Keystone Infra Ltd.

Interim Financial Information

(Unaudited)

as of 30 June 2025

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

Table of Contents

[Letterhead of PWC]

Auditors' review report to the shareholders of Keystone Infra Ltd.

Introduction

We have reviewed the accompanying financial information of Keystone Infra Ltd. (the "**Company**"), which includes the Condensed Statement of Financial Position as of 30 June 2025 and the Condensed Statements of Comprehensive Income (Loss), Changes in Equity and Cash Flows for the six- and three-month periods then ended. The board of directors (the "**Board**") and the management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting", and they are also responsible for the preparation of financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on the financial information for this interim period, based on our review.

Scope of the Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned financial information has not been prepared, in all material respects, in accordance with IAS 34.

In addition to the statements in the previous paragraph, based on our review, nothing has come to our attention which causes us to believe that the aforementioned financial information does not meet, in all material respects, the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Tel Aviv,
27 August 2025

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

[Letterhead of PWC)

27 August 2025

To:
The Board of Directors of Keystone Infra Ltd.

4 Ariel Sharon, Givatayim

Dear Sir/Madam,

Re: **<u>Letter of consent in connection with a shelf prospectus of Keystone Infra Ltd. (the "Company") of May 2024</u>**

We hereby notify you that we agree to the inclusion (including by way of reference) of our report which is specified below in a shelf offering that shall be filed by the Company, if any, under the Company's shelf prospectus of May 2024:

The auditor's review report of 27 August 2025 on the Company's condensed financial information as of 30 June 2025 and the six- and three-month periods then ended.

Sincerely,

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

Keystone Infra Ltd. - Statements of Financial Position

	Note	30 June 2025	30 June 2024	31 Dec. 2024
		(Unaudited)		(Audited)
		ILS in thousands		
Assets				
Current assets				
Cash and cash equivalents		168,989	127,617	378,888
Accounts receivable		8,970	4,951	7,505
		177,959	132,568	386,393
Non-current assets				
Investments in investees and loans	4	3,834,290	2,932,150	3,081,673
Pledged deposit		806	29,706	822
Accounts receivable		27,108	-	25,069
		3,862,204	2,961,856	3,107,564
Total Assets		**4,040,163**	**3,094,424**	**3,493,957**
Liabilities and capital				
Current liabilities				
Commercial paper		187,500	187,500	187,500
Short-term loans		187,500	-	-
Current maturities of bonds		57,430	55,710	56,542
Accounts payable		17,316	5,600	25,119
		449,746	248,810	269,161
Non-current liabilities				
Bonds		1,046,800	634,125	885,508
Accounts payable		-	6,771	6,771
Deferred taxes		222,967	177,391	184,089
		1,269,767	818,287	1,076,368
Total liabilities		1,719,513	1,067,097	1,345,529
Capital				
Share capital		1,496,571	1,495,664	1,495,664
Proceeds on account of options		8,959	9,036	9,036
Share-based payment capital reserve		21,341	21,341	21,341
Retained earnings		793,779	501,286	622,387
		2,320,650	2,027,327	2,148,428
Total Liabilities and Capital		**4,040,163**	**3,094,424**	**3,493,957**

Date of approval of the Financial Statements by the Company's Board: 27 August 2025

Aharon Biram	**Navot Bar**	**Rachel Segal**
Chairman of the Board	CEO	Deputy CEO & Chief Financial Officer

Keystone Infra Ltd. - Statements of Comprehensive Income (Loss)

	Note	6 months ended 30 June		3 months ended 30 June		Year ended 31 December
		2025	2024	2025	2024	2024
		(Unaudited)		(Unaudited)		(Audited)
		ILS in thousands				
Revenues	4B					
Net change in fair value of investments in investees measured at fair value through profit and loss, net of income from dividend, interest and loan proceeds		167,283	(98,998)	110,761	(81,741)	43,933
Income from dividend, interest and loan proceeds		120,117	147,486	91,967	58,936	238,261
Total Revenues		**287,400**	**48,488**	**202,728**	**(22,805)**	**282,194**
Operating expenses						
Management fees		18,350	16,763	9,819	8,703	34,691
Expenses on share-based payment		-	2,794	-	-	2,794
Transaction costs due to acquisition of investees (primarily professional services)		440	75	131	34	2,257
Other operating expenses		5,720	5,008	2,486	1,938	12,182
Total Expenses		**24,510**	**24,640**	**12,436**	**10,675**	**51,924**
Operating income (loss)		**262,890**	**23,848**	**190,292**	**(33,480)**	**230,270**
Financing income		5,504	3,255	1,537	1,499	6,435
Financing expenses		(38,124)	(27,302)	(23,510)	(16,763)	(48,605)
Profit (loss) before income taxes		**230,270**	**(199)**	**168,319**	**(48,744)**	**188,100**
Deferred tax income (expenses)		(38,878)	11,957	(26,274)	12,947	5,259
Total comprehensive income (loss) attributable to the Company's shareholders		**191,392**	**11,758**	**142,045**	**(35,797)**	**193,359**
Basic and diluted earnings (loss) per share attributable to the Company's shareholders (in ILS)		**1.0**	**0.1**	**0.8**	**(0.2)**	**1.1**

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	Proceeds on account of options	Share-based payment capital reserve	Retained earnings	Total capital
	ILS in thousands				
Balance as of 1 January 2025 (audited)	**1,495,664**	**9,036**	**21,341**	**622,387**	**2,148,428**
Income for the period				191,392	191,392
Exercise of options	907	(77)			830
Dividend	-	-	-	(20,000)	(20,000)
Balance as of 30 June 2025 (unaudited)	**1,496,571**	**8,959**	**21,341**	**793,779**	**2,320,650**
Balance as of 1 January 2024 (audited)	**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 period	-	-	-	11,758	11,758
Dividend	-	-	-	(18,500)	(18,500)
Balance as of 30 June 2024 (unaudited)	**1,495,664**	**9,036**	**21,341**	**501,286**	**2,027,327**

	Attributable to the Company's shareholders				
	Share capital	Proceeds on account of options	Share-based payment capital reserve	Retained earnings	Total capital
	ILS in thousands				
Balance as of 1 April 2025 (unaudited)	**1,496,512**	**8,965**	**21,341**	**651,734**	**2,178,552**
Income for the period	-	-	-	142,045	142,045
Exercise of options	59	(6)	-	-	53
Balance as of 30 June 2025 (unaudited)	**1,496,571**	**8,959**	**21,341**	**793,779**	**2,320,650**
Balance as of 1 April 2024 (unaudited)	**1,495,664**	**9,036**	**21,341**	**537,083**	**2,063,124**
Loss for the period	-	-	-	(35,797)	(35,797)
Balance as of 30 June 2024 (unaudited)	**1,495,664**	**9,036**	**21,341**	**501,286**	**2,027,327**

	Attributable to the Company's shareholders				
	Share capital	Proceeds on account of options	Share-based payment capital reserve	Retained earnings	Total capital
	ILS in thousands				
Balance as of 1 January 2024 (audited)	**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 (audited)	**1,495,664**	**9,036**	**21,341**	**622,387**	**2,148,428**

The accompanying notes are an integral part of the Financial Statements

Keystone Infra Ltd. - Statements of Cash Flows

	6 months ended 30 June		3 months ended 30 June		Year ended 31 December
	2025	2024	2024	2024	2024
	(Unaudited)		(Unaudited)		(Audited)
	ILS in thousands				
Cash flows from operating activities					
Income (loss) for the period	191,392	11,758	142,045	(35,797)	193,359
Adjustments required for presenting cash flows from operating activities:					
Adjustments to profit and loss items -					
Deferred tax expenses (income)	38,878	(11,957)	26,274	(12,947)	(5,259)
Change in fair value of investments in investees	(167,283)	98,998	(110,761)	81,741	(43,933)
Income from dividend, interest and loan proceeds	(120,117)	(147,486)	(91,967)	(58,936)	(238,261)
Expenses on share-based payment	-	2,794	-	-	2,794
Financing expenses, net	32,620	24,047	21,973	15,264	42,170
	(215,902)	(33,604)	(154,481)	25,122	(242,489)
Changes in the Company's asset and liability items -					
Decrease (increase) in accounts receivable	(3,504)	869	419	593	(2,263)
Increase in accounts payable	7,442	3,206	4,395	1,210	5,082
	3,938	4,075	4,814	1,803	2,819
Cash paid and received during the period by the Company for:					
Interest paid	(24,247)	(14,052)	(20,173)	(6,448)	(22,316)
Dividend, interest and loan proceeds	120,117	147,486	91,967	58,936	238,261
	95,870	133,434	71,794	52,488	215,945
Net cash provided by operating activities	75,298	115,663	64,172	43,616	169,634

Keystone Infra Ltd. - Statements of Cash Flows

	6 months ended 30 June		3 months ended 30 June		Year ended 31 December
	2025	2024	2025	2024	2024
	(Unaudited)		(Unaudited)		(Audited)
	ILS in thousands				
Cash flows from investing activities					
Acquisition of investees, net	(585,334)	(24,408)	-	-	(31,000)
Loan to affiliate	-	-	-	-	(24,491)
Release (creation) of bank deposits	16	3,294	(2)	3,394	32,178
Net cash provided by (used for) investing activities	(585,318)	(21,114)	(2)	3,394	(23,313)
Cash flows from financing activities					
Proceeds from issue of shares	-	176,237	-	-	176,237
Proceeds from issue of bonds	152,100	-	-	-	300,000
Issue expenses	(609)	(3,073)	-	-	(6,285)
Exercise of options	830	-	53	-	-
Receipt of loans from a financial institution	187,500	-	-	-	-
Repayment of loans from a financial institution	-	(187,500)	-	(187,500)	(187,500)
Dividend paid	(39,700)	(33,500)	(20,000)	(18,500)	(74,300)
Repayment of bonds	-	-	-	-	(56,489)
Net cash provided by (used for) financing activities	300,121	(47,836)	(19,947)	(206,000)	151,663
Increase (decrease) in cash and cash equivalents	(209,899)	46,713	44,223	(158,990)	297,984
Cash and cash equivalents at the beginning of the period	378,888	80,904	124,766	286,607	80,904
Cash and cash equivalents at the end of the period	**168,989**	**127,617**	**168,989**	**127,617**	**378,888**
Information about non-cash flow investing activities:					
Declared dividend	-	-	-	-	19,700

The accompanying notes are an integral part of 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, Givatayim.

In May 2021, the Company released an initial public offering prospectus together with a listing prospectus and a shelf prospectus, and on 1 June 2021, upon completion of an initial public offering, the Company became a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd. ("**TASE**").

The primary objective of the Company is to generate a return for investors by means of investment in infrastructure assets, while mitigating risk by diversifying investments in different segments within the infrastructure sector, primarily in Israel.

The Company is defined as an investment entity under IFRS 10, and accordingly measures its investments at fair value, as specified in Note 3 to the financial statements as of 31 December 2024.

The Company has entered into an agreement with a management company (MC) for sourcing management services.
For further details regarding the management agreement, see Note 12A1 to the financial statements as of 31 December 2024.

Given the mechanisms currently established in the 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, and *inter alia* in accordance with the provisions of Chapter V of the Companies Law and the regulations promulgated thereunder.

Note 1 – General (Cont.)

B. Impact of the Swords of Iron War

Since 7 October 2023 and the outbreak of the Swords of Iron war, the State of Israel has been engaged in fighting that has affected the country and the Israeli economy. The year 2025 opened against the backdrop of a ceasefire in the north and south and the return of residents to their homes, while as of the date of this report, limited fighting has been resumed. 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 (Am KeLavi) 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.

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, activity in certain assets of the Company was reduced on a limited basis, without a material effect.

Since, as of the date of issuing this report, there is uncertainty as to the development, scope, continuation and effects of the fighting, 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.

C. Impact of the Increase in Inflation and Interest Rates

In the report period, the Consumer Price Index (CPI) rose by 1.6% compared to an increase of 1.9% in the same period last year. The Bank of Israel interest rate has remained unchanged at 4.5% since January 2024. See Note 1.E to the Company's financial statements as of 31 December 2024 for the effect of inflation and the rise in interest rates on the Company's operations.

D. In These Financial Statements:

The Company	Keystone Infra Ltd.
Interested Party	Within the meaning thereof in Paragraph 1 of the definition of Interested Party of 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 IFRS 10.

Note 2 – Basis of Presentation of the Condensed Financial Statements

A. The interim financial information is reviewed and unaudited

The Company's condensed financial information as of 30 June 2025 and for the six- and three-month periods then ended (the "**Interim Financial Information**") was prepared in accordance with International Accounting Standard No. 34 – "Interim Financial Reporting" ("**IAS 34**"), and includes the additional disclosure required in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. The Interim Financial Information does not include all the information and disclosures required in the context of annual financial statements. The Interim Financial Information should be read in conjunction with the annual financial statements for 2024 and the accompanying notes, which comply with the International Financial Reporting Standards, which are accounting standards released by the International Accounting Standards Board (IASB) ("**IFRS**") and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 5770-2010.

B. Estimates

The preparation of interim financial statements requires the Company's management to exercise judgment and also requires the use of assumptions and accounting estimates, which affect the implementation of the Company's accounting policies and the amounts of the reported assets, liabilities, revenue and expenses. Actual results may differ from such estimates.

In the preparation of these interim financial statements, the significant judgments exercised by the management in the implementation of the Company's accounting policies and the uncertainty entailed by the key sources of the estimates were identical to the ones in the Company's annual financial statements for 2024.

Note 3 – Significant Accounting Policies

The significant accounting policies and calculation methods applied in the preparation of the Interim Financial Information are consistent with those used in the preparation of the Company's annual financial statements for 2024.

New IFRS, amendments to standards and new interpretations:

1. **New standards and amendments to existing standards that have not yet taken effect and in respect of which the Company has not opted for early application**

   In the Company's annual financial statements for 2024, information was provided regarding new IFRS and amendments to existing IFRS that have not yet taken binding effect and in respect of which the Company has not opted for early application. As of the date of approval of these financial statements, there are no new standards or amendments to existing standards that are relevant to the Company which were not stated in the Company's annual financial statements for 2024.

Note 4 – Investments in Investees and Loans:

A. Composition of the Investments in Companies:

Company name	Comment	Balance as of 30 June 2025				
		Original investment amount	Aggregate investment proceeds	Fair value	Fair value level	Holding rate
		ILS in thousands				
Egged Partnership	1	1,639,027	64,339	2,218,667	Level 3	(*) 63.3%
Drive Group	1	69,247	70,374	94,148	Level 3	21.3%
Eranovum	3	101,773	-	223,561	Level 3	49%
Ashkelon Desalination Plant	1	218,660	135,500	138,475	Level 3	50%
IPM Be'er Tuvia Power Plant	4	585,582	264,124	501,619	Level 3	32.1%
G.P. Global	2	22,309	-	30,057	Level 1	10.59%
Ramat Hovav Power Plant	1	174,641	210,239	377,139	Level 3	16.33%
Hagit Power Plant	1	107,596	121,106	119,688	Level 3	16.33%
Sunflower Sustainable Investments	2	179,165	-	113,463	Level 1	(**)53.24%
Cinturion	5	17,473	-	17,473	Level 3	30%
Total investments in investees and loans		**3,115,473**	**865,682**	**3,834,290**		

(*) The Company holds 81.1% of Egged Partnership, which holds 78% of Egged. See Note 4C1 below for information regarding the exercise of the put option after the report date.

(**) After the report date, the Company acquired additional shares of Sunflower in market trading, such that as of the date of approval of the statements, the Company holds ~54.75% of Sunflower.

1) As of 30 June 2025, an update was made to the fair value of the investments in respect of the period from the date of the valuations as of 31 December 2024, which were carried out by external valuers, until the date of the financial statements to reflect the projected return on investment for the owners (as determined in the external valuation), net of dividend, loan repayments and interest received in the period.

2) The fair value of this investment was determined according to the share price quoted on TASE.

3) The fair value of this investment is determined based on an external valuation that was carried out as of 31 December 2024.

4) The fair value of this investment is determined based on an external valuation that was carried out as of 30 June 2025.

5) The fair value of this investment is determined based on the consideration paid on the date of the closing of the transaction.

Note 4 – Investments in Investees and Loans (Cont.)

Company name	Balance as of 30 June 2024				
	Original investment amount	Aggregate investment proceeds	Fair value	Fair value level	Holding rate
	ILS in thousands				
Egged Partnership	1,053,693	18,125	1,320,000	Level 3	(*) 48.6%
Drive Group	69,247	54,572	92,887	Level 3	21.3%
Eranovum	101,773	-	246,975	Level 3	49.0%
Ashkelon Desalination Plant	218,660	104,500	160,829	Level 3	50%
IPM Be'er Tuvia Power Plant	585,582	188,772	385,476	Level 3	32.1%
G.P. Global	22,309	-	35,013	Level 1	10.6%
Ramat Hovav Power Plant	174,641	193,422	419,242	Level 3	-
Hagit Power Plant	107,596	95,399	145,086	Level 3	-
Sunflower Sustainable Investments	172,573	-	109,169	Level 1	51.85%
Cinturion	17,473	-	17,473	Level 3	30%
Total investments in investees and loans	**2,523,547**	**654,790**	**2,932,150**		

Company name	Balance as of 31 December 2024				
	Original investment amount	Aggregate investment proceeds	Fair value	Fair value level	Holding rate
	ILS in thousands				
Egged Partnership	1,053,693	64,339	1,511,000	Level 3	(*) 48.6%
Drive Group	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	16.33%
Hagit Power Plant	107,596	103,967	129,838	Level 3	16.33%
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**		

(*) The Company holds 81.1% of Egged Partnership, which holds 60% of Egged.

Note 4 – Investments in Investees and Loans (Cont.)

B. Composition of Revenue from the Investments in Companies:

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
	6 months ended 30 June 2025		
	ILS in thousands		
Egged Partnership	122,333	-	122,333
Drive Group	(10,152)	15,359	5,207
Ashkelon Desalination Plant	(7,525)	13,000	5,475
IPM Be'er Tuvia Power Plant	75,414	65,906	141,320
G.P. Global	(4,956)	-	(4,956)
Ramat Hovav Power Plant	9,694	8,713	18,407
Hagit Power Plant	(10,150)	17,139	6,989
Sunflower Sustainable Investments	(7,375)	-	(7,375)
Total	**167,283**	**120,117**	**287,400**

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
	6 months ended 30 June 2024		
	ILS in thousands		
Egged Partnership	29,496	18,125	47,621
Drive Group	(11,313)	16,528	5,215
Eranovum	19,520	-	19,520
Ashkelon Desalination Plant	(7,171)	13,500	6,329
IPM Be'er Tuvia Power Plant	(52,181)	-	(52,181)
G.P. Global	6,072	-	6,072
Ramat Hovav Power Plant	(24,937)	45,384	20,447
Hagit Power Plant	(45,305)	53,949	8,644
Sunflower Sustainable Investments	(13,179)	-	(13,179)
Total	**(98,998)**	**147,486**	**48,488**

Note 4 – Investments in Investees and Loans (Cont.)

Company name	3 months ended 30 June 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	66,765	-	66,765
Drive Group	2,238	209	2,447
Ashkelon Desalination Plant	2,639	-	2,639
IPM Be'er Tuvia Power Plant	65,922	65,906	131,828
G.P. Global	(4,956)	-	(4,956)
Ramat Hovav Power Plant	604	8,713	9,317
Hagit Power Plant	(13,597)	17,139	3,542
Sunflower Sustainable Investments	(8,854)	-	(8,854)
Total	**110,761**	**91,967**	**202,728**

Company name	3 months ended 30 June 2024		
	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	(10,543)	18,125	7,582
Drive Group	2,229	212	2,441
Eranovum	9,535	-	9,535
Ashkelon Desalination Plant	3,065	-	3,065
IPM Be'er Tuvia Power Plant	(61,671)	-	(61,671)
G.P. Global	3,690	-	3,690
Ramat Hovav Power Plant	(16,286)	26,418	10,132
Hagit Power Plant	(10,277)	14,181	3,904
Sunflower Sustainable Investments	(1,483)	-	(1,483)
Total	**(81,741)**	**58,936**	**(22,805)**

Note 4 – Investments in Investees and Loans (Cont.)

Company name	Year ended 31 December 2024		
	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**

C. Additional information on the investments since 31 December 2024

1) Investment in Egged Partnership

1.1 On 3 February 2025, a first exercise of an option and acquisition of additional 18% of the issued capital of Egged was completed, such that the holdings of Egged Partnership in Egged following the first exercise increased to ~78%. The acquisition was closed for consideration of approx. ILS 833 million, approx. ILS 365 million of which was paid through bank financing out of an Egged Partnership credit facility. The balance, in the sum of ILS 468 million, was paid by the partners in Egged Partnership as follows: ILS 379 million by the Company and ILS 89 million by the School and Preschool Teachers Fund, according to the relative holdings in Egged Partnership.

1.2 In February 2025, an amendment was signed to the acquisition agreement, whereby the consideration for Egged’s shares would be reduced by ILS 150 million against full and final discharge of claims for indemnity, including waiver of future indemnity claims, against the founding shareholders, the sellers of the shares. It was also agreed to bring forward the date of the deferred payment for such shares (approx. ILS 180 million, including interest and linkage), from October 2025 to the end of February 2025. In February 2025, the deferred payment was made, with the Company’s share in the payment being approx. ILS 145 million, according to the relative holdings in Egged Partnership.

1.3 In accordance with the financing conditions for the acquisition of 60% of Egged’s shares and further to an amendment to the agreement for the acquisition of Egged’s shares as specified in Section 1.2 above, Egged Partnership prepaid a debt in the sum of ILS 75 million, with the Company’s share in the payment being approx. ILS 61 million, according to the relative holdings in Egged Partnership.

Note 4 – Investments in Investees and Loans (Cont.)

1.4 In February 2025, Egged Partnership signed an amendment to the credit facility that was provided for the financing of the acquisition of the shares associated with the exercise, such that the period of availability of the credit was extended by an additional year, allowing drawdown of the balance of the credit facility (up to ILS 600 million) for the financing of acquisition of the remaining shares associated with the exercise, if exercised by February 2026. The facility may be used proportionally to the actual exercise of the option. According to the exercise notices received on 5 August 2025 (see Section 1.6 below), the portion of the facility used is ~60.5%, equivalent to approx. ILS 365 million.

1.5 On 12 March 2025, Egged Holdings (a company wholly owned by Egged) received a notice from NTA - Metropolitan Mass Transit System Ltd. ("**NTA**") regarding its being awarded a tender for the operation of two light rail lines in the Tel Aviv metropolitan network – the green line and the purple line. The green line is scheduled to open in 2028, with commercial operation scheduled for 2030. The purple line is scheduled to open in 2028. According to reports of NTA, the daily number of passengers expected to travel on the green and purple lines is ~275 thousand and ~256 thousand, respectively, and the anticipated annual mileage is ~3.9 million km and 2.7 million km on the green and purple lines, respectively. The operation period of the lines is 10 years, and NTA has an option to extend by up to 10 years more for both or just one of the lines. The projected revenue in the term of the agreement (the running-in and operation period, excluding the option period) will total approx. ILS 2 billion. In May, June and August 2025, the Company reported, as it had been informed, of administrative petitions that were filed by other contenders in the tender against the award of the tender to Egged, which petitions were dismissed by the court.

1.6 On 6 June 2025, Egged Partnership was informed that notices of additional exercise for the put option had been received, representing an aggregate of ~13.2% of Egged's issued capital, such that Egged Partnership's holding in Egged following the exercises is expected to increase to ~91.4%. As of the date of these statements, the consideration expected for the closing of the acquisition, the subject matter of the exercise notices, is approx. ILS 600 million, with the amount subject to adjustments for linkage to the CPI and dividend distributions in accordance with the terms of the purchase transaction, thereby completing the acquisition of Egged's shares pursuant to the purchase agreement.

1.7 After the report date, 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 between the parties regarding the pace of competitive tendering for routes, for periods prior to the report period. The total gaps between the parties amount to approx. ILS 59 million. According to the position of Egged's legal counsel, Egged's interpretation of the provisions of the agreement, against the State's method of accounting, is correct at the level of 'highly probable'.

2) Investment in Drive Group

In July 2025, the Company and Egged signed an agreement (further to a term sheet signed between the parties) for the sale of all of the Company's shares in Drive Group to Egged, in consideration for the value determined therefor on the Company's books based on a valuation as of 31 December 2024, of ILS 104,300 thousand. The closing of the transaction is subject to completion of closing conditions and receipt of regulatory approvals that the Company is working to obtain.

Note 4 – Investments in Investees and Loans (Cont.)

3) Investment in Eranovum

In July 2025 the Company's Board approved to grant Eranovum a convertible loan in the sum of €20 million. This amount includes a sum of €6.7 million (principal and interest) that was granted in 2024 as a loan to be converted to a convertible loan into shares of Eranovum ,and the balance will be transferred according to the milestones set. The loan shall bear an interest of 12.5%, with a possible reduction to 9.5% according to Eranovum's revenues. The loan is payable by 30 June 2028.

4) Investment in the IPM Be'er Tuvia Power Plant

On 21 May 2025, IPM engaged with banking and financial institutions (the "**Lenders**") in a transaction for the taking of loans in the sum total of approx. ILS 840 million (approx. 240 million of which in ILS and the balance in Euro), to be used for (partial) repayment of IPM's outstanding senior debt (the "**New Loans**"). IPM's loans, after completion of the process (i.e., receipt of the New Loans and prepayment of part of IPM's outstanding senior debt) will total approx. ILS 1.6 billion (approx. 1 billion in ILS and the balance in Euro). The new agreement will allow IPM, subject to compliance with the regulatory requirements, to increase the energy capacity sold thereby to private customers under bilateral agreements (in lieu of the sale to the System Operator), optimal structuring of the debt and full release of the money in the sum of approx. ILS 80 million, which is deposited in a reserve fund. The New Loans shall be repaid according to a structured payment schedule, with final maturity on 30 June 2040. The ILS-denominated New Loans are linked to the CPI and bear government bond interest plus 1.5%-2.5%, and the Euro-denominated New Loans bear EuroSwap interest that is consistent with the duration of the loan (or EURIBOR with a hedging mechanism to fix the interest rate) plus 2.5%-3.5%. Financial covenants, collateral, and grounds for acceleration remain unchanged. In the context of the refinancing, credit facilities were also arranged for IPM in the sum total of approx. ILS 130 million (out of which, a facility in the sum total of approx. ILS 80 million is intended for debt service, insofar as required), some at an interest rate of prime plus 0.5%-1.5% and some at an interest rate of prime plus 3%-4%.

As of 30 June 2025, the Company carried out a valuation to estimate the fair value of the investment in IPM. The valuation was carried out by an independent outside valuer from S.C.A Economic Advisory Ltd. The valuation was carried out using the DCF method.

The valuation was based on a forecast by IPM and the Company's management of the projected revenue, expenses and investments.

The operational period that was used for the valuation is 20 years, according to the term of the Power Plant's license. At the end of the term of the project, it was assumed that the plant will be left with a scrap value. The Required Return on Equity (Re) used for the valuation is 10.5%.

The fair value of the loan to Global and A.Y.A. Paris as of 30 June 2025 was assessed using the DCF method with a normative discount rate, according to the loan's implied rating, according to the terms and conditions of the loan on the date of the valuation. The discount rate used for the valuation is 6.6%.

The fair value of the investment and the loan to Global and A.Y.A. Paris according to the valuation accompanying the Company's financial statements as of 30 June 2025 is ILS 473,913 thousand and ILS 27,706 thousand, respectively.

Note 4 – Investments in Investees and Loans (Cont.)

In the report period, a net change in fair value of ILS 75,414 thousand was recorded, with ILS 141,320 thousand coming from a positive change in fair value adjustment according to the valuation, and ILS 65,906 thousand as a result of adjustment due to revenues from dividend, interest and loan proceeds**.** The positive change in fair value is primarily attributable to the shift to sales to private customers in lieu of sales to the system operator, and to the impact of the refinancing carried out at IPM during the report period.

As of the valuation date, an increase of 0.5% in the discount rate would have reduced the value of the investment by approx. ILS 15.6 million, while a decrease of 0.5% in the discount rate would have increased the value of the investment by approx. ILS 16.8 million.

5) Investment in the Ramat Hovav power plant (Orot Yosef) and in the Hagit power plant (Orot Pnina)

On 17 February 2025, a decision of the Electricity Authority was released, further to a hearing that was announced in September 2024, concerning the determination of a tariff for the supplementary tariffs for producers which are connected to or integrated into the transmission network. In addition, a public engagement process was announced on behalf of Noga - Israel Independent System Operator Ltd, regarding an update to the method of calculating the market price (SMP). Following these announcements, both the partnerships that hold the Ramat Hovav and Hagit East power plants (16.7% of which are indirectly held by the Company) and the Company examined the potential effects, and accordingly the Company updated the fair value of its investments in the financial statements as of 31 December 2024.

6) Investment in Sunflower

On 31 March 2025, Sunflower (through a subsidiary owned thereby) closed a transaction for the acquisition of income-producing solar power systems with a capacity of ~20 MW in Poland. The total consideration paid for the systems is approx. €15.7 million.

In the report period, Sunflower wrote down a sum of approx. ILS 18 million in connection with its investments in the U.S. On 10 August 2025, Sunflower reported that it had entered into a non-binding MOU with Afcon Renewable Energy (A.R.E) Ltd. ("**Afcon**"), a company wholly-owned by Afcon Holdings Ltd., a public company. According to the MOU, subject to the approval of the competent bodies of the parties and the parties' engagement in a detailed agreement, if and to the extent signed, at the closing and subject to the fulfillment of the closing conditions, Sunflower will acquire the entire share capital of Afcon, in consideration for an allotment of shares of Sunflower to Afcon Holdings Ltd., as well as a cash payment by Sunflower to Afcon Holdings Ltd. of approx. ILS 85 million. According to Sunflower's report, subject to due diligence to be conducted by the parties, the value of Sunflower and Afcon for the purpose of calculating the consideration will be ILS 380 million and ILS 190 million, respectively.

Note 5 – Transactions with Interested Parties and Related Parties:

A. Transactions with Interested Parties and Related Parties

	6 months ended 30 June		3 months ended 30 June		Year ended 31 December
	2025	2024	2025	2024	2024
	ILS in thousands				
Share-based payment	-	2,794	-	-	2,794
Management fees to the MC (*)	18,350	16,763	9,819	8,703	34,691

(*) The MC received from Sunflower, a company controlled thereby, an additional amount of ILS 270 thousand in the report period and in the same period last year, and ILS 540 thousand in 2024, for the Company CEO's service as Chairman of the Board of Directors at Sunflower.

	30 June		31 December
	2025	2024	2024
	ILS in thousands		
Sunflower supplemental consideration undertaking	6,771	6,771	6,771
Accounts receivable for affiliates	8,557	800	5,882
Loan to affiliate	26,331	1,995	24,491

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

	6 months ended 30 June		3 months ended 30 June		Year ended 31 December
	2025	2024	2025	2024	2024
	ILS in thousands				
Salary for an interested party employed by the MC	1,920	1,920	960	960	3,840
Directors’ remuneration	458	455	248	211	992

Note 6 – Events During and After the Report Period

A. See Note 4.C above for events in connection with the Company's investments during and after the report period.

B. Working Capital Deficit

As of 30 June 2025, the Company has a working capital deficit of approx. ILS 272 million that derives from commercial paper (CP) of the Company in the sum of ILS 187.5 million, which are issued for a year and therefore classified as short-term, and from used credit facilities from financial institutions in the sum of ILS 187.5 million. After the report date, the Company completed an expansion of Series B bonds in the amount of approx. ILS 500 million, which were applied, inter alia, to the repayment of the CP and the credit facilities. The Series B bonds are long-term credit with an average duration of 5 years. In addition, the Company has an ongoing positive cash flow from operating activities which totaled approx. ILS 75 million in the report period.

In light thereof, the Company's Board reviewed the Company's liquidity as detailed below, and determined that such working capital deficit does not indicate a liquidity issue for the Company. Such decision is based, *inter alia*, on an assessment of the Company's financial position, including the Company's liquid asset balance, its debt amount after the expansion of Series B, the Company's projected cash flow under various scenarios and sensitivity analyses for the next two years, including completion of exercise of the outstanding put options for Egged's shareholders for the acquisition of their remaining shares which is expected in the first quarter of 2026, the Company's leverage ratio as well as an assessment of the Company's existing and anticipated liabilities, including the Company's liabilities to its bondholders and to banking corporations and their due dates, and assessment of the existing and projected sources for repayment of such liabilities.

C. Debt Raising

On 9 February 2025, a private placement was performed for accredited investors of Series B bonds of the Company in the sum of approx. ILS 150 million par value, by way of expansion of the Company's existing Series B bond series, for total consideration of approx. ILS 152.1 million. In addition, S&P Maalot announced a rating of ilA+ for the bond series expansion. For further details, see Note 10C to the Company's financial statements as of 31 December 2024.

On 31 July 2025, after the report date, a public offering was performed of Series B bonds of the Company in the sum of approx. ILS 480.4 million par value, by way of expansion of the Company's existing Series B bond series, for total consideration of approx. ILS 499.6 million, with the proceeds of the offering used, *inter alia*, for debt repayment.

In addition, S&P Maalot announced a rating of ilA+ for the bond series expansion. For further details, see Note 10C to the Company's financial statements as of 31 December 2024.

D. Compliance with Financial Covenants

To secure the repayment of credit borrowed by the Company from financial institutions and bonds it issued, the Company is bound by certain financial covenants. As of 30 June 2025, the Company is in compliance with its obligations and with the financial covenants stipulated in the loan agreements and in the deeds of trust for its Series A and Series B bonds.

Note 6 – Events During and After the Report Period (Cont.)

E. Repayment of Credit from Institutional Bodies and CP

On 4 August 2025, the Company repaid all loans obtained from institutional bodies, and on 10 and 12 August, respectively, repaid the entire balance of CP (Series 1 and 2). In addition, the Company cancelled the credit facilities that were in effect by October 2025 and is taking steps to remove the pledges registered in favor of such institutional bodies.

F. Dividend Distribution

1) On 15 January 2025, the Company performed the dividend distribution that had been approved by the Company's Board on 31 December 2024 in the sum of ILS 19.7 million.

2) On 21 April 2025, the Company performed the dividend distribution that had been approved by the Company's Board on 26 March 2025 in the sum of ILS 20 million.

3) On 30 July 2025, after the report date, the Company performed the dividend distribution that had been approved by the Company's Board on 10 July 2025 in the sum of ILS 20 million.

G. Litigation

1) For details regarding lawsuits of the Company, see Note 12D to the Company's financial statements as of 31 December 2024.

2) Further to declaratory claims and motions for provisional remedies that were filed by Alma and Blue Square against the Company, Triple and IPMH (which were consolidated), on 2 April 2025, the District Court denied the motions for provisional remedies that were filed by Alma and Blue Square. On 18 May 2025, the parties completed the preliminary proceedings in the main proceeding.