ASHTROM GROUP LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2026

UNAUDITED

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Shape the future
with confidence

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Auditors' review report to the shareholders of Ashtrom Group Ltd.

Introduction

We have reviewed the accompanying financial information of Ashtrom Group Ltd. and subsidiaries ("the Group"), which comprises the condensed consolidated statement of financial position as of March 31, 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended. The board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of interim financial information for this period in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of subsidiaries, whose assets constitute approximately 16% of total consolidated assets as of March 31, 2026, and whose revenues constitute approximately 6% of total consolidated revenues for the three months period then ended. Furthermore, we did not review the condensed interim financial information of companies accounted for at equity the investment in which amounted to approximately NIS 56.9 million as of March 31, 2026 and the Group's share of their earnings amounted to approximately NIS 0.7 million for the three months period then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of other auditors.

Scope of review

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

Conclusion

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

In addition to the abovementioned, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
May 26, 2026

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NIS in thousands

	March 31, 2026 Unaudited	March 31, 2025 Unaudited	December 31, 2025 Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	505,818	807,501	945,552
Short-term investments	540,715	484,459	656,533
Trade and unbilled receivables	1,222,825	1,151,133	1,139,496
Other accounts receivable	292,257	296,860	301,415
Inventories of buildings and retail space for sale	2,479,307	1,516,781	2,079,009
Inventories	182,722	178,385	161,686
Total current assets	**5,223,644**	**4,435,119**	**5,283,691**
NON-CURRENT ASSETS:			
Land for construction	1,407,769	1,867,587	1,424,333
Investment property under construction	981,978	622,194	900,206
Receivables from concession arrangements	215,711	230,368	220,813
Payments on account of purchase of investment property	117,984	494,766	494,993
Investment property	10,093,829	8,941,111	9,147,162
Associates	2,204,433	2,134,891	2,227,237
Other receivables and investments	161,982	270,239	150,430
Property, plant and equipment, net	3,365,904	3,257,316	3,144,038
Intangible assets and goodwill	70,454	77,083	71,478
Deferred taxes	76,355	61,281	74,537
Total non-current assets	**18,696,399**	**17,956,836**	**17,855,227**
Total assets	**23,920,043**	**22,391,955**	**23,138,918**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NIS in thousands

	March 31, 2026 Unaudited	March 31, 2025 Unaudited	December 31, 2025 Audited
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks	1,682,213	676,128	1,007,998
Loans from institutional entities	400,000	400,000	400,000
Current maturities of non-current liabilities	2,246,932	1,668,118	2,058,737
Subcontractors and trade payables	986,674	957,411	1,052,408
Liabilities for exchange transactions	408,798	408,200	439,915
Advances from customers and buyers of apartments and real estate	90,990	87,020	90,714
Dividend payable	100,000	80,000	-
Other accounts payable	387,072	444,896	392,177
Total current liabilities	**6,302,679**	**4,721,773**	**5,441,949**
NON-CURRENT LIABILITIES:			
Loans from banks	4,195,034	4,360,794	3,896,167
Loans from institutional entities	2,395,321	2,400,814	2,394,824
Debentures	4,493,460	4,400,453	4,731,226
Lease liabilities	392,944	305,721	349,188
Other liabilities	92,946	79,754	66,041
Employee benefit liabilities	23,968	20,067	23,436
Deferred taxes	258,201	346,863	264,058
Total non-current liabilities	**11,851,874**	**11,914,466**	**11,724,940**
Total liabilities	**18,154,553**	**16,636,239**	**17,166,889**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital	57,259	57,259	57,259
Share premium	1,937,580	1,927,711	1,937,580
Retained earnings	3,614,293	3,458,201	3,751,363
Reserves	(261,137)	69,331	(200,422)
Total	**5,347,995**	**5,512,502**	**5,545,780**
Non-controlling interests	417,495	243,214	426,249
Total equity	**5,765,490**	**5,755,716**	**5,972,029**
Total liabilities and equity	**23,920,043**	**22,391,955**	**23,138,918**

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

Avraham Nussbaum	Gil Gueron	Gal Omer	Yeshayahu Abramovitch
Chairman of the Board	Managing Director and Member of the Board	Chief Financial Officer	Chief Accounting Officer

Date of approval of the financial statements: May 26, 2026.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

NIS in thousands

	Three months ended March 31, 2026 Unaudited	Three months ended March 31, 2025 Unaudited	Year ended December31, 2025 Audited
Revenues	1,122,428	1,153,007	4,652,436
Cost of revenues	898,993	903,743	3,631,398
Gross profit	**223,435**	**249,264**	**1,021,038**
Appreciation (impairment) of investment property, net	(46,406)	12,263	301,072
	177,029	**261,527**	**1,322,110**
Selling and marketing expenses	29,966	27,048	125,085
General and administrative expenses	102,548	102,432	416,453
Group's share of earnings of associates, net	8,342	17,650	116,362
Net income from tax credits	8,047	4,881	40,519
Other expenses, net	10,370	324	33,320
Operating income	**50,534**	**154,254**	**904,133**
Finance expenses	(136,550)	(185,187)	(747,549)
Finance income	39,707	31,690	127,318
Income (loss) before tax benefit	**(46,309)**	**757**	**283,902**
Tax benefit	(6,676)	(3,546)	(3,112)
Net income (loss)	**(39,633)**	**4,303**	**287,014**
Net income (loss) attributable to:			
Equity holders of the Company	(37,070)	2,805	270,655
Non-controlling interests	(2,563)	1,498	16,359
	(39,633)	**4,303**	**287,014**
Net earnings (loss) per share attributable to equity holders of the Company (in NIS):			
Basic and diluted net earnings (loss)	(0.33)	0.03	2.43

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NIS in thousands

	Three months ended March 31, 2026 Unaudited	Three months ended March 31, 2025 Unaudited	Year ended December 31, 2025 Audited
Net income (loss)	(39,633)	4,303	287,014
Other comprehensive income (loss) (net of tax effect):			
Amounts that have been reclassified or will be reclassified in the future to profit or loss, net of tax:			
Gain (loss) from cash flow hedges	2,736	(19,193)	(10,944)
Adjustments arising from translating financial statements of foreign operations	(69,133)	127,437	(193,343)
Group's share of net other comprehensive income (loss) of associates from adjustments arising from translating financial statements of foreign operations	(2,886)	3,266	(1,834)
	(69,283)	**111,510**	**(206,121)**
Amounts that will not be reclassified in the future to profit or loss, net of tax:			
Revaluation of property, plant and equipment (land and buildings)	709	766	6,983
Remeasurement loss from defined benefit plans, net	-	-	(460)
	709	**766**	**6,523**
Total other comprehensive income (loss)	**(68,574)**	**112,276**	**(199,598)**
Total comprehensive income (loss)	**(108,207)**	**116,579**	**87,416**
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	(99,406)	103,759	90,151
Non-controlling interests	(8,801)	12,820	(2,735)
Total	**(108,207)**	**116,579**	**87,416**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, unaudited

	Share capital	Share premium	Reserve for transactions with controlling shareholders	Retained earnings	Reserve for share-based payment	Revaluation reserve	Foreign currency translation adjustments	Reserve for hedges	Reserve for transactions with non-controlling interests	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2026 (audited)	**57,259**	**1,937,580**	**25,013**	**3,751,363**	**25,072**	**373,127**	**(582,203)**	**(23,761)**	**(17,670)**	**5,545,780**	**426,249**	**5,972,029**
Net loss	-	-	-	(37,070)	-	-	-	-	-	(37,070)	(2,563)	(39,633)
Total other comprehensive income (loss)	-	-	-	-	-	709	(64,875)	1,830	-	(62,336)	(6,238)	(68,574)
Total comprehensive income (loss)	**-**	**-**	**-**	**(37,070)**	**-**	**709**	**(64,875)**	**1,830**	**-**	**(99,406)**	**(8,801)**	**(108,207)**
Dividend to equity holders of the Company	-	-	-	(100,000)	-	-	-	-	-	(100,000)	-	(100,000)
Cost of share-based payment	-	-	-	-	1,621	-	-	-	-	1,621	-	1,621
Amounts classified to non-controlling interests	-	-	-	-	-	-	-	-	-	-	47	47
Balance at March 31, 2026	**57,259**	**1,937,580**	**25,013**	**3,614,293**	**26,693**	**373,836**	**(647,078)**	**(21,931)**	**(17,670)**	**5,347,995**	**417,495**	**5,765,490**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, unaudited

	Share capital	Share premium	Reserve for transactions with controlling shareholders	Retained earnings	Reserve for share-based payment	Revaluation reserve	Foreign currency translation adjustments	Reserve for hedges	Reserve for transactions with non-controlling interests	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2025 (audited)	**57,158**	**1,342,445**	**25,013**	**3,535,396**	**30,317**	**391,916**	**(408,390)**	**(10,547)**	**(58,419)**	**4,904,889**	**230,394**	**5,135,283**
Net income	-	-	-	2,805	-	-	-	-	-	2,805	1,498	4,303
Total other comprehensive income (loss)	-	-	-	-	-	766	119,381	(19,193)	-	100,954	11,322	112,276
Total comprehensive income (loss)	**-**	**-**	**-**	**2,805**	**-**	**766**	**119,381**	**(19,193)**	**-**	**103,759**	**12,820**	**116,579**
Issue of shares	100	583,811	-	-	-	-	-	-	-	583,911	-	583,911
Dividend to equity holders of the Company	-	-	-	(80,000)	-	-	-	-	-	(80,000)	-	(80,000)
Cost of share-based payment	-	-	-	-	(58)	-	-	-	-	(58)	-	(58)
Exercise of share options	1	1,455	-	-	(1,455)	-	-	-	-	1	-	1
Balance at March 31, 2025	**57,259**	**1,927,711**	**25,013**	**3,458,201**	**28,804**	**392,682**	**(289,009)**	**(29,740)**	**(58,419)**	**5,512,502**	**243,214**	**5,755,716**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, audited

	Share capital	Share premium	Reserve for transactions with controlling shareholders	Retained earnings	Reserve for share-based payment	Revaluation reserve	Foreign currency translation adjustments	Reserve for hedges	Reserve for transactions with non-controlling interests	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2025	**57,158**	**1,342,445**	**25,013**	**3,535,396**	**30,317**	**391,916**	**(408,390)**	**(10,547)**	**(58,419)**	**4,904,889**	**230,394**	**5,135,283**
Net income	-	-	-	270,655	-	-	-	-	-	270,655	16,359	287,014
Total other comprehensive income (loss)	-	-	-	(460)	-	6,983	(173,813)	(13,214)	-	(180,504)	(19,094)	(199,598)
Total comprehensive income (loss)	**-**	**-**	**-**	**270,195**	**-**	**6,983**	**(173,813)**	**(13,214)**	**-**	**90,151**	**(2,735)**	**87,416**
Issue of shares	100	583,811	-	-	-	-	-	-	-	583,911	-	583,911
Cost of share-based payment	-	-	-	-	6,079					6,079	-	6,079
Exercise of share options	1	11,324	-	-	(11,324)	-	-	-	-	1	-	1
Dividend to equity holders of the Company	-	-	-	(80,000)	-	-	-	-	-	(80,000)	-	(80,000)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,671)	(9,671)
Amounts transferred from revaluation reserve for sale of property, plant and equipment	-	-	-	25,772	-	(25,772)	-	-	-	-	-	-
Issue to non-controlling interests	-	-	-	-	-	-	-	-	54,988	54,988	214,928	269,916
Acquisition from non-controlling interests	-	-	-	-	-	-	-	-	(14,239)	(14,239)	(5,804)	(20,043)
Amounts classified to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(863)	(863)
Balance at December 31, 2025	**57,259**	**1,937,580**	**25,013**	**3,751,363**	**25,072**	**373,127**	**(582,203)**	**(23,761)**	**(17,670)**	**5,545,780**	**426,249**	**5,972,029**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
NIS in thousands

	Three months ended March 31, 2026	Three months ended March 31, 2025	Year ended December 31, 2025
	Unaudited	Unaudited	Audited
Cash flows from operating activities:			
Net income (loss)	**(39,633)**	**4,303**	**287,014**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Adjustments to the profit or loss items:			
Group's share of earnings of associates, net	(8,342)	(17,650)	(116,362)
Impairment (appreciation) of investment property and investment property under construction	46,406	(12,263)	(301,072)
Interest costs, net	92,424	79,354	389,107
Gain from marketable securities	(10,690)	(3,784)	(25,743)
Depreciation and amortization of property, plant and equipment and intangible assets	37,844	33,088	139,800
Deferred taxes, net	(346)	(25,902)	(85,490)
Impairment of land for construction	-	-	1,725
Revaluation of long-term loans	2,050	(5,720)	90,898
Revaluation of debentures	3,449	20,483	140,152
Loss from sale and appreciation of investments	-	3	-
Change in employee benefit liabilities, net	532	1,504	4,326
Cost of share-based payment	1,621	(58)	6,079
Loss (gain) from sale of property, plant and equipment	92	(175)	(3,105)
Revaluation of long-term receivables and other investments	(7,331)	32,834	16,633
Loss (gain) from receivables from concession arrangements	226	(708)	(5,782)
Total	**157,935**	**101,006**	**251,166**
Changes in asset and liability items:			
Increase in trade and unbilled receivables and in other accounts receivable	(117,758)	(204,267)	(240,553)
Decrease (increase) in inventories of buildings and retail space for sale less advances from customers and from buyers of apartments and in inventories	(25,085)	(38,383)	32,770
Increase (decrease) in subcontractors and trade payable and in other accounts payable	(61,648)	62,773	190,953
Total	**(204,491)**	**(179,877)**	**(16,830)**
Cash paid and received during the period for:			
Dividend received	1,500	-	17,900
Taxes paid	(35,550)	(20,827)	(80,594)
Taxes received	4,180	292	3,642
Total	**(29,870)**	**(20,535)**	**(59,052)**
Net cash provided by (used in) operating activities before investment in land for construction	**(116,059)**	**(95,103)**	**462,298**
Investment in land for construction	(401,333)	(26,445)	(177,168)
Net cash provided by (used in) operating activities	**(517,392)**	**(121,548)**	**285,130**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

	Three months ended March 31, 2026	Three months ended March 31, 2025	Year ended December 31, 2025
	Unaudited	Unaudited	Audited
Cash flows from investing activities:			
Investment in investment property	(485,475)	(36,858)	(420,685)
Investment in investment property under construction	(63,600)	(15,185)	(152,479)
Payments on account of investment property	(250,959)	(5)	(232)
Sale of (investment in) short-term investments, net	126,508	(103,018)	(253,133)
Investments in property, plant and equipment	(163,555)	(57,493)	(252,106)
Interest received	7,588	15,401	49,357
Collection of long-term loans to associates, net	35,122	28,507	14,647
Collection of receivables from concession arrangements	4,653	4,324	17,876
Investment in associates and other assets	-	-	(400)
Proceeds from sale of property, plant and equipment and investment property	63,369	53,439	218,375
Taxes paid for sale of investment property	-	(27,406)	(44,135)
Proceeds from sale of other investments	-	-	96,319
Grant of long-term loans and other investments	(5,368)	(1,065)	(1,015)
Collection of long-term loans and deposits	958	117	37,350
Net cash used in investing activities	**(730,759)**	**(139,242)**	**(690,261)**
Cash flows from financing activities:			
Issue of debentures (net of issuance expenses)	-	-	959,714
Issue of shares (net of issuance expenses)	-	583,911	583,911
Repayment of debentures	(241,336)	(235,750)	(871,732)
Receipt of long-term loans from banks and others	1,161,665	262,547	1,003,180
Repayment of long-term loans from banks and others	(436,775)	(160,817)	(719,541)
Short-term credit from banks and others, net	477,976	(177,306)	(33,850)
Repayment of lease liabilities	(11,912)	(10,686)	(41,103)
Interest paid	(139,046)	(134,156)	(604,190)
Proceeds from exercise of options	-	1	1
Issue to non-controlling interests	-	-	269,916
Acquisition from non-controlling interests	-	-	(29,030)
Dividend to equity holders of the Company	-	-	(80,000)
Dividend to non-controlling interests	-	-	(9,671)
Net cash provided by financing activities	**810,572**	**127,744**	**427,605**
Exchange rate differences on balances of cash and cash equivalents	(2,155)	2,226	(15,243)
Increase (decrease) in cash and cash equivalents	**(439,734)**	**(130,820)**	**7,231**
Cash and cash equivalents at the beginning of the period	945,552	938,321	938,321
Cash and cash equivalents at the end of the period	**505,818**	**807,501**	**945,552**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
NIS in thousands

	Three months ended March 31, 2026 Unaudited	Three months ended March 31, 2025 Unaudited	Year ended December 31, 2025 Audited
Significant non-cash transactions:			
Dividend payable to equity holders of the Company	100,000	80,000	-
Right-of-use asset recognized against lease liability	55,444	63,576	145,560

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

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of March 31, 2026 and for the three months period then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2025 and for the year then ended and accompanying notes ("annual consolidated financial statements").

b. Consequences of the Swords of Iron war:

Hamas's combined attack on the State of Israel on October 7, 2023, led to the outbreak of the Swords of Iron war ("the war"), which ended on October 9, 2025 with the signing of an agreement between the State of Israel and the Hamas organization, under the auspices of the United States and as part of a regional plan announced by the President of the United States. As part of the agreement, all living hostages were released and the remains of the deceased hostages were returned. The war led to an escalation in tensions with Iran and its proxies. In June 2025, Israel launched "Operation Rising Lion" against Iran, constituting a large-scale military operation targeting Iranian military facilities, including nuclear and ballistic missile infrastructure. The operation was characterized by extensive air and cyber activity, as well as exchanges of fire and missiles attacks between Israel, Iran and other regional entities. A ceasefire was signed on June 24, 2025.

On February 28, 2026, "Operation Roaring Lion" commenced with a coordinated attack by the State of Israel and the United States on governmental targets in Iran. In response, Iran initiated attacks against Israel and against American and civilian targets in the Middle East. In addition, following the above operation, Hezbollah resumed attacks on the territory of the State of Israel, including rocket fire and other weapons. It should be noted that immediately upon the commencement of the operation, as stated above, a state of emergency was declared in the market, emergency regulations were enacted and restrictions were imposed on economic activity, including on educational institutions and workplaces, and a large-scale mobilization of reservists was announced. After the reporting date, on April 8, 2026, the United States and Iran reached a temporary ceasefire agreement, which also applies to Israel and remains in effect as of the reporting date. It should be noted that, in the campaign against Hezbollah, which commenced in parallel with that against Iran, a temporary ceasefire was also declared; however, it is only partially in effect.. As of the date of approval of the financial statements, negotiations are ongoing between the parties with a view of extending the ceasefires across the various fronts and reaching a permanent agreement between the parties.

NOTE 1:- GENERAL (Cont.)

As of the date of approval of the financial statements, Operation Roaring Lion has not had a material impact on the Company. However, the Group is unable to estimate the extent of any future implications of the war, including a possible resumption or escalation of hostilities across the various fronts, on the Group's business activities and results of operations, among others, in light of the market volatility, uncertainty regarding the duration and intensity of the war, its effects on the Company's operations and on the Israeli economy, and any other additional measures that may be adopted by the Government of Israel. Nevertheless, based on the Company's assessment, its financial position provide it with sufficient resilience to address the current market conditions while meeting its obligations. In terms of its financial position, the Company is stable and does not anticipate any concerns regarding its financial stability in the future. The Company continues to monitor developments related to the war, performs ongoing assessments of its exposure and impacts on its operations and undertakes appropriate actions as required.

c. As of March 31, 2026, the Company had a working capital deficit of approximately NIS 1,079 million. In the Company's Board estimation, the Company will be able to meet its existing and expected financial liabilities during the two years following the publication of the consolidated financial statements. This assessment is based, among others, on the Company's cash-flow forecast, its ability to generate cash from operating activities, its financing sources and its ability to obtain borrowings, including access to its unused credit facilities of approximately NIS 1.1 billion. In addition, the Company is acting to refinance part of its short-term credit into long-term loans, including credit that was refinanced after the reporting date in the amount of NIS 289 million, as described in Note 5c below.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

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

NOTE 3:- FINANCIAL INSTRUMENTS

Fair value:

The following table demonstrates the carrying amount and fair value of the groups of financial instruments that are presented in the financial statements not at fair value or whose carrying amount is not an approximation of fair value:

	Carrying amount	Carrying amount	Carrying amount	Fair value	Fair value	Fair value
	March 31, 2026	March 31, 2025	December 31, 2025	March 31, 2026	March 31, 2025	December 31, 2025
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Financial assets:						
Receivables from concession arrangements (1)	234,910	248,267	239,789	224,088	236,001	233,219
Financial liabilities:						
Loans with fixed interest (1)	4,303,011	4,244,647	4,194,153	4,130,501	4,016,919	4,074,537
Debentures (2)	5,442,705	5,239,544	5,670,806	5,457,139	5,165,707	5,706,449
	9,745,716	**9,484,191**	**9,864,959**	**9,587,640**	**9,182,626**	**9,780,986**

(1) The fair value of receivables from concession arrangements and loans obtained with fixed interest is based on the computation of the present value of cash flows using standard interest rate available for loans with similar terms (Level 3 of the fair value hierarchy).

(2) The fair value is based on quoted prices in active markets (Level 1 of the fair value hierarchy) at the reporting date.

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, other accounts receivable, credit from banks and loans from others with variable interest, trade payables and other accounts payable approximates their fair value.

NOTE 4:- SEGMENT REPORTING

a. General:

As stated in the annual consolidated financial statements, the Group has the following operating segments: construction and infrastructures in Israel, industries, rental housing, concession, foreign operations through Ashtrom International, renewable energy, investment property and property development through Ashtrom Properties and residential real estate development in Israel through Ashtrom Residences.

The data of the operating segments of industries and of investment property, property development through Ashtrom Properties and of residential real estate development in Israel also include the Company's proportionate share of revenues and results of associates with the same activity as the segment in which they operate, for the purpose of aligning the reported data with management approach.

NOTE 4:- SEGMENT REPORTING (Cont.)

b. Reporting on operating segments:

Three months ended March 31, 2026 (NIS in thousands, unaudited):

	Construction and infra-structures in Israel	Industries	Rental housing	Concessions	Foreign operations - Ashtrom International	Renewable energy	Investment property and property development - Ashtrom Properties	Residential real estate development in Israel - Ashtrom Residences	Total before adjustments	Adjustments	Adjustments - associates	Total
Revenues from external customers	511,663	247,842	28,408	4,978	68,327	12,459	137,930	218,909	1,230,516	-	(108,088)	1,122,428
Intersegment revenues	110,418	38,493	-	-	-	3,615	284	-	152,810	(152,389)	(421)	-
Total revenues	**622,081**	**286,335**	**28,408**	**4,978**	**68,327**	**16,074**	**138,214**	**218,909**	**1,383,326**	**(152,389)**	**(108,509)**	**1,122,428**
Cost of revenues	575,564	244,351	3,237	4,602	47,663	8,881	42,755	188,234	1,115,287	(143,912)	(72,382)	898,993
Gross profit	**46,517**	**41,984**	**25,171**	**376**	**20,664**	**7,193**	**95,459**	**30,675**	**268,039**	**(8,477)**	**(36,127)**	**223,435**
Appreciation (impairment) of investment property	-	-	(50,169)	-	409	-	(3,297)	-	(53,057)	6,704	(53)	(46,406)
Selling and marketing expenses	1,506	19,098	2,548	-	1,021	-	-	7,750	31,923	-	(1,957)	29,966
General and administrative expenses	31,304	15,129	4,434	4,892	10,876	2,233	26,895	12,039	107,802	131	(5,385)	102,548
Net income from tax credits	-	-	-	-	-	8,047	-	-	8,047	-	-	8,047
Operating income (loss)	**13,707**	**7,757**	**(31,980)**	**(4,516)**	**9,176**	**13,007**	**65,267**	**10,886**	**83,304**	**(1,904)**	**(28,838)**	**52,562**
Earnings of associates												8,342
Other expenses												10,370
Operating income												**50,534**
Finance expenses, net												96,843
Loss before taxes on income												**(46,309)**

NOTE 4:- SEGMENT REPORTING (Cont.)

Three months ended March 31, 2025 (NIS in thousands, unaudited):

	Construction and infra-structures in Israel	Industries	Rental housing	Concessions	Foreign operations - Ashtrom International	Renewable energy	Investment property and property development - Ashtrom Properties	Residential real estate development in Israel - Ashtrom Residences	Total before adjustments	Adjustments	Adjustments - associates	Total
Revenues from external customers	580,787	240,583	25,639	4,811	69,496	11,616	121,421	184,335	1,238,688	-	(85,681)	1,153,007
Intersegment revenues	56,746	45,011	-	-	-	-	216	-	101,973	(101,846)	(127)	-
Total revenues	**637,533**	**285,594**	**25,639**	**4,811**	**69,496**	**11,616**	**121,637**	**184,335**	**1,340,661**	**(101,846)**	**(85,808)**	**1,153,007**
Cost of revenues	574,342	241,661	3,535	3,557	47,078	7,512	31,129	139,964	1,048,778	(96,793)	(48,242)	903,743
Gross profit	**63,191**	**43,933**	**22,104**	**1,254**	**22,418**	**4,104**	**90,508**	**44,371**	**291,883**	**(5,053)**	**(37,566)**	**249,264**
Appreciation (impairment) of investment property	-	-	(3,689)	-	614	-	22,704	-	19,629	1,187	(8,553)	12,263
Selling and marketing expenses	3,089	18,030	914	-	941	-	186	4,484	27,644	-	(596)	27,048
General and administrative expenses	30,394	15,203	4,641	2,306	11,099	5,912	23,984	12,149	105,688	369	(3,625)	102,432
Net income from tax credits	-	-	-	-	-	4,881	-	-	4,881	-	-	4,881
Operating income (loss)	**29,708**	**10,700**	**12,860**	**(1,052)**	**10,992**	**3,073**	**89,042**	**27,738**	**183,061**	**(4,235)**	**(41,898)**	**136,928**
Earnings of associates												17,650
Other expenses												324
Operating income												**154,254**
Finance expenses, net												153,497
Income before taxes on income												**757**

NOTE 4:- SEGMENT REPORTING (Cont.)

Year ended December 31, 2025 (NIS in thousands, audited):

	Construction and infra-structures in Israel	**Industries**	**Rental housing**	**Concessions**	**Foreign operations - Ashtrom International**	**Renewable energy**	**Investment property and property development - Ashtrom Properties**	**Residential real estate development in Israel - Ashtrom Residences**	**Total before adjustments**	**Adjustments**	**Adjustments - associates**	**Total**
Revenues from external customers	2,204,557	964,579	117,273	19,446	320,314	69,034	521,197	839,856	5,056,256		(403,820)	4,652,436
Intersegment revenues	339,817	149,663	-	-	-	2,454	954	-	492,888	(491,793)	(1,095)	-
Total revenues	**2,544,374**	**1,114,242**	**117,273**	**19,446**	**320,314**	**71,488**	**522,151**	**839,856**	**5,549,144**	**(491,793)**	**(404,915)**	**4,652,436**
Cost of revenues	2,313,994	955,131	22,379	15,318	204,117	37,688	152,446	649,062	4,350,135	(480,403)	(238,334)	3,631,398
Gross profit	**230,380**	**159,111**	**94,894**	**4,128**	**116,197**	**33,800**	**369,705**	**190,794**	**1,199,009**	**(11,390)**	**(166,581)**	**1,021,038**
Appreciation (impairment) of investment property	-	-	159,607	-	2,548	-	207,979	712	370,846	14,582	(84,356)	301,072
Selling and marketing expenses	7,520	74,540	2,981	-	4,303	14	398	38,176	127,932	-	(2,847)	125,085
General and administrative expenses	132,741	58,039	21,042	12,084	41,695	12,410	113,885	48,700	440,596	1,162	(25,305)	416,453
Net income from tax credits	-	-	-	-	-	40,519	-	-	40,519	-	-	40,519
Operating income (loss)	**90,119**	**26,532**	**230,478**	**(7,956)**	**72,747**	**61,895**	**463,401**	**104,630**	**1,041,846**	**2,030**	**(222,785)**	**821,091**
Earnings of associates												116,362
Other expenses												33,320
Operating income												**904,133**
Finance expenses, net												620,231
Income before taxes on income												**283,902**

NOTE 5:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

a. As stated in Note 12a(1) to the annual financial statements regarding the project in Neve Ayalon neighborhood, Or Yehuda, construction of the project was completed during Q1 2026, and the partnership paid the seller the remaining consideration of approximately NIS 131 million. To finance the remaining payment, an additional amount of NIS 86 million was obtained from the institutional entity financing the project. As of the date of approval of the financial statements, lease agreements have been signed for all residential units and leasing has commenced. Accordingly, the remaining project costs were classified from "payments on account of investment property" to "investment property", with a carrying amount of approximately NIS 582 million, based on a valuation performed by an independent external appraiser and, as a result, the Company recognized an impairment loss of approximately NIS 46 million in the consolidated statements of profit or loss .

b. As stated in Note 12a(1) to the annual financial statements, in December 2025, the Company's wholly-controlled limited partnership won a tender issued by Apartment for Rent together with the ILA for the lease of land in Tel HaShomer, Ramat Gan ("the Doctors' Housing complex") intended for the planning, construction, sale and operation of a residential project comprising 1,189 residential units and about 23,000 sq.m. of retail and employment space, covering a total area of about 202,000 sq.m. Of the residential units, 190 are designated for sale, 399 are for long-term rent for 20 years (of which 25% will be rented to eligible tenants at supervised rental fees) and 600 are designated for rent for 40 years to medical staff at reduced rental rates in accordance with the tender terms.

In accordance with the terms of the partnership's bid, the partnership will lease the land (including development expenses) for approximately NIS 394 million (excluding VAT). Based on the Company's estimate, the total investment in the project is expected to be approximately NIS 2.2 billion to be financed through the Company's own resources and external financing.

On March 22, 2026, the partnership entered into a master financing agreement with a bank for a facility of approximately NIS 366 million to finance the purchase of the land for the project. The facility will be available to the partnership until April 2029. The Company provided a guarantee to the bank in respect of the facility. As part of the agreement, the partnership's rights in the project will be pledged to the bank.

In Q1 2026, the Company paid NIS 244 million plus VAT, mainly through a withdrawal under the agreement with the bank. The remaining amount of approximately NIS 150 million plus VAT will be paid in December 2027. In the financial statements as of March 31, 2026, an amount of approximately NIS 142 million relating to the portion designated for sale is presented under "land for construction" and an amount of approximately NIS 118 million is presented under "payments on account of investment property".

On February 9, 2026, the Company received a notice from the Administrative Court in Tel-Aviv-Jaffa, pursuant to which the court ordered the Company to be added as a respondent to an administrative petition filed by a third party against the State of Israel - the ILA and the Ministry of Defense, among others, in connection with the land subject to the Doctors' Housing tender.

NOTE 5:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

According to the petition, the petitioners, heirs of individuals who held historical rights to the land, claim that the land had been previously expropriated for public purposes, and that, following the change of its designation to marketable purposes and the abandonment of the public purposes, they are entitled to restitution and/or a preemptive right to purchase, or, alternatively, to financial compensation. It is further argued that the marketing of the land under the tender process to third parties was conducted unlawfully, thereby preventing the petitioners from exercising their alleged rights. The State's respondents to the petition were granted, with the Company's consent, an extension to submit their responses to the petition and to address the matter before the Court, and they intend to request an additional extension.

The Company is reviewing the claims raised in the petition and the potential implications for the project underlying the tender. However, at this stage, prior to submission of the response, the Company and its legal counsel are unable to assess the likelihood of the petition's success. It is clarified that the Company is not a party to the dispute underlying the petition and was joined to the proceedings at the request of the Court, in light of its status as the winning bidder in the tender.

c. In February 2026, a wholly-owned English subsidiary of Ashtrom Properties signed an agreement to acquire a commercial property located in the Newcastle area, England, for approximately £ 102.5 million (approximately NIS 435 million), including transaction costs. The property covers an area of about 36 thousand sq.m. and includes about 1,061 parking spaces. It is leased at a 97% occupancy to about 31 tenants. The acquisition of the property was financed through equity and a bridge loan amounting to 65% of the purchase price. After the reporting date, the loan was repaid and replaced with a loan from a bank in England, with an expected repayment date of May 2029.

d. On February 5, 2026, Ashtrom Residences received a ruling from the Appeals Committee under the Real Estate Taxation Law (Appreciation and Acquisition), 1963, at the Haifa District Court, which accepted the appeals filed by Ashtrom Residences against the tax administrators of the Haifa and Central districts. The ruling determined that Ashtrom Residences winning of the "Price for Tenants" tenders and the signing of the accompanying contractual framework do not constitute the acquisition of a "right in land" as defined in the Real Estate Taxation Law and the true legal substance of the arrangement between the State and Ashtrom Residences, following its winning of the "Price for Tenants" tenders, is a contract with a prime contractor acting in the name and on behalf of the State for the implementation of its policy within the framework of "Price for Tenants" projects. As part of the ruling, it was determined that Ashtrom Residences is not subject to purchase tax in respect of the land component relating to the residential units designated for "Price for Tenants" in the relevant projects and that the respondents are required to cancel the purchase tax assessments and refund to Ashtrom Residential the purchase tax paid by it in connection with the tenders that were the subject of the appeals.

NOTE 5:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

In the Company's assessment, and based on the ruling, to the extent that the Appeals Committee's decision is upheld and implemented, the Company is expected to receive a refund of the purchase tax paid in connection with the relevant tenders and to recognize a gain (for projects already recognized in the statement of profit or loss) in an amount of approximately NIS 38 million. It should be noted that the timing of refund, its final amount, the timing of gain recognition and their accounting implications in the Company's financial statements will depend, among others, on possible additional proceedings and decisions of the Tax Authority regarding the implementation of the ruling. The Tax Authority may file an appeal with the Supreme Court until mid-June 2026. As publicly reported, the Tax Authority intends to appeal the ruling and, therefore, the Company has not recognized any gain in respect of the expected refund.

e. As stated in Note 16e to the annual financial statements regarding the El Patrimonio renewable energy project in the United States, on March 11, 2026, a subsidiary of Ashtrom Energy entered into an agreement with a bank to finance the project in the amount of approximately \$ 190-\$ 200 million. According to the financing agreement, the lender will provide the subsidiary with a loan and a guarantee facility in the form of non-recourse project financing during the construction period (which is expected to last until 2027) and this financing will be converted near the project's commercial operation date into a loan for a period of two years, with options to extend for an additional three years, at the lender's discretion. In addition, the lender will provide a facility for issuing guarantees in favor of the project.

On the same date, Ashtrom Energy entered into an agreement with an American institutional entity to sell the project's tax credits for a period of about 10 years from the project's commercial operation date, in a total amount of approximately \$ 135-\$ 140 million.

f. On March 24, 2026, the Company's Board approved a dividend distribution to the Company's shareholders in a total amount of NIS 100 million, reflecting a dividend of approximately NIS 0.89663 per share. The dividend was paid on April 15, 2026.

g. After the reporting date, on April 30, 2026, Maalot published a rating report in which the Company's rating was updated to iLA/Stable and its debentures were rated ilA.

NOTE 6:- DISCLOSURE OF SUMMARIZED INFORMATION OF AN ASSOCIATE ACCOUNTED FOR AT EQUITY

Summarized information from the statement of financial position and the statement of profit or loss of an associate – Hutzot HaMifratz Ltd. – in NIS in thousands:

	March 31, 2026	March 31, 2025	December 31, 2025
	Unaudited	Unaudited	Audited
Current assets	39,683	18,589	20,464
Non-current assets	1,790,208	1,678,506	1,790,214
Current liabilities	12,529	11,144	11,697
Non-current liabilities	652,671	629,955	651,405
Equity attributable to equity holders of the company	1,164,691	1,055,996	1,147,576
Share of equity in the associate	50%	50%	50%
Excess cost	7,002	7,002	7,002
Carrying amount of investment in associate	589,348	535,000	580,790

	Three months ended March 31, 2026	Three months ended March 31, 2025	Year ended December 31, 2025
	Unaudited	Unaudited	Audited
Revenues	27,564	23,936	106,029
Gross profit	25,092	21,329	97,238
Appreciation of investment property	1,707	1,909	97,882
Net income	17,115	14,282	130,862
Share of results in the associate	50%	50%	50%
Adjustments for excess cost	-	-	-
Company's share of earnings of associate	8,558	7,141	65,431

The Company did not disclose the financial statements of Hutzot HaMifratz Ltd. because they are immaterial with respect to the Company's consolidated financial statements and do not provide significant additional information for this company.

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