities and the real estate sector. As part of the move, Egged transferred its rights in 16 land properties to Egged Properties. In accordance with the tax decision, the transfer of assets was carried out at their book value and subject to the conditions of the tax decision, thereby deferring tax liability until the date of future realization. Egged was granted a period of 90 days from the date of the decision to implement the stages of the move. As part of the ruling, Egged Transportation, Egged Holdings, and Egged Properties committed, among other things, that for a period of two years following the date of the real estate asset transfer, each of the companies shall maintain independent economic activity, and there shall be no transfers of cash, assets, provision of guarantees, or any other activity between the participating companies, that is not within the ordinary course of business.
7. For information regarding contingencies and legal claims against Egged, see Note 12D below.

Note 7 – Investments in Investees and Loans (Cont.)

2) Investment in Eranovum

The Company holds 49% of the shares of Eranovum e-Mobility, S.L. ("**Eranovum**"), which operates in the field of installation of EV charging stations in public spaces mainly in Spain and in France and Belgium, and is also engaged in the development of independent power generation capabilities from renewable energy sources, for supply thereof to the charging stations operated thereby. The transaction was signed in March 2022 and included an option for investment of additional amounts, which were gradually exercised during 2023 and 2024, such that as of the reporting date, the Company's total investment amount in Eranovum totaled €26.5 million.

In September 2025, the Company and Eranovum signed an agreement for the provision of a convertible loan in the sum of €20 million. This amount includes a sum of €6.8 million that was granted in 2024 plus interest accrued up to such date, that was converted into a loan convertible into shares of Eranovum. A sum of €7 million was granted in September 2025 from the total loan. In 2026, after the balance sheet date, an additional sum of €6.2 million was granted according to Eranovum's meeting of the milestones determined in the loan agreement. The loan bears interest at the rate of 12.5%, with a possible reduction to 9.5% according to Eranovum's revenues. The loan is payable by 30 June 2028. The loan is classified in the Company's statements under the 'Investments' item, starting from the date on which the conversion right was added to the loan.

As of the reporting date, Eranovum is working to expand its funding sources through debt and equity financing in order to support its continued operations and growth.

Eranovum was incorporated in 2021 in Spain. Since its establishment, Eranovum has entered into agreements with various entities (including supermarket chains, malls, local authorities, gas stations, and more). As of the report release date, Eranovum operates 1,172 active charging stations in Spain, 84 active charging stations in Belgium, and 45 active charging stations in France. Eranovum also engaged with several entities in agreements for the construction of additional charging stations in Spain, France and Belgium. As of the reporting date, Eranovum is at a relatively early stage of its operations, and therefore has not yet reached profitability, as is characteristic of companies in the establishment, development, expansion, and growth stages.

As of 31 December 2025, the fair value of the investment was assessed by an independent external valuer from BDO Consulting Group, with recognized professional qualifications and considerable experience in the infrastructures industry. The valuation was performed using the DCF method. The valuation was based on a multi-year forecast received from Eranovum's management until 2035, and thereafter a representative year was assessed, from which a terminal value was derived. The discount rate that was used to measure the fair value of the investment is 17.5% (previous valuation as of 31 December 2024 – 17.75%). The convertible loan bears interest of ~12.5% reflecting its fair value.

In the reporting period, a negative net change was recorded in the fair value at approx. ILS 7,397 thousand, deriving from the fair value adjustment according to the external valuation.

Note 7 – Investments in Investees and Loans (Cont.)

3) Investment in the Ashkelon Desalination Plant

The Company holds 50% of the issued and paid-up share capital of V.I.D. Desalination Company Ltd., which holds a franchise for the desalination plant in Ashkelon (the “**Desalination Plant**” or “**VID**”), with production capacity of ~120 million m³ per year. The plant’s operations began in 2005, and the franchise period is expected to end during 2027. The transaction was signed in July 2020 and closed in October 2020, after the necessary approvals were received and the transaction’s closing conditions were fulfilled, in consideration of approx. ILS 219 million.

With respect to guarantees provided by the Company for the purchase transaction, see Note 12B1 below.

As of 31 December 2025, the fair value of the investment was assessed in a valuation carried out by an independent external valuer from BDO Consulting Group, with recognized professional qualifications and considerable experience in the infrastructures industry, using the free cash flow to equity (FCFE) method. The valuation was based on a forecast by the Company’s management of projected revenue, expenses and investments. The operational period that was used for the valuation is until the end of H1/2027, which is the date of expiration of the franchise period, the cost of equity (K_e) used for the valuation is 7%. An increase of 0.5% in the discount rate would reduce the value of the investment as of the valuation date by approx. ILS 1 million, while a decrease of 0.5% in the discount rate would increase the value of the investment as of the valuation date by approx. ILS 1 million.

In the reporting period, a negative net change was recorded in the fair value at ILS 14,300 thousand, with the amount of ILS 28,700 thousand deriving from the fair value adjustment according to the valuation and ILS 43,000 thousand as a result of an adjustment for revenue from dividend, interest and loan proceeds.

As part of a settlement agreement signed in 2024 between VID and the Water Desalination Administration (the “**WDA**”) (further to a dispute with respect to the interpretation of the provisions of the periodic audit arrangement on assessment of the variable component in the franchise agreement), it was agreed that the State will retain amounts it offset in 2023 but will perform no further offsetting. The balance of the settlement amount will be offset against the water price paid to VID in the period between December 2025 and the end of the franchise period. It was further agreed that the State will be given an option to extend the term of the franchise agreement at a reduced price for additional periods of 4.5 months each, by prior notice of at least six months before the end of the current term of the agreement, and thereafter by prior notice of ~4 months. As of the date of signing of this report, discussions are held with the WDA regarding the operation of the desalination plant during the first option period and accordingly, the management of VID assumes that the option will be exercised and the franchise period will be extended until the end of 2027 (this assumption is included in the Company’s valuation as of 31 December 2025).

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

4) Keystone Power

As of the reporting date, the Company holds 100% of the shares of Keystone Power Ltd. ("Keystone Power").

Restructuring – On 31 December 2025, following the receipt of the required approvals, which included, *inter alia*, the approval of the Israel Tax Authority (the "**Tax Decision**"), the Electricity Authority, and necessary third-party approvals, a restructuring took effect, in which the Company transferred all of its activities in the conventional energy sector to Keystone Power, with a tax exemption in accordance with the provisions of Sections 104A and 105A(2) of the Income Tax Ordinance [New Version], 5721-1961 (the "**Ordinance**"), and subject to the conditions set forth in the Tax Decision. The transfer was carried out without consideration and included an intercompany debt in the amount of approx. ILS 260 million, under terms identical to the Series A bonds and Series B bonds raised by the Company from the public, which will be repaid "back-to-back" on the maturity dates of such bonds, and in accordance with the terms set forth in the restructuring agreement. Pursuant to the Tax Authority's approval received for the restructuring, several restrictions will apply to Keystone Power, including, as of the completion date of the restructuring on 31 December 2025, most of the assets transferred to Keystone Power under Section 105A(2) of the Ordinance (being the holdings and investments in the IPM power station and the holdings in the Hagit East power station) shall not be sold for a period of two years from the date of the restructuring, and shall be subject to customary use, under the circumstances, in the course of business of Keystone Power; the assets transferred to Keystone Power under Section 104A (the holdings and investments in Ramat Hovav and its engagement in agreements related to the Soreq project) shall be held by Keystone Power for a period of at least two years from the date of the restructuring; the intercompany debt transferred as part of the restructuring shall continue to bear all of the terms of the Series A and Series B bond deeds issued by the Company, and Keystone Power shall step into the Company's shoes regarding the bond obligations including, *inter alia*, principal and interest payment dates and the making of such payments in cash.

Keystone Power invests in companies in the fields of generation, supply, and development of conventional energy power plants through the following investments:

Commercial operation projects: (1) IPM Be'er Tuvia Power Plant – an (indirect) holding of ~34.3% of the rights in the company holding a natural gas-fired power plant, with a production capacity of approx. 451 MW, located in Be'er Tuvia. The power plant operates under Regulation 914 allowing for sales to private customers and commenced commercial operations in February 2021; (2) Ramat Hovav (Orot Yosef) Power Plant – an (indirect) holding of ~16.3% of the rights in the company holding a natural gas-fired power plant, with an installed capacity of approx. 1,194 MW, located near to the Ne'ot Hovav industrial zone in the Negev and acquired from the IEC as part of the privatization of the generation segment; (3) Hagit East (Orot Pnina) Power Plant – an (indirect) holding of ~16.3% of the rights in the company holding a natural gas-fired power plant, with an installed capacity of approx. 660 MW, located at the Hagit East site near to the Ein Tut interchange and Highway 6, and acquired from the IEC as part of the privatization of the generation segment.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

Project under construction – Soreq Power Plant: Keystone Power will provide a convertible loan to finance part of the equity required for the financing, construction, operation, and maintenance of a natural gas-fired power plant in Soreq, with a capacity of up to 900 MW, for a period of ~25 years by virtue of a concession agreement. Keystone Power is entitled to convert the loan into rights in a partnership that will hold 40% of the equity rights and 49% of the voting rights, subject to receipt of regulatory approvals.

Projects under development: (1) "Or Jerusalem" Power Plant – Egged Properties is preparing a National Infrastructure Plan for a natural gas-fired power plant with a total capacity of up to 900 MW, located in the Atarot industrial zone in Jerusalem on land owned by Egged Properties; the plan is being promoted through the National Infrastructures Committee (NIC); (2) "Hagit 2" Power Plant – a natural gas-fired power plant with a total capacity of up to 900 MW located in the Hagit power plant site in the Hof HaCarmel Regional Council; the plan is being promoted through the NIC.

Below is the composition of Keystone Power's investments as of 31 December 2025:

<u>Company Name</u>	<u>Original Investment</u>		<u>Holding Rate</u>
	<u>Amount</u>	<u>Fair Value</u>	
	<u>ILS in Thousands</u>		
IPM Power Plant Be'er Tuvia	585,582	489,859	32%
G.P. Global	22,309	24,672	11%
Ramat Hovav Power Plant	174,641	357,909	16%
Hagit Power Plant	107,596	103,932	16.3%
Soreq Power Plant	-	302,245	40%
Total Investments in Investees and loans	890,128	1,278,617	

Electricity Authority hearing and the system operator's proposed decision

On 27 August 2024, Noga – Israel Independent System Operator Ltd. ("**Noga**") released an expert report including recommendations to amend the existing Market Price calculation methodology (SMP) applicable to the Hagit and Ramat Hovav power plants, moving toward the "MODEL IP" pricing method detailed in Noga's proposal. No decision has yet been reached on this matter.

On 12 February 2025, the Authority adopted Decision 70502 regarding the determination of a maximum tariff for supplementary tariffs for generators connected to or integrated into the transmission grid operating under Sections C1 and E1 of the Standards. Within the framework of the proposed decision, the Authority established maximum prices for the supplementary tariff to which the power plants are entitled in cases where the market price does not cover their total costs.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

Furthermore, under the decision, the power plants were granted the option to choose higher maximum tariffs than the standard maximum tariffs set in the decision, provided that, should they opt for such higher maximum tariffs, they would apply from the date of taking possession of the site and accordingly, an accounting would be conducted with the system operator regarding payments received by the Partnership from the date of transfer of possession in the site until the effective date of the decision, compared to the payments it would have been entitled to receive under such higher maximum tariffs.

The Ramat Hovav and Hagit partnerships selected the low supervised tariff alternative rather than the high supervised tariff alternative.

The Ramat Hovav and Hagit partnerships examined the implications of the approval of the Electricity Authority's decision and reflected them in their valuations as of 31 December 2024.

a. Investment in IPM Be'er Tuvia Power Plant

The IPM Be'er Tuvia Power Plant is an active power plant for the production of electricity which operates using combined cycle technology (CCGT) of gas and steam turbines with an installed capacity of 451 MW (in this section: the "**Power Plant**" or "**IPM Be'er Tuvia**"). The Power Plant launched commercial operations in February 2021 after the Minister of Energy granted it on 10 February 2021, according to the Israel Electricity Authority's resolution, a production license and a supply license for a period of 20 years. From the operation date until June 2025, the Power Plant's output (85%) was sold to the electricity system operator Noga in consideration for fixed availability tariffs and an energy tariff which is based on the plant's normative costs, and the remainder to private consumers. In addition, the Power Plant holds a license for the supply of electricity without production means ("**Virtual License**"). Starting from June 2025, IPM gradually increased the volume of its sales to private customers through bilateral sales, which is expected to reach a scope of 75% during 2026.

As of the reporting date, Keystone Power holds ~34.3% of the issued and paid-up share capital of IPM Be'er Tuvia Ltd. (indirectly), which owns a power plant with an installed capacity of 451 MW, through holdings of 10.66% of the issued and paid-up share capital of G.P. Global Power Ltd. ("**Global**"), 50% of the issued and paid-up share capital of IPM Holdings 2016 Ltd., and ~12.69% of the issued and paid-up share capital of Triple-M Power Plants Ltd., which holds 84% of IPM Be'er Tuvia Ltd. (all on a fully diluted basis). The total investment cost of the Power Plant, including the purchase of loans provided by Phoenix to Global and A.Y.A Paris to finance their part of the equity in the Plant (the "**Loan to Global and A.Y.A Paris**"), totaled approx. ILS 605 million.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

b. Investment in the Ramat Hovav Power Plant (Orot Yosef)

The Ramat Hovav Power Plant is an active power plant for power generation, located near Neot Hovav industrial zone, with five combined cycle production units (each including gas turbines and a steam turbine) (units 3, 4, 5, 8 and 9), and another four open cycle gas turbines (1, 2, 6 and 7), with a total capacity of 1,194.5 MW. The plant was acquired from the Israel Electric Corporation Ltd. (the "IEC") as part of the privatization of the generation segment, and it holds a generation license for conventional-technology power plants for a period of 15 years for units 1-5 and 20 years for units 6-9, all from 3 December 2020, which is the date the license was granted. The Ramat Hovav Power Plant Limited Partnership (the "**Ramat Hovav Partnership**") won a tender for the purchase of the plant in June 2020, and completed the purchase in practice on 3 December 2020.

Keystone Power indirectly holds ~16.3% of the Ramat Hovav Power Plant, through an indirect holding of ~32.667% in Edeltech Hovav Management Limited Partnership, which holds 50% of the rights in the Ramat Hovav Power Station. The Ramat Hovav Power Plant is a power plant with a total capacity of ~1,200 MW.

The transaction was signed on 25 November 2020 as a loan agreement (partially convertible) of approx. ILS 265 million, with the share of the Keystone Ramat Hovav Partnership in the loan totaling approx. ILS 175 million. Part of the loan provided by the Keystone Ramat Hovav Partnership (approx. ILS 103 million) was convertible into interests of a limited partner of the Interim Partnership (the "**Convertible Loan**") and the balance thereof (approx. ILS 72 million) is not convertible (the "**Non-Convertible Loan**"). In March 2024, conversion of the Convertible Loan into 32.665% of the equity interests in the Interim Partnership, constituting (indirectly) ~16.33% of the plant, was completed and in December 2025, the Non-Convertible Loan was prepaid.

The Non-Convertible Loan – Was repaid according to the payment schedule determined between the parties from funds remaining in a designated account. The loan is repayable over a period of 15 years according to a Spitzer quarterly payment schedule. The loan is linked to the CPI and bears annual interest rate of 5-6%. The borrower was entitled to prepay the Non-Convertible Loan together with the outstanding interest accrued on the loan principal as of that date, and together with a prepayment fee. In December 2025, Edeltech fully repaid the Non-Convertible Loan.

c. Investment in the Hagit (East) Power Plant

The Hagit (East) Power Plant is a power plant located in the north of Israel, on a site with an area of approx. 170,000 sqm. The plant has 6 natural gas-powered production units with an aggregate generation capacity of approx. 660 MW. The plant has 6 generation licenses (one for each generation unit), and a power purchase agreement (PPA) with system operator Noga for a period of 15 years. The plant is an infrastructure junction for high-voltage (KV161) and extra high-voltage (KV400) electricity grids and gas pipelines.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

Keystone Power indirectly holds ~16.3% of the Hagit Power Station, through an indirect holding of ~32.667% in the Edeltech Energy and Hagit Infrastructure Management partnership, which holds 50% of the rights in the Hagit (East) Power Plant. The Hagit (East) Power Plant is a power plant with a total capacity of ~660 MW.

The transaction was signed on 16 November 2021 as an investment and loan agreement (as amended on 9 December 2021 and on 25 May 2022), in a sum total of approx. ILS 170 million, with the share of the Company in the above amount being approx. ILS 110 million (i.e. two thirds of the loan), out of which is a convertible loan in the sum total of approx. ILS 54 million and non-convertible loans in the sum total of approx. ILS 56 million. The loans are CPI-linked and bear interest at an annual rate of between 4.5% and 5.5%. In May 2024, conversion was completed of a convertible loan into ~32.665% of the equity interests in the partnership holding 50% of the Hagit East Power Plant, constituting (indirectly) ~16.33% of the plant and in December 2025, the non-convertible loans were prepaid.

The non-convertible loans – Were repaid according to the payment schedules determined between the parties from money remaining in the designated account. The loans will be repaid over a period of 15 years according to a Spitzer quarterly payment schedule. The loans bear CPI-linked interest at an annual rate of between 4.5% and 5.5%. The borrower was entitled to prepay the non-convertible loans together with the interest accrued on the loans principal and not yet repaid by such date, and together with a prepayment fee. In December 2025, Edeltech fully repaid the non-convertible loans.

d. Soreq Power Plant

A conventional combined cycle power plant for electricity generation based on natural gas will be built, with a total generating capacity of up to 900 MW, in proximity to the Soreq A and B desalination plants and the Dan Region Wastewater Treatment Plant facility (in this section – the "**Soreq Power Plant**"). This is a BOT project for financing, construction, operation, and maintenance for a period of approx. 25 years, after which the Soreq Power Plant will be transferred to the ownership of the State of Israel. According to the tender terms, the financial closing and commencement of construction of the Soreq Power Plant is expected to begin in H2/2026, with the plant expected to begin commercial operation in H2/2029.

On 18 December 2024, a group including Edeltech Ltd., Edeltech Holdings 2006 Ltd. (jointly holding 80%) and Menora Mivtachim Insurance Ltd. (20%) won the tender to carry out the project. According to a Memorandum of Understanding signed between the parties in July 2024 (and amended in September 2024) (the "**MOU**") for agreements between Keystone Power (in the shoes of the Company) and the winning group, Keystone Power will provide a loan to finance part of the equity and guarantees required for the construction of the plant. Keystone Power shall be entitled to convert part of the loans into rights in the winning group, at a rate of 40% of the equity rights and 49% of the management rights, subject to receipt of the regulatory approvals (including the approval of the Electricity Authority and the Competition Authority) and consents from the lenders of the plant's construction.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

On 4 February 2025, the aforesaid group (the "**Franchisee**") signed the franchise agreement for the plant and at such time, the group provided a performance guarantee in the amount of approx. ILS 200 million, out of which the Company provided a guarantee of approx. ILS 80 million.

As of the reporting date, the Soreq Power Plant is under the construction phase and a procurement agreement for the power plant's core equipment (such as the gas turbine) has been signed, a Turnkey-based EPC agreement has been signed, and a binding connection survey has been received from the system operator and the parties are working toward reaching financial closing according to the aforesaid forecast, within the timetable required by the franchise agreement. In this context, a bank financing facility was arranged for the partnership's expenses during the development period (of which the Company is responsible for the repayment of 40%), through which an advance payment was made to the project's turbine supplier during the first quarter. In addition to the convertible loan described above, the MOU includes Edeltech's right to receive a loan from the Company and Menora (in equal shares between them) to finance Edeltech's share of the equity required for the project. Their terms include an initial amount to be provided by Edeltech from its own resources, and the balance will be provided through the said loan. The principal of this loan will be CPI-linked and bear interest at varying rates between the operation period (after the first distribution in the project) and the construction period. Edeltech is entitled to notify, up to 90 days before the financial closing of the project, that it is not interested in the receipt of such loan. Shortly before the release of this report, Edeltech notified Keystone Power and Menora that it is not interested in the receipt of such loan. To the extent that Edeltech takes a loan from a third party to finance its share of the equity required for the project, Keystone Power and Menora reserve a right of first refusal to provide that same loan under the terms offered to Edeltech by such third party.

Mechanisms were established in the MOU, to protect the Company's rights as a lender. As of the report release date, no detailed loan agreements have been signed.

As of 31 December 2025, the Company valued the Soreq Power Plant for the first time (as part of its investment in Keystone Power), after reviewing the project's maturity and progress following the signing of material agreements in the project, including, *inter alia*, the core equipment procurement agreement, the payment of an advance, and the signing of the EPC agreement. To the Company's estimation, these developments increased the project's maturity level, significantly reduced the uncertainty regarding its construction, and provided a clearer allocation of risks between the parties, thereby enabling a valuation of the project for the first time.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

The fair value of Keystone Power was estimated based on a valuation performed by an independent external appraiser from BDO Consulting Group, who holds recognized professional qualifications and extensive experience in the infrastructure sector, using the Free Cash Flow to Equity (FCFE) method. The weighted cost of equity (ke) used in the fair value measurement was estimated at ~11.5%. With respect to Keystone Power's activities, the cost of equity (ke) used in the fair value measurement was: (1) Ramat Hovav 9%; (2) Hagit 10.25%; (3) IPM 8.9%, Soreq 13.5%. The valuations are based on the forecasts by the Company's management of the expected amounts of revenues, expenses and investments. It was assumed that at the end of the project period scrap will remain in all of the plants (apart from Soreq).

An increase of 0.5% in the discount rate (for all assets) would have decreased the investment value as of the valuation date by approx. ILS 49.6 million. A decrease of 0.5% in the discount rate (for all assets) would have increased the investment value as of the valuation date by approx. ILS 53.1 million. The valuation is attached to the Company's financial statements as of 31 December 2025.

5) Investment in Sunflower

The Company holds ~55.17% of the issued and paid-up share capital of Sunflower Sustainable Investments Ltd. ("**Sunflower**"), a public company whose shares are traded on TASE.

In 2021, the Company signed an agreement for the acquisition of ~45.01% of Sunflower's shares, from Gil Deutsch and Aharon Naftali Biram directly or indirectly through companies controlled by them (who are, indirectly through companies controlled by them, controlling shareholders of the Company and the MC) (in this section: the "**Controlling Shareholders**") and from several other sellers (the Controlling Shareholders and the other sellers will hereinafter be referred to in this section as: the "**Sellers**"), where since the acquisition, the Company acquired additional shares at the TASE. As of the date of this report, the Company is the controlling shareholder of Sunflower.

Concurrently, Leumi Partners Ltd. ("**Leumi Partners**", and together with the Company: the "**Buyers**") also signed the same agreement for the acquisition of 20% of Sunflower's shares from the same Sellers, according to the same value.

The acquisition agreement provides for a mechanism for additional cash consideration to be paid by the Buyers conditioned that money is received from Sunflower's share (50%) in an arbitration proceeding against the Kingdom of Spain (the "**Lawsuit in Spain**") according to the brackets specified below, based on the net amount collected from the Lawsuit in Spain: (a) up to ILS 10 million net collection – 100% of the amount; (b) ILS 10-25 million – 80% of the amount; (c) ILS 25-40 million – 60% of the amount; (d) ILS 40-55 million – 40% of the amount; (e) above ILS 55 million – no additional consideration.

The commitment for payment of the additional consideration will expire 60 months after closing date (which is 25 April 2021), subject to the relevant buyer still holding any number of Sunflower shares on the date the funds are received in practice.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

In June 2021, Sunflower reported that a judgment had been received in the Lawsuit in Spain in the amount total of approx. €47.3 million, with an additional amount of approx. €1.5 million for trial costs and legal fees. In February 2022, a motion was filed for enforcement of the arbitration award in Israel. As of the reporting date, no date has yet been scheduled for a hearing on the motion.

To the best of Sunflower's knowledge, the enforcement proceeding may be complex and costly, and there is no certainty as to the prospects, amounts or timing of any amount collected (if any). The Company recorded a liability for the said additional consideration, which liability was calculated by weighting the probability of collection of the relevant amount from the Kingdom of Spain in the period set forth in the agreement, at approx. ILS 6.8 million, which amount is recorded in the short-term liability of the Company.

Concurrently with the signing of the share purchase agreement, the Company signed a letter of consents in favor of Leumi Partners, which was amended in March 2026, whose main principles are: (1) the granting of a right to Leumi Partners to determine the identity of one of the directors appointed by the Company to Sunflower's board of directors; (2) tag-along right arrangements in the case of the sale of Sunflower shares, so long as the Company meets the Control Threshold (as defined below); (3) so long as the Company holds shares of Sunflower that confer 30% or more of the voting rights therein, or is the largest shareholder of Sunflower (the "**Control Threshold**"), the Company and corporations controlled thereby will not invest in or finance operations in the renewable energy industry (production of thermo-solar, PV or wind energy and facilities for storing energy from such sources), in Israel or worldwide, other than through Sunflower, with the exception of activities excluded from these industries, in which the Company shall be permitted to engage.

On 31 March 2025, Sunflower completed an acquisition of two third-party owned companies, in accordance with a set of agreements for the purchase of the first phase of a portfolio of income-producing solar systems in Poland, with a capacity of ~19.5 MW (the overall scope of the portfolio is up to 68 MW), for a consideration of approx. €15.7 million. The systems are not subject to financing agreements, and among them, systems with a capacity of 15 MW are entitled to CPI-linked electricity price protection for the electricity generated therefrom, according to Feed-in Tariff tenders, for a period of up to 15 years. The purchase of the second phase of the portfolio (~48 MW) shall be made (if made) subject to due diligence and the signing of binding agreements.

On 11 December 2025, a wholly-owned subsidiary of Sunflower completed the sale of the entire share capital of an investee, which indirectly held income-generating systems in Israel for electricity production using photovoltaic technology with a total capacity of ~13.1 MW, to Prime Energy P.E. Ltd., for a total consideration of approx. ILS 76.76 million. As a result of the closing of the transaction, Sunflower received a net cash flow of approx. ILS 55 million and recorded an accounting profit of approx. ILS 60 million (before tax) in its financial statements as of 31 December 2025.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 7 – Investments in Investees and Loans (Cont.)

On 12 February 2026, Sunflower entered into a binding agreement with Ormash Greenlight Limited Partnership for the sale of its entire holdings (100%) in a wholly-owned corporation, which indirectly holds 80% of several photovoltaic electricity production systems in Israel with a total capacity of ~4.13 MW. The consideration for 100% of the rights was set at approx. ILS 36.4 million (CPI-linked), of which a total of approx. ILS 2.1 million will be paid following the connection of two systems under construction with an aggregate capacity of 0.711 MW and the receipt of the required approvals. Prior to completion, Sunflower will acquire the remaining 20% of the project corporations' holdings in exchange for their relative share of the consideration amount, plus the repayment of shareholder loans and past accountings, if any. The completion of the agreement is subject to the fulfillment of conditions precedent within 90 days from the date of signing.

During the reporting period, Sunflower's board of directors decided to cease development activities in the U.S.

As of 31 December 2025, the fair value of Sunflower was determined according to its quoted price on TASE.

6) Investment in Cinturion

As of reporting date, the Company holds ~30% of the shares of Cinturion Corp. Ltd. (“**Cinturion**”), which is engaged in the development of a fiber optic network project between Europe and India through the Middle East.

In December 2020, the Company signed an agreement for the acquisition of 25% of the Cinturion's shares, where throughout the years, several amendments to the agreement were signed, such that as of reporting date, the Company holds ~30% of Cinturion's shares, and has invested a total of approx. \$5,500 thousand for such shares. According to an arrangement signed between the Company and Cinturion on 27 February 2023, it was agreed that the Company has fulfilled all of its investment obligations in Cinturion, and therefore, is not required to invest any additional amount over and above the amounts that have been invested thereby to date.

The Company's management estimates that the investment cost reflects the fair value of the investment as of reporting date.

As of reporting date, the project is still at the stage of planning, preparation engagement in contracts and receipt of regulatory approvals. The project is subject to various regulations that impact its timetables, and is also dependent on geopolitical developments in the Middle East, including the Swords of Iron War, which affect the completion of approval processes and engagements in the Gulf countries, and the ability to advance and finalize contracts in areas where subsea cables have become vulnerable due to the war. The geopolitical and diplomatic developments in the Middle East over the coming year are expected to impact the project's future.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 8 – Short-Term Credit

A. Composition

As of 31 December 2025

On 4 August 2025, the Company repaid in full the loans taken from institutional entities, and on 10 and 12 August, respectively, repaid the full balance of the Series 1 and 2 CP. Additionally, the Company canceled the credit facilities that were in effect until October 2025, and the liens registered in favor of the institutional entities were discharged.

As of 31 December 2024

	<u>Principal amount (ILS in thousands)</u>	<u>Interest rate</u>
Commercial paper (CP) Series A	110,000	Bank of Israel interest rate plus 0.4% (until 30 June 2024 similar to 2023)
Commercial paper (CP) Series B	77,500	

Note 9 – Accounts Payables

	<u>31 December</u>	
	<u>2025</u>	<u>2024</u>
	<u>ILS in thousands</u>	
Liabilities to suppliers	139	107
Government institutions	3,452	20
Dividend payable	-	19,700
Expenses payable	2,145	5,292
Sunflower transaction commitment	6,771	-
Other	35	-
	12,542	25,119

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 10 – Non-Current Liabilities

A. Composition

As of 31 December 2025:

	<u>Par Value</u>	<u>Interest Rate and Linkage Mechanism</u>	<u>Balance</u>	<u>Balance net of current maturities</u>
	<u>ILS in thousands</u>	<u>%</u>	<u>ILS in thousands</u>	
Series A Bonds – see Section B below	536,000	Fixed annual interest at the rate of 0.75%, linked to the CPI	605,547	509,176
Series B Bonds – see Section C below	930,422	Fixed annual interest at the rate of 5.88%	939,481	939,481

As of 31 December 2024:

	<u>Par Value</u>	<u>Interest Rate and Linkage Mechanism</u>	<u>Balance</u>	<u>Balance net of current maturities</u>
	<u>ILS in thousands</u>	<u>%</u>	<u>ILS in thousands</u>	
Series A Bonds – see Section B below	586,250	Fixed annual interest at the rate of 0.75%, linked to the CPI	645,262	588,720
Series B Bonds – see Section C below	300,000	Fixed annual interest at the rate of 5.88%	296,788	296,788

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 10 – Non-Current Liabilities (Cont.)

B. Series A Bonds:

Date of Issue of the Bonds	Par Value of the Bonds (ILS in thousand)	Additional Terms and Conditions			
		Interest and Indexation Terms	Maturities	Collateral and Security Interests	Financial Covenants
5 Dec. 2021 (ILS 450 million) and expansions in July 2022 (ILS 200 million) and in December 2023 (ILS 20 million)	536,000	Fixed annual interest at the rate of 0.75% (linked to the CPI). Payable twice a year on 30 June and 31 December in each of the years 2022 to 2031 (inclusive).	9 annual payments, with the first payment paid on 31 December 2023 – 5% of the par value of the bonds. The next two payments were made on 31 December of each of 2024 and 2025 – 7.5% of the par value of the bonds for each payment, four additional payments will be made on 31 December of each of the years 2026 to 2029 – 12.5% of the par value of the bonds for each payment, and two additional payments will be made on 31 December of each of 2030 and 2031 – 15% of the par value of the bonds for each payment.	The bonds are not secured by any charge or other collateral. The Company undertook that as long as the bonds are not repaid in full, it will not create a general floating charge on all its existing and future assets and rights in favor of any third party, unless certain conditions are satisfied as specified in Section 4.6.2 of the deed of trust.	<p>Equity covenant: The Company's total equity will not be less than ILS 430 million.</p> <p>Debt-to-total assets ratio covenant: The ratio between net financial debt and total assets will not exceed 57.5%.</p> <p>NAV covenant: The fair value of the Company's assets, net of the Company's liabilities will be no less than ILS 430 million.</p> <p>Equity-to-total assets ratio covenant: The ratio between the Company's equity and the Company's total assets, will not be less than 22.5%.</p> <p>As of reporting date, the Company complies with the covenants specified in the deed of trust.</p>

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 10 – Non-Current Liabilities (Cont.)

C. Series B Bonds:

Date of Issue of the Bonds	Par Value of the Bonds (ILS in thousand)	Additional Terms and Conditions			
		Interest and Indexation Terms	Maturities	Collateral and Security Interests	Financial Covenants
17 Dec. 2024 and expansions in February 2025 (ILS 150 million) and July 2025 (ILS 480.4 million)	930,422	Fixed annual interest at the rate of 5.88%. Payable twice a year on 30 June and 31 December in each of the years 2025 to 2032 (inclusive).	The principal of the Series B Bonds is repaid in 6 annual payments, with the four first payments paid on 30 June of each of the years 2027 to 2030 (inclusive) – 5% of the par value of the bonds each year. The next two payments will be made on 30 June of each of 2031 to 2032 (inclusive) – 40% of the par value of the bonds each year.	The bonds are not secured by any charge or other collateral. The Company undertook that as long as the bonds are not repaid in full, it will not create a general floating charge on all its existing and future assets and rights in favor of any third party, unless certain conditions are satisfied as specified in Section 4.6.2 of the deed of trust.	<p>Equity covenant: The Company's total equity will not be less than ILS 1 billion.</p> <p>NAV covenant: The fair value of the Company's assets, net of the Company's liabilities will be no less than ILS 1 billion.</p> <p>Equity-to-total assets ratio covenant: The ratio between the Company's equity and the Company's total assets, will not be less than 25%.</p> <p>As of reporting date, the Company complies with the covenants specified in the deed of trust.</p>

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 11 – Taxes on Income

A. Corporate Taxation in Israel:

- 1) Measurement of results for tax purposes
The Company's results for tax purposes in Israel are measured in nominal ILS values.
- 2) Tax rates
The Company's income in Israel is subject to the regular corporate tax rate.
The corporate tax rate applicable to the Company in Israel is 23%.

B. Carryforward Losses

Deferred tax assets related to carryforward losses are recognized to the extent that the related tax benefit is expected to be utilized against future taxable income.

The balances of carryforward losses for which no deferred taxes were recognized as of 31 December 2024 and 2025 amount to approx. ILS 40,583 thousand and approx. ILS 37,120 thousand, respectively. The Company does not recognize deferred taxes for these loss balances as their exercise is not expected in the foreseeable future.

C. Tax Assessments

The Company was incorporated in 2019 and has not yet been assessed for income tax.

D. Value-added tax

The Company is a VAT authorized dealer.

E. A Tax Arrangement under the Report of the Committee for the Promotion Tradable Infrastructure Investment Funds (legislation not yet completed)

The report its published, as detailed in Note 1A above, the Committee recommended to apply a unique tax regime to infrastructure investment funds, based on a direct taxation model. According to this model, the taxable income of an infrastructure investment fund that is distributed to the shareholders of the fund will be considered the taxable income of the shareholders of the fund. Additionally, the tax liability will be created at the time of actual distribution to shareholders, and at that time, TASE members will also withhold tax. Any income not distributed as dividends within the period set in the Committee's recommendations will be subject to tax according to the regular two-stage taxation model applicable to companies. Exceptions were also set, such as a 70% tax rate in certain cases. It should be clarified that the Committee's recommendations have not yet been enacted and therefore the arrangement does not yet apply to the Company.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 11 – Income Taxes (cont.)

F. Deferred Taxes

The composition:

	Due to net change in fair value of Investments in Investees measured at fair value through profit and loss	Total
	ILS in thousands	
Balance as of 1 January 2024	189,348	189,348
Changes carried to profit and loss	(5,259)	(5,259)
Balance as of 31 December 2024	184,089	184,089
Changes carried to profit and loss	203,228	203,228
Balance as of 31 December 2025	387,317	387,317

G. Statutory Tax Rate

	The year ended 31 December		
	2025	2024	2023
	ILS in thousands		
Profit before income taxes	1,144,992	188,100	565,475
Statutory tax rate	23.0%	23.0%	23.0%
Tax calculated at statutory tax rate	263,348	43,263	130,059
Tax losses for which deferred taxes were not recognized during the period	27,820	20,480	21,327
Exempted income	(54,431)	(54,800)	(58,097)
Expenses, amortizations and other adjustments for tax purposes	(33,509)	(14,202)	28,305
Income taxes expenses (income)	203,228	(5,259)	121,594

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities

A. Engagements:

1) Management agreement

On 12 September 2019, the Company entered into a management agreement with the MC the principles of which are as follows:

a. The MC will make available to the Company management services that include the following services:

1. Identification of investments for the Company, examination of their economic feasibility and conduct negotiations for entry into investment agreements.
2. Management of investment disposals.
3. Provision of economic and financial advice for the performance of investments by the Company.
4. Advice to the Company in connection with entry into investment agreements and other agreements related to the Company's investments.
5. Support, oversight and management of the Company's investments and reporting on the condition of investments.
6. Support and handling of agreements for the sale or disposal of investments made by the Company.
7. Advice and assistance to the Company with respect to capital raising and debt financing.

The management services will be provided by anyone on behalf of the MC, and particularly by persons appointed thereby as directors of the Company, Chairman of the Board, CEO of the Company, CFO and General Counsel of the Company.

b. The MC itself will bear the following costs at its own expense:

1. Costs of engagement of the employees and service providers retained thereby;
2. Costs of the offices of the MC;
3. Costs of capital raising prior to the listing of the Company's shares on "TASE
4. Costs of communications and information technology (IT) services, with the exception of costs deriving from the Company being a public fund;
5. Insofar as the Company's formation expenses (as defined in the management agreement) exceed ILS 2 million, the MC itself will bear, at its own expense, the costs exceeding such amount, with the exception of capital raising costs in the context of the public offering.

It is clarified that the MC will not bear the costs of engagement of outside consultants, service providers and contractors (such as lawyers, accountants, financial consultants, brokers, etc.) entailed in the performance of transactions or in the examination of transactions for the Company. Such costs will be imposed on the Company and paid thereby directly to the consultants, service providers and contractors.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

- c. The term of the management agreement:
1. The management agreement entered into effect on 18 February 2019 and will remain effective until the date occurring seven years after the date of listing of the Company's shares on TASE (the "**Initial Term of the Agreement**").
 2. After the end of the Initial Term of the Agreement, the Company may extend the term of the management agreement, on the same terms and conditions, by additional periods of up to seven years each, by giving written notice to the MC at least 6 months before the end of the term of the management agreement. In this regard, it is clarified that as long as the MC is defined as a controlling shareholder of the Company, the agreement with the MC will be approved from time to time in accordance with the law, including in accordance with the Companies Regulations (Relaxations for Transactions with Interested Parties), 5760-2000, where the current term of the agreement is until June 2026.
The Company's audit committee is examining the possibility of a fundamental change in the Company's conduct in terms of its management structure, as a result of which the Company will cease to be managed through an external management company (as has been done to date) and will be managed internally, and management fees will no longer be paid to an external management company. The completion of the said move requires the completion of internal processes within the Company's institutions, including obtaining the approval of the audit committee, the Board and the general meeting, and the approval of the details of the move and its commercial terms, and regulatory approvals.
 3. The management agreement specifies a list of agreed-upon events in which each of the parties may terminate the agreement without any prior notice and without any liability to pay consideration in respect of a prior notice period.
 4. In addition to the foregoing, the MC may terminate the agreement in the event of: (a) Adverse change in the terms and conditions of the engagement with it, during the 12-month period following the date of the adverse change in the terms and conditions; (b) The Company will not qualify for tax benefits given to infrastructure investment funds (the "**Regulation**"), at any time starting 6 months after the date on which such provisions are put in place.
 5. Furthermore, the management agreement sets forth provisions in relation to a case where, at any time when the agreement comes to an end, the agreement is not renewed for an additional 7-year period including: a 6-month prior notice provision (during which the MC is entitled to all the payments and rights due thereto under the agreement, but does not provide actual management services to the Company, unless and to the extent that the Board so requests, a 50% reduction of the exercise price of the options and the MC's right to receive compensation from the Company. The amount of management fees to which the MC is entitled for a period of 6 months, plus the amount of management fees to which the MC is entitled for a period of one month, multiplied by the number of full years (or fractions thereof) that have elapsed from the effective date of the management agreement until its expiration date.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

6. In the event of appointment of a Company CEO who was not recommended by the MC before the lapse of 14 years from the date of the Company's Public Offering, the MC will be entitled to such payments as specified in Section 5 above, as if a resolution has been adopted not to extend the term of the management agreement with the MC before the lapse of 14 years from the date of the Public Offering. In this section, "**Public Offering**" – The listing of the Company's shares on TASE, regardless of whether it is done simultaneously with the issue of Company shares to the public or done by way of listing only.
 7. In the event of appointment of a Company CEO who was not recommended by the MC at any time, the Company will bear the costs of employment of the CEO. Such costs will not be deducted from the management fees to be paid to the MC under the agreement but rather be additional thereto.
- d. Consideration:
1. In consideration for the management services, the Company will pay annual management fees to be derived from the value of the Company's assets as presented in the accounts, including cash and cash equivalents, calculated on a periodic basis, in accordance with the balance of assets included in the most recently released (audited or reviewed) financial statements of the Company for the same period, at an annual rate of 1%, plus VAT.
 2. In this respect, it is clarified that insofar as any asset is not presented in the Company's statement of financial position at fair value, but the notes to the financial statements do present the fair value of the asset, the value of such asset will be calculated according to the fair value as presented in such notes. To the extent that the notes to the financial statements do not present the fair value of the asset either, the Company and the MC will make, in agreement, the required adjustments in the management fee calculation in order to lead to an economic result that is identical or proximate as possible to the calculation made in a case where the financial statements specify the fair value of the asset. In the event of disagreement between the parties, the parties will defer to an agreed accounting arbiter whose decision will be binding on the parties.
 3. The aforementioned management fees will be paid in advance to the MC every quarter, by the 5th day of the first month of every such quarter, calculated according to a rate of 1% divided by four and according to the Company's assets as presented in the most recent audited or reviewed financial statements of the Company.
 4. Furthermore, in any case where the Company allots shares, either in the context of a public offering or a private placement, the Company allots to the MC, without any further consideration, options that are exercisable, in whole or in part, at any time during a seven-year period from allotment date, to purchase Company shares, at a rate equal to 5% (five percent) of the total shares allotted in the allotment. Subject to such adjustments as specified in the agreement, every option is exercisable into one share of the Company.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

The exercise price of such options is the same price as specified in such private placement, or in a public offering, the price specified in the immediate report released by the Company in connection with the results of the offering and will in no case fall below the amount to be determined by TASE or another authority as the minimum price for the exercise of any option into an underlying share.

Upon exercise of the options, the underlying shares granted will be equal in rights to the common shares of the Company and entitle the MC to all the rights conferred upon holders of common shares of the Company.

The conversion of options into Company shares will be carried out according to the “net exercise by shares” (cashless) method.

5. As to key personnel, it was agreed that Mr. Navot Bar, would serve through a company he controls as a full-time (100%) CEO of the Company, and Mr. Roni Biram would serve through a company he controls as Chairman of the Board of the Company at 40% of full-time employment, for minimum terms of engagement, during which the key personnel may not terminate their agreements without prior notice at least 6 months in advance.
6. The management agreement further stipulates that during the term of the agreement and for six months after the date on which it expires, the MC and its controlling shareholders (only insofar as the controlling shareholders themselves provide the Company with management services under the agreement), will not compete, either directly or indirectly, with the Company in its line of business. Notwithstanding the aforesaid, in a case where the MC gives notice of termination of the agreement (as specified above) or in a case where the Company chooses not to extend the term of the agreement, an additional six-month period after the date on which the agreement comes to an end will not be required. For the purpose of this section, the Company's line of business is the investment in assets in the Infrastructure Sector (as defined in the Regulation) in Israel at amount exceeding ILS 30 million per investment.

Notwithstanding the foregoing, in a case where the Company, through its competent organs (a resolution by the audit committee approved by the Board), decides not to partake in or declines a business opportunity or an offer made thereto (the “Offer”), the MC or any of its controlling shareholders may, either directly or indirectly, accept the Offer. The provision of this section will apply to the controlling shareholders of the MC and to corporations of which they alone are controlling shareholders (i.e., this provision will not apply to corporations of which the controlling shareholders of the MC are controlling shareholders together with others). The management agreement does not include a mechanism of periodic reporting to the Company by the MC's controlling shareholders regarding their investments in the Infrastructure Sector as noted.

7. To the extent that anyone on behalf of the MC receives payment or compensation for serving as a director in corporations held by the Company, such payments and compensation will belong to the MC (over and above the management fee).

2) Additional agreements in connection with the Company's investments – See Note 7.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

B. Guarantees:

1) Desalination Plant guarantees

Under the franchise agreement, VID was required to provide an operation guarantee for the duration of the term of operation of the Desalination Plant in Ashkelon and until the end of the term of the agreement. For its share in the operation guarantee, the Company has provided, as of reporting date, guarantees of approx. ILS 16.4 million (including indexation as of the end of 2025) in favor of the State. Furthermore, in July 2023 (4 years prior to the end of the term of the agreement), VID provided the State with a final inspection guarantee in the amount of approx. ILS 63 million (approx. ILS 47.5 million, linked to the CPI as of the beginning of the operational period), which will be effective for 12 months as of the end of the term of commercial operation (the “**Final Inspection Guarantee**”). The Company’s share is 50% of the amount of the Final Inspection Guarantee, i.e., approx. ILS 33.8 million, including indexation, as of the end of 2025. In 2025, upon the full repayment of the bank debt for the Desalination Plant, all guarantees provided by the Company in connection with the financing were canceled.

2) Guarantees regarding the Soreq Power Plant

As part of the transaction for the provision of loans to finance part of the equity and guarantees required by the concession holders and Edeltech Group for the financing, construction, operation, and maintenance of the new power plant in Soreq, the Company provided a tender guarantee of ILS 80 million.

C. Pending Suits – Suits Against The Company

- 1) In August 2022, a suit was brought to the Tel Aviv-Yafo District Court by a shareholder of the Company, along with a motion for certification thereof as a derivative suit, against the Company, the Company’s MC, the controlling shareholders of the MC and officers and directors of the Company, raising various claims in connection with the approval of the transaction for acquisition of the Sunflower shares by the Company, and in connection with a transaction for acquisition of shares (indirectly) of IPM Be’er Tuvia Ltd. On 11 February 2025, the court granted the petitioner's motion which was filed with the consent of the Company and the other respondents, to withdraw the motion for certification of the derivative suit, with no compensation, and the case was closed.

On 29 January 2023, a motion for discovery and inspection of documents under Section 198A of the Companies Law was filed with the Tel Aviv-Yafo District Court by a shareholder of the Company, against the Company and the MC, prior to the filing of a motion to certify a derivative suit. The petition concerns the fact that the MC, a controlling shareholder and officer of the Company, as well as the controlling shareholders of the MC, have a personal interest both in the Company’s capital raising and debt financing and in investment transactions made by the Company, which is based on the management agreement entered between the Company and the MC.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

The petitioner alleges that since the MC and its controlling shareholders have a conflict of interest with respect to raising/financing rounds and investments, the approval of raising/financing rounds and investments is subject to the provisions of the Companies Law that pertain to the approval of transactions with Interested Parties (and in particular, the raising rounds and investments – to the extent amounting to an irregular transaction – are subject to approval by the general meeting of the shareholders of the Company), preventing the MC and its controlling shareholders to be in a conflict of interest, and to fully disclose such conflicts of interest. In his petition, the petitioner challenges two specific transactions that were made by the Company: The transactions for acquisition of the IPM Be'er Tuvia Power Plant and for acquisition of Egged's shares. In the response of the Company and the MC, the respondents emphasized that the MC has no personal interest in the approval of investments, including the IPM and Egged investment transactions. Given the preliminary stage of the proceedings, the prospect of the motion cannot be estimated.

- 2) On 14 November 2024, a motion for class certification had been filed with the Tel Aviv-Yafo District Court (Economic Department) against the Company, the Company's MC, the MC's controlling shareholders and officers and directors of the Company, in which various claims were raised in connection with the issue of the Company's shares in February 2024. The lawsuit claims that the Company practiced minority oppression, was not duly approved, and breached the fiduciary duty and duty of care of the officers. The lawsuit has claims in connection with the management agreement entered into between the Company and the MC, which is claimed to constitute an agreement for distribution of an unlawful dividend. The remedies sought are recovering the amounts paid, as well as any profits that have allegedly been derived therefrom by the controlling shareholders. In respect of the said offering, the petitioner estimated the alleged damage caused to members of the class to be between approx. ILS 14 million and ILS 150 million according to one calculation method, and approx. ILS 65 million according to another calculation method.

On 25 June 2025, the Respondents filed their response to the motion, arguing that the motion should be dismissed, inter alia, since the February 2024 share issuance was carried out by way of a uniform offering open to the general public in an equal and non-discriminatory manner, and the issue price was determined in the public tender conducted as part of the uniform offering, the issuance is not prejudicial since the method by which it was carried out is standard, common, and accepted practice in the world of issuances, the controlling shareholders had no personal interest in performing an issuance at a discount, and even had the controlling shareholders had a personal interest in the issuance, such personal interest was cleansed. On 1 December 2025, the petitioner filed a reply to the response, accompanied by a supplemental expert opinion. Given the preliminary stage of the suit, the prospect thereof cannot be estimated.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

D. Pending Suits – Pending Suits in Investees

1) Egged

- a. In December 2022, a motion for class certification was filed concerning the claims of former Egged members, who left/retired from Egged from 1989, whereby they are entitled to receive from Egged sums of money for each member of the group, in respect of the current value of Egged. According to the plaintiffs seeking to become lead plaintiffs, starting from the signing of the recovery agreement between the Israeli Government and Egged in 1989, they waived part of their salary and social benefits for the recovery of Egged, and now that the recovery plan has been completed, they claim these funds - representing the difference between the share redemption amounts they had received and the current/updated value - were held in trust by them by Egged, and the time to pay them has now come. Egged filed a response and a motion for summary dismissal. The motion for summary dismissal was heard in July 2023. In October 2023, the court granted the motion for dismissal and ruled that the certification motion should be summarily dismissed as it is unsuitable to be heard as a class action, *inter alia*, in light of the fact that the cause of action regarding the trust cannot be heard in a class action. In December 2023, the petitioners filed an appeal with the Supreme Court against this decision. At the conclusion of the hearing held in this case, the Supreme Court proposed a procedural settlement outline to the parties, according to which, *inter alia*, the decision on the motion for summary dismissal would be reversed and the case would be remanded to the District Court for a renewed hearing on the motion for summary dismissal, solely on the grounds of the statute of limitations and the existence of the trust, and for the purpose of such hearing, the parties would be given the opportunity to amend their pleadings. In August 2024, the Supreme Court entered a judgment on the procedural outline proposed thereby. The parties have filed their closing arguments regarding the motion for summary dismissal and are awaiting a decision on the motion. Counsel's position is that the chances of the amended certification motion being denied are higher than the chances of it being granted.
- b. In August 2024, a suit and a motion for class certification thereof were filed against Egged and against Pension Fund of Egged Employees Ltd. ("PFE") with the District Labor Court in Haifa, by three plaintiffs who were members or pensioners of Egged. The suit concerns a recovery agreement that was signed between Egged and the State in 1989, under which Egged undertook, according to the petitioners, *inter alia*, to temporarily reduce salaries for 4 years. The petitioners argue that the temporary reduction lasted, without proper disclosure, leaving funds with Egged and PFE, unlawfully [sic]. The sought remedy in the suit includes, *inter alia*, the sum approx. ILS 785 million. According to Egged's management, based on the opinions of its legal counsel, the chances of the suit being granted are less than 50%.
- c. In August 2025, Egged received the position of the Ministry of Transport, from which it emerges that there is a dispute between the Ministry of Transport and Egged regarding the method of accounting with respect to the pace at which routes are put out to competitive tender in accordance with the provisions of the operating agreement. The gap between the parties amounts to approx. ILS 59 million. According to the position of Egged's legal counsel, after examining the provisions of the agreement and the factual basis presented to them by Egged, Egged's interpretation is correct with a high level of certainty.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

- d. On 16 February 2026, Egged Holdings received a demand for payment of betterment levy concerning a property owned by Egged Holdings in Hof HaCarmel, following its sale to Egged Properties as part of the process of transferring Egged's real estate assets to Egged Properties. The obligation to pay the betterment levy applies to Egged Holdings. The requested levy was set at approx. ILS 137 million, however, according to two appraisal opinions for the year 2024 prepared by different appraisal firms, the estimated betterment levy was valued at approx. ILS 12 million. Egged Holdings intends to contest the assessment by submitting "another assessment" and appointing a deciding appraiser, or by filing an appeal with the Appeals Committee. The Company is required to act through one of these two alternatives by 2 April 2026. Furthermore, Egged is considering filing a claim against the Haifa Municipality based on an agreement between the parties, for indemnity and tort causes of action. At this stage, based on the aforementioned appraisals, Egged's management estimates that upon instituting one of the above-mentioned proceedings, the amount of the betterment levy will be closer to the estimate provided in the appraisal opinions mentioned above.
- e. In March 2024, Egged received payment demands regarding income tax assessments to the best of judgment for the tax years 2018-2021, in which the assessing officer determined that a certain percentage of the expenses incurred by Egged in connection with its payment obligation to the State by virtue of a 2018 agreement between the State and the Company – does not constitute a tax-deductible expense. According to the demands, the total tax Egged would be required to pay amounts to approx. ILS 98 million. In September 2024, Egged filed objections to the assessments. In September 2025, assessment orders were issued to Egged for the years 2018-2020 in the amount of approx. ILS 62 million (the year 2021 was not included). In October 2025, Egged appealed these orders before the District Court. During January and February 2026, the assessing officer gave reasons for his assessment, and Egged gave reasons for its appeal. Egged disputes the Authority's position and believes, based on the opinion of its legal counsel, that it is more likely than not that Egged's claims against the assessment and for the tax-deductible expense will stand. A pretrial hearing has been scheduled for July 2026.
- f. It is also noted that several suits, class action claims, and motions for class certification have been filed against Egged on various issues, including tort claims, accessibility claims, and various demands from local authorities etc., all in amounts that are immaterial to the Company.

2) IPM

On 23 February 2024, Alma Infrastructure KD Ltd. ("**Alma**") filed a declaratory suit and a motion for provisional remedies with the Tel Aviv-Yafo District Court (Economic Department) against Triple-M Power Plants Ltd. ("**Triple**"), I.P.M. Holdings 2016 Ltd. ("**IPMH**"), the Company and Alon Blue Square Israel Ltd. ("**Blue Square**") in connection with the amendment of Triple's articles of association pertaining, *inter alia*, to the rights to appoint directors. On 25 February 2024, Blue Square also filed with the Tel Aviv-Yafo District Court (Economic Division) a declaratory claim and a motion for provisional remedies against Triple, the Company, and Alma, in connection with the amendment to Triple's articles of association as aforesaid. On 2 April 2025, the District Court dismissed the motions for provisional remedies filed by Alma and Blue Square. On 18 May 2025, the parties completed the preliminary proceedings within the framework of the main proceeding.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

On 3 March 2026 and 4 March 2026, Blue Square and Alma (respectively) filed motions for provisional remedies against Triple, IPMH, the Company, and Keystone Power Ltd., seeking orders that resolutions adopted by Triple's board of directors on 17 February 2026, in connection with the data center venture, shall not enter into force and shall not be implemented. The Company filed an opposition to the motions for provisional remedies. On 19 March 2026, a hearing was held on the motions, at the conclusion of which the court recommended that the petitioners (Blue Square and Alma) withdraw the motions, in light of the significant difficulties arising therefrom. Furthermore, the petitioners and the respondents were granted the right to file supplemental arguments. A pre-trial hearing in the proceeding is scheduled for June 2026.

Given the preliminary stage of the proceedings, the prospects of Alma's suit and Blue Square's suit cannot be estimated at this point, but it is noted, with due caution, that no pecuniary remedies are sought against the Company in the context of this suit.

3) Ramat Hovav

- a. **Land lease engagement** – With respect to an area of approx. 89,000 sqm, and notwithstanding that the Ramat Hovav Partnership holds a "Confirmation of Rights" document issued by the Israel Land Authority (ILA) confirming that the Partnership holds capitalized lease rights for a lease period ending in November 2069, the Partnership has not signed a lease agreement with the ILA due to disputes between the Partnership and the ILA. The disputes relate, *inter alia*, to the transaction framework, the duration of the lease period, the land's valuation, and consequently, the amount of the payment the Ramat Hovav Partnership is required to pay to the ILA. According to a financial specification received by the Ramat Hovav Partnership in November 2020, the partnership was required to pay the ILA permit fees of approx. ILS 218 million plus VAT (the Company's indirect share is approx. ILS 36 million). To enable the closing on time of the transaction for the purchase of the power plant, the Ramat Hovav Partnership paid the ILA 75% of the amount required by the latter, and provided the ILA with a bank guarantee for the remaining 25%. The Ramat Hovav Partnership disputes the amount of the permit fees demanded by the ILA, including the amount that was paid thereby and based on its legal counsel, the Ramat Hovav Partnership estimates the land value at approx. ILS 26 million. In March 2021, the Ramat Hovav Partnership filed its legal claims against the assessment on which the ILA's demand was based. In February 2022, the Ramat Hovav Partnership filed an appraisal-based administrative objection ("**First Objection**"), contesting the amount of the permit fees with a counter assessment to the one on which the ILA demand was based. On 25 February 2025, the objection was denied. On 2 July 2025, the Ramat Hovav Partnership filed a second objection to the appraiser's decision, and the ILA did not file a response on its behalf to the second objection. The hearing regarding the second objection was held on 18 February 2026, and as of the date of approval of the financial statements, a decision from the Objections Committee has not yet been received.

In October 2024, the Ramat Hovav Partnership filed a statement of claim with the District Court against the ILA and the IEC, among other things, regarding disputes related to the structure of the transaction and the lease term. On 11 June 2025, the ILA filed its statement of defense, and the Ramat Hovav Partnership filed its responses. On 11 December 2025, threshold arguments raised by the defendants were heard in court, and at the conclusion of the hearing, the judge ordered the claim's summary dismissal with prejudice.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

On 8 February 2026, the Ramat Hovav Partnership filed an appeal from the judgment with the Supreme Court. In the estimation of the Ramat Hovav Partnership, and based on its legal counsel, due to the early stages of the proceeding, it is not possible at this stage to assess the outcome of the proceedings against the ILA and the amount of the permit fees that will be eventually ruled. The Partnership did not record in its financial statements for 2025 a provision above the self-assessment that was paid thereby.

- b. **Purchase tax** – Shortly after the closing of the transaction to purchase the plant from the IEC, the Ramat Hovav Partnership submitted a report to the Land Taxation Authorities regarding the land value applicable to the agreement with IEC, based on a self-assessment in the amount of approx. ILS 17.3 million. In March 2021, the Land Taxation Authorities issued a purchase tax assessment to the best judgment in connection with the Partnership's acquisition of the plant, in the amount of approx. ILS 262 million as of 10 June 2020, bearing CPI linkage differentials and interest (the Company's indirect share is approx. ILS 43 million), claiming that nearly the entire consideration under the sale agreement, totaling approx. ILS 4.2 billion, constitutes consideration paid for land rights, for which the Ramat Hovav Partnership filed an objection to the purchase tax assessment, and since then, until the date of this report, Ramat Hovav Partnership has been operating vis-à-vis the Purchase Tax authorities in filing an administrative appeal and an administrative objection with the court. By the parties' consent, the case was referred to mediation, the first mediation session was held on 4 November 2025, followed by additional mediation sessions in which the parties' proposals for an out-of-court settlement were discussed. The parties notified the court that they would provide an update on the matter by 18 April 2026, and such notice was approved.

Based on the assessment of Ramat Hovav Partnership and a legal opinion received from its legal counsel on the matter, it is more likely than not that if the dispute between the parties regarding the assessment reaches a judicial resolution, the fundamental legal position taken by the Partnership in its reporting to the Land Tax Authority will be upheld. Accordingly, the Ramat Hovav Partnership did not include in its financial statements for 2025 a provision above the self-assessment that was paid thereby.

In the event that the Ramat Hovav Partnership's administrative objection in connection with the permit fees is not granted and it is required to pay the ILA permit fees over and above the amount paid thereby as aforesaid, or in the event that the Partnership's claims in connection with the purchase tax are not accepted, and it is required to pay purchase tax over and above the amount paid, the costs of the project will increase accordingly, and the owners have undertaken, subject to the provisions of the financing documents, to provide the Ramat Hovav Partnership with the amounts required (the Company's share of the said amounts is ~16%).

4) Hagit

In the context of the purchase of the Hagit power plant, rights were also purchased for additional land with an area of ~36,000 sqm, designated for a power plant, for future development of the plant. 30,000 sqm of the said land are vacant and the remainder is used for water facilities of the IEC (vacating the area will require the construction of substitute water facilities).

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 12 – Engagements and Contingent Liabilities (Cont.)

In September 2022, the Hagit Partnership received a purchase tax assessment, in connection with the purchase of the project, at approx. ILS 98 million (out of which approx. ILS 12 million was paid according to a self-assessment submitted by the partnership). The Company's indirect share in the assessment amount (net of the self-assessment that was already paid) is approx. ILS 14 million. The Hagit Partnership filed an administrative objection to the purchase tax assessment, which was mostly dismissed (the Company's share in the payment is not in a material amount). In May 2024, the Hagit Partnership appealed the dismissal of the objection. At the hearing in court held in March 2025, the possibility emerged of awaiting the conclusion of a parallel proceeding whose outcome will affect the proceeding at bar. Subsequently, the case was referred to mediation and the first mediation session was held on 4 November 2025, followed by additional mediation sessions and accordingly, a notice was provided to the court stating that the parties would provide an update on the matter by 1 July 2026.

According to a legal opinion that the Hagit Partnership received from its legal advisors on the issue, it is more likely than not that, should the dispute between the parties regarding the assessment be referred to a court, the fundamental legal position taken by the Hagit Partnership in its reports to the land taxation authorities will be accepted. Therefore, the Hagit Partnership's financial statements and the valuation did not include a provision above the self-assessment that was paid.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 13 – Capital Reserve and Retained Earnings

A. Composition of the Share Capital:

	Balance as of 31 December 2025	
	Authorized	Issued and paid-up
	Number of shares (in thousands)	
Common shares of par value ILS 1 each	1,000,000,000	189,778,978

	Balance as of 31 December 2024	
	Authorized	Issued and paid-up
	Number of shares (in thousands)	
Common shares of par value ILS 1 each	1,000,000,000	187,053,883

B. Equity Issues During the Reporting Periods

Date	Shares		ILS in thousands	
	Allotted Shares	Cumulative Balance	Consideration for Shares	Cumulative Consideration
Year 2024 (*):	34,556,200	187,053,883	176,237	1,514,437
Year 2025:	2,725,095	189,778,978	14,842	1,529,279

(*) In 2024, gross revenue for package issued

Year 2024:

On 12 February 2024, the Company completed a capital raising round by way of public offering of shares of the Company and Series 2 Warrants exercisable into common shares of the Company, with each warrant exercisable into one common share (the "**Warrants**"), from the day of listing on TASE to their last date for exercise on 11 February 2026 (inclusive).

The Company allotted a total amount of 34,556,200 common shares (at ILS 5.1 per share) and 17,278,100 Series 2 Warrants (at an exercise price of ILS 6.1 per share).

Total issue proceeds amounted to approx. ILS 176 million, of which total proceeds from the controlling shareholders of the Company are approx. ILS 78 million.

For information regarding the options granted to the MC in the management agreement, see Note 13E below.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 13 – Capital Reserve and Retained Earnings (Cont.)

Year 2025:

In 2025, 2.7 million Series 2 warrants were exercised into Company shares for a total consideration of approx. ILS 14.3 million.

During January and February 2026, subsequent to the reporting date, the remaining Series 2 warrants were exercised for a total consideration of approx. ILS 78.1 million, with the exception of some one thousand warrants that expired and were not exercised.

C. Series 2 Warrants

For information regarding the issue of the Company's Series 2 Warrants in 2024, see Note 13B above. In February 2026, after the balance sheet date, the expiration date of the Series 2 warrants occurred, with approx. 99.99% of the warrants having been exercised during the period leading up to the exercise date.

D. Options to the MC

According to the management agreement between the Company and the MC, during every issue, the MC is granted with non-marketable options amounting to 5% of the total shares granted in such issue, at an exercise price equal to the issue price, adjusted for dividends. The options will be valid for 7 years from the date of issue, see also Note 12 above.

In 2024, the Company granted the MC 1,149,648 non-marketable options and 578,162 non-marketable options to the MC's employees, at an exercise price of ILS 5.1 per share.

The options constitute 5% of the common share capital issued at each of the times, and they are exercisable into one common share at the issue price through a net exercise mechanism ("Cashless"). As of the reporting date, the MC was issued 9,352,694 options that are measured by fair value.

The fair value of the options is estimated by an independent external valuer using the B&S model, as follows:

Grant Date	Number	Fair Value		Option Term	Volatility	Risk-Free Interest
		(ILS in Thousands) (*)	Exercise Price (**)			
February 2020	1,500,000	4,101	10.0			
December 2020	302,500	762	10.3			
April 2021	493,351	1,260	10.4			
June 2021	571,429	1,536	10.5			
December 2021	1,750,000	3,994	10.0			
August 2022	3,007,605	6,894	6.7			
February 2024	1,727,810	2,794	5.1	6.93 years	23%	3.97%
Total	9,352,694	21,341				

(*) The fair value measurement is based on the issue price of the shares for which the options were granted.

(**) Original exercise price without dividend adjustments.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 13 – Capital Reserve and Retained Earnings (Cont.)

E. Dividend:

Below are the details of dividend distributions made by the Company:

Distribution Year	Distribution Amount (ILS in Thousands)	Payment Date
2022	40,000	28 April 2022
		February 2023, April 2023, July 2023 and October 2023
2023	45,000	
2024	74,300	January, April, July and October
2025	80,746	
2026	21,060	January 2026

*On 26 January 2026, the Company distributed a total dividend of approx. ILS 21,060 thousand, which was approved by the Board on 6 January 2026. On 23 March 2026, concurrently with the approval of the financial statements for the year 2025, the Company's Board approved an additional dividend distribution of approx. ILS 25 million.

According to the Company's dividend policy that was approved by the Company's board in 2023, the Company's policy is to perform quarterly distributions during each year, such that the Company will distribute dividends in January, April, July, and October each year, subject to legal and business considerations. It is emphasized that, in any event, the dividend amount will be assessed on an annual basis to ensure that it is not less than the minimum amounts required by the Company's dividend policy as stipulated in its articles of association (50% of the taxable income each year, excluding capital gains from the sale of infrastructure assets, and not exceeding the cash flow from the assets held by the Company during that period, net of its expenses).

With respect to July 2024, October 2024 and January 2025, a unique dividend policy is in place, which was approved by the Board regarding distribution at a rate of approx. 1% of the Company's equity as of the date of approving the financial statements underlying such distribution, and in no event can be lower than the amounts warranted by the dividend distribution policy set forth in the Company's articles of association, which would be examined on an annual basis.

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 14 – Earnings per Share

A. Basic

The basic earnings per share is calculated by dividing the earnings attributable to the shareholders of the Company by the weighted average number of common shares issued.

	Year ended 31 December		
	2025	2024	2023
	ILS in thousands		
Earnings attributable to the shareholders of the Company	941,764	193,359	443,881
Weighted average number of common shares issued	187,575,089	182,994,002	152,497,683
Basic earnings per share (ILS)	5.0	1.1	2.9

B. Diluted

The diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to include all potentially-dilutive common shares. As of reporting date, the Company has one category of potentially-dilutive common shares: non-marketable options. The assumption in the calculation of diluted earnings is that with respect to share options, a calculation is made to determine the number of shares that could have been purchased at fair value (determined as the annual average market price of the Company's shares) with the monetary value of the options, in accordance with the terms of the options not-yet exercised. The number of shares thus calculated is compared to the number of shares that would have been issued assuming the exercise of the options.

In 2024 and 2023, the diluted earnings per share is identical to the basic earnings per share as the impact of the options is anti-dilutive.

	Year ended 31 December		
	2025	2024	2023
	ILS in thousands		
Total net profit used in calculation of diluted profit (loss) per share	941,764	193,359	443,881
Weighted average number of shares used in calculation of basic earnings per share	187,575,089	182,994,002	152,497,683
Adjustment for supplementary shares due to exercise of options	5,526,162	-	-
Weighted average number of issued common shares	193,101,251	182,994,002	152,497,683
Diluted profit per share (ILS)	4.9	1.1	2.9

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 15 – Balances and Transactions with Interested and Related Parties

A. Transactions with Interested Parties and Related Parties

The year ended 31 December			
	2025	2024	2023
	ILS in thousands		
Share-based payment	-	2,794	-
Management fees to the MC (*)	40,629	34,691	31,058

Balance as of 31 December		
	2025	2024
	ILS in thousands	
Undertaking for additional consideration, Sunflower	6,771	6,771
Accounts receivable due to related companies	14,913	5,882
Loan to a related company	-	24,491

(*) In 2023-2025, the MC received from Sunflower, a company controlled by the Company, an additional amount of ILS 540 thousand for the CEO's service as Chairman of the Board of Directors at Sunflower.

(**) A loan to a related company, which was converted into a convertible loan in the reporting period, is presented as part of the Company's investments.

B. Compensation and Benefits to Interested Parties and Related Parties for Interested Parties Employed by the MC

The year ended 31 December			
	2025	2024	2023
	ILS in thousands		
Salary to an Interested Party employed by the MC	3,840	3,840	3,840
Directors salary	1,167	992	745

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 15 – Balances and Transactions with Interested and Related Parties (Cont.)

C. Options to the MC

In accordance with the terms and conditions of the management agreement, the Company allocated to the MC non-marketable options amounting to 5% of the total shares issued at each issue, with each option exercisable into one common share. For details see Note 13D above.

Note 16 – Further Details on the Items in the Statements of Comprehensive Income

	The year ended 31 December		
	2025	2024	2023
	ILS in thousands		
a. <u>Other operational expenses</u>			
Professional services	9,273	7,892	5,488
Other expenses	5,649	4,290	1,285
	14,922	12,182	6,773
b. <u>Financing income</u>			
Revenues from interest on deposits	9,014	6,111	6,276
Related loan interest revenues	1,802	-	-
Foreign exchange rate differentials	-	324	-
	10,816	6,435	6,276
c. <u>Financing expenses</u>			
Financing expenses for CP	5,618	9,444	9,110
Financing expenses for credit facilities	7,025	4,794	18,624
Fees for the provision of credit and guarantee	2,055	2,058	3,126
Bond linkage gains and losses	14,915	23,114	22,363
Interest on bonds	45,267	9,195	7,842
Foreign exchange rate differentials	3	-	108
	74,883	48,605	61,173

Keystone Infra Ltd. – Notes to the Financial Statements (Cont.)

Note 17 – Subsequent Events

Dividend

- 1) On 6 January 2026, the Company's Board approved a dividend distribution in the total amount of approx. ILS 21 million. The dividend was distributed on 26 January 2026.
- 2) On 23 March 2026, concurrently with the approval of the 2025 financial statements, the Company's Board approved another dividend distribution in the total amount of approx. ILS 25 million.

Egged

- 1) For the exercise of the put option for an aggregate ~12.2% of Egged's issued capital, as part of the exercise of the second option in the Egged transaction, see Note 7C1C3 above.
- 2) For the transaction for the sale of 10% of the Company's holdings in Egged Partnership, see Note 1B above.