

FATTAL HOLDINGS (1998) LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025

UNAUDITED

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Auditors' review report to the shareholders of Fattal Holdings (1998) Ltd.

Introduction

We have reviewed the accompanying financial information of Fattal Holdings (1998) Ltd. ("the Company"), which comprises the condensed consolidated statement of financial position as of September 30, 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the periods of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with 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 financial information of subsidiaries, whose assets constitute approximately 0.73% of total consolidated assets as of September 30, 2025, and their revenues constitute approximately 4.79% and 6.1% of total consolidated revenues for the periods of nine and three months then ended, respectively. Furthermore, we did not review the condensed interim financial information of companies accounted for at equity, the investment in which amounted to NIS 565,886 thousand as of September 30, 2025 and the Company's share of their earnings (losses) amounted to NIS (5,008) thousand and NIS 6,978 thousand for the periods of nine and three months then ended, respectively. The condensed interim financial information of these 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 these companies, is based on the review reports of the 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 the 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
November 30, 2025

Kost Forer Gabbay and Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2024	September 30, 2024	September 30, 2025	Convenience translation (Note 1e)
	Audited	Unaudited	Unaudited	September 30, 2025
	N IS			Euro
(In thousands)				
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	573,657	882,591	662,663	170,759
Securities held for trading	86,536	43,134	229,528	59,146
Trade receivables	444,009	562,519	677,726	174,640
Other accounts receivable	305,059	279,516	404,897	104,336
Income tax receivable	1,301	1,367	1,071	276
Inventories	26,511	27,827	31,185	8,036
	<u>1,437,073</u>	<u>1,796,954</u>	<u>2,007,070</u>	<u>517,193</u>
NON-CURRENT ASSETS:				
Long-term receivables	107,074	65,741	123,327	31,779
Advance on fixed assets	16,998	17,452	30,864	7,953
Loans and investments in companies and partnerships accounted for at equity	3,231,841	3,292,096	2,871,701	739,995
Property, plant and equipment, net	9,605,498	9,766,328	10,995,663	2,833,423
Property, plant and equipment under construction	542,443	552,746	663,999	171,103
Investment property	-	-	146,511	37,754
Right-of-use assets, net	12,394,547	13,755,406	12,165,927	3,134,983
Deferred taxes on right-of-use assets	600,115	641,445	599,283	154,427
Deferred taxes	181,944	205,073	175,087	45,117
Intangible assets	381,088	413,563	384,958	99,198
	<u>27,061,548</u>	<u>28,709,850</u>	<u>28,157,320</u>	<u>7,255,732</u>
	<u>28,498,621</u>	<u>30,506,804</u>	<u>30,164,390</u>	<u>7,772,925</u>

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

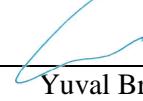
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2024	September 30, 2024	September 30, 2025	Convenience translation (Note 1e)
	Audited	Unaudited	Unaudited	September 30, 2025
	NIS			Euro
(In thousands)				
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Short-term credit from banks and others	646,221	850,725	1,629,465	419,889
Current maturities of liabilities from leases of right-of-use assets	467,993	491,182	509,882	131,389
Current maturities of debentures	540,350	538,997	585,449	150,862
Trade payables	294,081	323,141	375,633	96,795
Income tax payable	43,089	63,071	41,200	10,617
Other accounts payable	903,997	1,074,042	991,810	255,575
Shareholders	6,771	2,106	2,293	591
	<u>2,902,502</u>	<u>3,343,264</u>	<u>4,135,732</u>	<u>1,065,718</u>
NON-CURRENT LIABILITIES:				
Loans from banks and others	4,561,098	4,442,113	4,643,207	1,196,486
Debentures, net	2,261,129	2,349,045	2,320,016	597,834
Liabilities from leases of right-of-use assets	13,636,110	15,073,286	13,423,209	3,458,966
Deferred taxes	843,266	849,552	894,120	230,402
Employee benefit liabilities, net	27,828	27,541	31,434	8,100
Other non-current liabilities	111,895	167,211	103,159	26,583
Shareholders	5,110	8,059	4,624	1,192
	<u>21,446,436</u>	<u>22,916,807</u>	<u>21,419,769</u>	<u>5,519,563</u>
Total liabilities	<u>24,348,938</u>	<u>26,260,071</u>	<u>25,555,501</u>	<u>6,585,281</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:				
Share capital and premium	1,091,095	1,085,580	1,096,027	282,431
Capital reserves	2,163,664	2,260,824	2,518,761	649,048
Retained earnings	844,152	844,826	939,034	241,975
	<u>4,098,911</u>	<u>4,191,230</u>	<u>4,553,822</u>	<u>1,173,454</u>
Non-controlling interests	<u>50,772</u>	<u>55,503</u>	<u>55,067</u>	<u>14,190</u>
Total equity	<u>4,149,683</u>	<u>4,246,733</u>	<u>4,608,889</u>	<u>1,187,644</u>
	<u>28,498,621</u>	<u>30,506,804</u>	<u>30,164,390</u>	<u>7,772,925</u>

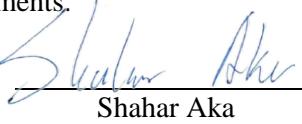
The accompanying notes are an integral part of the interim consolidated financial statements.

November 30, 2025

Date of approval of
the financial statements


Yuval Bronstein
Chairman of the Board


David Fattal
Chief Executive Officer
and Director


Shahar Aka
Chief Financial Officer
and Director

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended December 31, 2024	Three months ended September 30, 2024	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Convenience translation (Note 1e)
	Audited	2024	2025	2024	2025
		Unaudited		Unaudited	
		N I S		Euro	
		(In thousands, except per share data)			
Revenues from hospitality services and others					
Cost of revenues	7,444,403	2,198,505	2,307,440	5,587,598	5,784,612
	3,980,513	1,113,158	1,178,260	2,947,345	3,185,747
	3,463,890	1,085,347	1,129,180	2,640,253	2,598,865
					669,690
Selling and marketing expenses	156,636	44,289	52,750	112,489	152,027
General and administrative expenses	582,388	158,265	173,474	445,019	495,439
	2,724,866	882,793	902,956	2,082,745	1,951,399
					502,848
Hotel lease expenses	137,433	69,589	67,932	105,522	117,610
					30,308
Operating income before depreciation and amortization and other operating expenses, net	2,587,433	813,204	835,024	1,977,223	1,833,789
Depreciation and amortization	381,928	106,093	101,684	282,539	293,527
Depreciation of revaluation of step-up	56,119	10,881	15,215	35,897	45,638
Depreciation on right-of-use assets	804,461	202,138	202,560	606,077	593,786
Other operating expenses (incomes), net	(231,253)	(242,665)	6,603	(240,966)	(4,190)
					(1,079)
Operating income	1,576,178	736,757	508,962	1,293,676	905,028
Finance expenses, net	(340,939)	(109,048)	(109,078)	(271,514)	(237,593)
Financing expenses on liabilities from leases of right-of-use assets	(789,617)	(202,068)	(188,853)	(595,410)	(566,054)
Group's share of earnings (losses) of companies and partnerships accounted for at equity	(95,910)	(28,982)	23,838	(69,078)	(4,379)
					(1,128)
Income before taxes on income	349,712	396,659	234,869	357,674	97,002
Taxes on income	(71,568)	(50,947)	(52,674)	(48,719)	(47,639)
					(12,276)
Net income	278,144	345,712	182,195	308,955	49,363
					12,720
Attributable to:					
Shareholders of the Company	278,220	345,660	182,138	308,006	47,312
Non-controlling interests	(76)	52	57	949	2,051
	278,144	345,712	182,195	308,955	49,363
					12,720
<u>Earnings per share attributable to equity holders of the Company: (in NIS)</u>					
Basic earnings per share	16.93	21.06	11.05	18.74	2.87
Diluted earnings per share	16.87	20.93	11.04	18.65	2.87
					0.74

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31, 2024	Three months ended September 30, 2024	Three months ended September 30, 2025	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Convenience translation (Note 1e) Nine months ended September 30, 2025
	<u>Audited</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>Unaudited</u>
				N I S		Euro
(In thousands)						
Net income	278,144	345,712	182,195	308,955	49,363	12,720
Other comprehensive income (after tax effect):						
<u>Amounts that will not be reclassified subsequently to profit or loss:</u>						
Actuarial income, net	1,663	-	-	-	-	-
Revaluation of properties, net	269,691	104,552	210,409	260,268	318,245	82,007
Group's share in revaluation of properties in companies and partnerships accounted for at equity	326,173	115,015	36,481	286,382	96,067	24,755
Total amounts that will not be reclassified subsequently to profit or loss	597,527	219,567	246,890	546,650	414,312	106,762
<u>Amounts that will be classified or reclassified subsequently to profit or loss under specific conditions:</u>						
Income (loss) in respect of cash flow hedging transaction	80,171	(21,294)	28,868	(23,129)	(25,458)	(6,560)
Foreign currency translation adjustments	(121,789)	89,322	(39,316)	100,746	17,606	4,537
Total amounts that will be reclassified subsequently to profit or loss	(41,618)	68,028	(10,448)	77,617	(7,852)	(2,023)
Total other comprehensive income	555,909	287,595	236,442	624,267	406,460	104,739
Total comprehensive income	834,053	633,307	418,637	933,222	455,823	117,459
Attributable to:						
Shareholders of the Company	833,940	631,412	419,329	928,757	451,528	116,352
Non-controlling interests	113	1,895	(692)	4,465	4,295	1,107
	834,053	633,307	418,637	933,222	455,823	117,459

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									Non-controlling interests	Total equity		
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests		Hedge transactions reserve	Revaluation reserve	Total				
					Unaudited	N I S							
					(In thousands)								
Balance as of January 1, 2025 (audited)													
Net income	-	-	47,312	-	-	-	-	-	47,312	2,051	49,363		
Other comprehensive income (loss)	-	-	-	39,614	-	-	(25,458)	390,060	404,216	2,244	406,460		
Total comprehensive income (loss)	-	-	47,312	39,614	-	-	(25,458)	390,060	451,528	4,295	455,823		
Exercise of stock options	2,887	(2,887)	-	-	-	-	-	-	-	-	-		
Conversion of convertible bonds into shares	2,045	-	-	-	-	-	-	-	2,045	-	2,045		
Vesting option to employees	-	1,338	-	-	-	-	-	-	1,338	-	1,338		
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	47,570	-	-	-	(47,570)	-	-	-	-		
Balance as of September 30, 2025	1,096,027	9,360	939,034	(258,064)	7,518	82,438	2,677,509	4,553,822	55,067	4,608,889			

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									Non-controlling interests	Total equity						
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests		Hedge transactions reserve	Revaluation reserve	Total								
					Unaudited	Convenience translation into Euro (Note 1e)											
					(In thousands)												
Balance as of January 1, 2025 (audited)																	
Net income	-	-	12,191	-	-	-	-	-	12,191	529	12,720						
Other comprehensive income (loss)	-	-	-	10,208	-	-	(6,560)	100,513	104,161	578	104,739						
Total comprehensive income (loss)	-	-	12,191	10,208	-	-	(6,560)	100,513	116,352	1,107	117,459						
Exercise of stock options	744	(744)	-	-	-	-	-	-	-	-	-						
Conversion of convertible bonds into shares	527	-	-	-	-	-	-	-	527	-	527						
Vesting option to employees	-	345	-	-	-	-	-	-	345	-	345						
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	12,258	-	-	-	-	(12,258)	-	-	-						
Balance as of September 30, 2025																	
	282,431	2,412	241,975	(66,500)	1,937	21,244	689,955	1,173,454	14,190	1,187,644							

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									Non-controlling interests	Total equity		
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests		Hedge transactions reserve	Revaluation reserve	Total				
					Unaudited	N I S							
					(In thousands)								
Balance as of January 1, 2024 (audited)													
Net income	-	-	308,006	-	-	-	-	-	308,006	949	308,955		
Comprehensive income (loss)	-	-	-	137,851	-	(23,129)	506,029	620,751	3,516	3,516	624,267		
Total comprehensive income (loss)	-	-	308,006	137,851	-	(23,129)	506,029	928,757	4,465	4,465	933,222		
Exercise of stock options	2,252	(2,252)	-	-	-	-	-	-	-	-	-		
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	-	(2,184)	(2,184)		
Vesting option to employees	-	1,892	-	-	-	-	-	-	1,892	-	1,892		
Exercise of stock of an investee company	-	-	-	-	-	-	-	-	-	(40,715)	(40,715)		
Transfer from revaluation in respect of sale, net	-	-	368,302	-	-	-	(368,302)	-	-	-	-		
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	35,794	-	-	-	(35,794)	-	-	-	-		
Balance as of September 30, 2024	1,085,580	13,926	844,826	277	7,518	4,596	2,234,507	4,191,230	55,503	4,246,733			

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									Non-controlling interests	Total equity		
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests		Hedge transactions reserve	Revaluation reserve	Total				
					Unaudited	N I S							
					(In thousands)								
Balance as of July 1, 2025													
Net income				182,138					182,138	57	182,195		
Other comprehensive income (loss)				(70,029)			28,868	278,352	237,191	(749)	236,442		
Total comprehensive income (loss)			182,138	(70,029)			28,868	278,352	419,329	(692)	418,637		
Exercise of stock options	1,057	(1,057)											
Conversion of convertible bonds into shares	1,352										1,352		
Vesting option to employees		436									436		
Transfer from revaluation reserve, in the amount of the depreciation, net			16,680					(16,680)					
Balance as of September 30, 2025													
	1,096,027	9,360	939,034	(258,064)	7,518	82,438	2,677,509	4,553,822	55,067	4,608,889			

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									Non-controlling interests	Total equity		
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests		Hedge transactions reserve	Revaluation reserve	Total				
					Unaudited	N I S							
					(In thousands)								
<u>Balance as of July 1, 2024</u>	1,085,468	13,420	146,369	(119,448)	7,518	25,890	2,399,983	3,559,200	55,206	3,614,406			
Net income	-	-	345,660	-	-	-	-	345,660	52	345,712			
Comprehensive income (loss)	-	-	-	119,725	-	(21,294)	187,321	285,752	1,843	287,595			
Total comprehensive income (loss)	-	-	345,660	119,725	-	(21,294)	187,321	631,412	1,895	633,307			
Exercise of stock options	112	(112)	-	-	-	-	-	-	-	-	-		
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(1,598)	(1,598)			
Vesting option to employees	-	618	-	-	-	-	-	-	618	-	618		
Transfer from revaluation in respect of sale, net	-	-	342,929	-	-	-	(342,929)	-	-	-	-		
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	-	9,868	-	-	-	(9,868)	-	-	-		
<u>Balance as of September 30, 2024</u>	<u>1,085,580</u>	<u>13,926</u>	<u>844,826</u>	<u>277</u>	<u>7,518</u>	<u>4,596</u>	<u>2,234,507</u>	<u>4,191,230</u>	<u>55,503</u>	<u>4,246,733</u>			

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									Non-controlling interests	Total equity												
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests		Hedge transactions reserve	Revaluation reserve	Total														
					Foreign currency translation adjustments	Reserve from transactions with non-controlling interests																	
					Audited																		
N I S																							
(In thousands)																							
<u>Balance as of January 1, 2024</u>	1,083,328	14,286	132,724	(137,574)	7,518	27,725	2,132,574	3,260,581	93,937	3,354,518													
Net income (loss)	-	-	278,220	-	-	-	-	278,220	(76)	278,144													
Other comprehensive income (loss)	-	-	-	(160,104)	-	80,171	635,653	555,720	189	555,909													
Total comprehensive income (loss)	-	-	278,220	(160,104)	-	80,171	635,653	833,940	113	834,053													
Exercise of stock options	4,763	(4,763)	-	-	-	-	-	-	-	-													
Conversion of convertible bonds into shares	3,004	-	-	-	-	-	-	-	3,004	-	3,004												
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(2,563)	(2,563)													
Vesting option to employees	-	1,386	-	-	-	-	-	-	1,386	-	1,386												
Exercise of stock of an investee company	-	-	-	-	-	-	-	-	(40,715)	(40,715)													
Transfer from revaluation in respect of sale, net	-	-	368,303	-	-	-	(368,303)	-	-	-	-												
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	64,905	-	-	-	(64,905)	-	-	-	-												
<u>Balance as of December 31, 2024</u>	<u>1,091,095</u>	<u>10,909</u>	<u>844,152</u>	<u>(297,678)</u>	<u>7,518</u>	<u>107,896</u>	<u>2,335,019</u>	<u>4,098,911</u>	<u>50,772</u>	<u>4,149,683</u>													

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2024	Three months ended September 30, 2024	Nine months ended September 30, 2024	Nine months ended September 30, 2025	Convenience translation (Note 1e)
	Audited	2024	2025	Unaudited	Nine months ended September 30, 2025
				N I S	Unaudited Euro
(In thousands)					
<u>Cash flows from operating activities:</u>					
Net income	278,144	345,712	182,195	308,955	49,363
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	1,242,508	319,112	319,459	924,513	932,951
Finance expenses, net	1,138,637	324,549	281,034	889,575	817,836
Group's share of losses (earnings) of companies and partnerships accounted for at equity	95,910	28,982	(23,838)	69,078	4,379
Change in liabilities for time-sharing rights, net	(1,033)	(471)	(378)	(654)	(1,133)
Change in employee benefit liabilities, net	5,264	851	980	3,011	3,556
Taxes on income	71,568	50,947	52,674	48,719	47,639
Loss (gain) from impairment (increase) of property, plant and equipment and investments	7,488	(161)	1,134	(2,336)	(4,222)
Share-based payment expense	1,386	618	436	1,892	1,338
Gain from obtaining control of an investee	(266,045)	(266,045)	-	(266,045)	(10,218)
Loss (gain) from a change in the value of securities held for trading	(17,322)	(1,097)	25,713	(5,116)	(3,734)
	2,278,361	457,285	657,214	1,662,637	1,788,392
Changes in asset and liability items:					
Increase in trade receivables	(144,039)	(154,024)	(110,308)	(244,362)	(231,675)
Increase in other accounts receivable	(101,259)	(36,993)	(56,934)	(56,618)	(92,500)
Increase in inventories	(2,200)	(183)	(3,634)	(1,474)	(4,232)
Decrease (increase) in long-term receivables	(44,528)	9,093	(435)	4,482	(16,753)
Increase (decrease) in trade payables	23,979	(40,014)	1,213	40,726	78,979
Increase (decrease) in other accounts payable	(76,995)	118,514	109,136	(8,098)	68,628
Increase (decrease) in other non-current liabilities	15,735	(6,998)	1,609	(5,098)	17,684
	(329,307)	(110,605)	(59,353)	(270,442)	(214,843)
Cash paid during the period for:					
Receiving a dividend from an investee	10,500	-	-	7,500	4,500
Taxes paid	(94,437)	(24,925)	(39,296)	(66,799)	(89,342)
Interest paid for leases of right-of-use assets	(793,300)	(203,751)	(190,028)	(596,639)	(575,016)
Other interest paid, net	(312,250)	(88,796)	(109,572)	(238,331)	(243,496)
	(1,189,487)	(317,472)	(338,896)	(894,269)	(903,354)
Net cash provided by operating activities	1,037,711	374,920	441,160	806,881	719,558

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2024 Audited	Three months ended September 30, 2024 Audited	Nine months ended September 30, 2024 Unaudited	Nine months ended September 30, 2025 Unaudited	Convenience translation (Note 1e) Nine months ended September 30, 2025 Unaudited		
	N I S			Euro			
	(In thousands)						
<u>Cash flows from investing activities:</u>							
Proceeds from sale of fixed assets	32,906	32,906	-	32,906	-	-	
Purchase of property, plant and equipment, net	(516,756)	(83,657)	(195,127)	(130,866)	(1,151,477)	(296,719)	
Current investments in existing assets	(263,947)	(85,187)	(29,806)	(260,324)	(228,856)	(58,973)	
Advance of investment in fixed assets	(17,000)	(17,453)	(19,266)	(17,453)	(30,863)	(7,953)	
Purchase of companies consolidated for the first time (a)	(437,479)	(437,479)	(20,170)	(437,479)	(36,020)	(9,282)	
Exit from consolidation (b)	58,626	58,626	-	58,626	-	-	
Tax paid for the disposal of fixed assets in the past	(5,660)	(5,660)	-	(5,660)	-	-	
Sale and purchase of securities held for trading, net	(50,994)	(17,942)	(25,171)	(19,798)	(139,258)	(35,885)	
Loans and investment in companies and partnerships accounted for at equity, net	(514,338)	(423,811)	94,869	(560,937)	323,774	83,432	
Change in accounts receivable	(14,554)	(642)	231	(16,328)	6,876	1,772	
Change in designated deposit, net	312	(39)	38	(218)	171	44	
Other assets, net	-	-	-	-	(33)	(8)	
Return on Investment (Investment) in various companies, net	(22,383)	4,822	(11,020)	(12,999)	(49,044)	(12,638)	
Net cash used in investing activities	(1,751,267)	(975,516)	(205,422)	(1,370,530)	(1,304,730)	(336,210)	
<u>Cash flows from financing activities:</u>							
Short-term credit from banking corporations, net	4,589	(89,691)	(246,596)	212,710	(108,363)	(27,924)	
Commercial securities	100,000	99,634	-	99,634	211,788	54,575	
Receipt of long-term loans from banking corporations and others	1,395,366	886,490	345,886	999,827	1,542,602	397,506	
Repayment of long-term loans from banking corporations and others	(396,286)	(98,112)	(168,075)	(303,748)	(610,715)	(157,372)	
Issue of debentures, net	428,446	222,614	206,113	431,289	688,929	177,527	
Repayment of debentures	(535,272)	(231,846)	(389,125)	(449,487)	(607,413)	(156,522)	
Repayment of liabilities from leases of right-of-use assets	(576,914)	(138,706)	(150,271)	(439,459)	(444,247)	(114,476)	
Net cash provided by (used in) financing activities	419,929	650,383	(402,068)	550,766	672,581	173,314	
<u>Translation differences in respect of balances of cash and cash equivalents</u>	(18,761)	9,561	(7,800)	9,429	1,597	412	
<u>Increase (decrease) in cash and cash equivalents</u>	(312,388)	59,348	(174,130)	(3,454)	89,006	22,936	
<u>Cash and cash equivalents at beginning of period</u>	886,045	823,243	836,793	886,045	573,657	147,823	
<u>Cash and cash equivalents at end of period</u>	573,657	882,591	662,663	882,591	662,663	170,759	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2024	Three months ended September 30,		Nine months ended September 30,		Convenience translation (Note 1e) Nine months ended September 30, 2025			
		2024		2025					
		Audited		Unaudited					
		N I S							
(In thousands)									
(a) <u>Acquisition of initially consolidated subsidiaries:</u>									
The subsidiaries' assets and liabilities at date of acquisition:									
Current assets	(167,399)	(167,399)	-	(167,399)	(1,439)	(371)			
Non-current assets	(1,828,795)	(1,828,795)	(49,648)	(1,828,795)	(105,418)	(27,165)			
Current liabilities	139,089	139,089		139,089	2,036	525			
Non-current liabilities	704,056	704,056	29,478	704,056	29,478	7,596			
Profit from the settlement of previous relationships	239,060	239,060	-	239,060	10,218	2,633			
Disposal of an investment in a company accounted for using the equity method	476,510	476,510	-	476,510	29,105	7,500			
	<u>(437,479)</u>	<u>(437,479)</u>	<u>(20,170)</u>	<u>(437,479)</u>	<u>(36,020)</u>	<u>(9,282)</u>			
(b) <u>Exit from consolidation:</u>									
Current assets	836	-	-	836	-	-			
Non-current assets	140,000	-	-	140,000	-	-			
Current liabilities	(4,821)	-	-	(4,821)	-	-			
Non-current liabilities	(36,674)	-	-	(36,674)	-	-			
Non-controlling interests	(40,715)	-	-	(40,715)	-	-			
Income receivable from the sale of an investee	-	58,626	-	-	-	-			
	<u>58,626</u>	<u>58,626</u>	<u>-</u>	<u>58,626</u>	<u>-</u>	<u>-</u>			
(c) <u>Material non-cash activity:</u>									
Cancellation of lease as a result of the purchase of the underlying asset	18,835	-	-	-	23,779	6,128			
Purchase of properties, plant and equipment	176,703	-	-	173,438	-	-			
Recognition of the right-of-use assets against lease liabilities	707,967	424,420	205,970	530,434	425,553	109,659			
Updates in right-of-use assets in respect of linkage to the CPI index	566,215	49,914	16,242	566,080	180,168	46,427			
Conversion of convertible bonds into shares	3,004	-	1,352	-	2,045	527			

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL

- a. These financial statements have been prepared in a condensed format as of September 30, 2025 and for the periods of nine and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2024 and for the year then ended and accompanying notes ("annual consolidated financial statements").
- b. As of the date of approval of the financial statements, the Company, through the investee companies, is the operator and manager of the Fattal Hotel Chain, which includes 315 hotels throughout Israel and Europe, comprising about 55,000 hotel rooms, including 231 hotels throughout Europe (excluding Cyprus and Greece), 66 hotels in Israel, and 18 hotels in Cyprus and Greece. For further details regarding operating segments, see Note 7.
- c. On June 13, 2025, The Iran-Israel War began, and lasted 12 days. With the outbreak of the war, cancellations began and the Company closed 19 hotels out of 46 active hotels at that time. During the war, severe damage was caused to buildings in Israel and residents were forced to evacuate their homes, some without any personal belongings. The Company's hotels accommodated approximately 4,000 evacuees and assisted in fulfilling all the guests' needs. As part of hosting the evacuees, the Company gradually reopened hotels that had previously been closed. By June 30, 2025, all of the Company's hotels in Israel had opened and the Company had returned to full operations, in addition to hosting the aforementioned evacuee residents until August 2025. The Payment for the evacuees was financed by the local authorities in accordance with the arrangement established during the "Swords of Iron" War.
- d. It should be noted that, as of September 30, 2025 the Company had a consolidated working capital deficit of about NIS 2,129 million. According to the experience and assessment of the Company's Management and the assessment of the Board of Directors, the above deficit does not indicate a liquidity issue as the Company has the following sources:
 - Cash and quoted securities in the amount of approximately NIS 980 million available to the Group close to the date of approval of the Financial Statements.
 - The balance of current liabilities as of September 30, 2025 includes a total of NIS 610 million in current maturities of long-term loans from banking corporations, for which the Company estimates that a refinancing process will be completed in the coming months to replace the debt described above with long-term loans. It should also be noted that the balance also includes a total of NIS 175 million in respect of the final repayment of Series D bonds of an investee company at the end of September 2026. A number of assets were pledged against this Series, and the Company intends to finance them after the final repayment of this bond. The value of these assets as of September 30, 2025 is NIS 600 million.
 - The Company has positive cash flows from operating activities of approximately NIS 720 million for the nine-month period ending September 30, 2025.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL (Cont.)

- Obtaining financing for properties with a total value of approximately NIS 1,080 million and an average LTV of 32%, which were originally acquired with external financing, the majority of which has already been repaid and the Company is working to obtain new external financing for these hotels at an average LTV of 55% and also obtain financing for properties that were not financed (a total of approximately NIS 160 million).
- As of November 2025, the Company has an unused credit facility from banking corporations of approximately NIS 530 million.
- Financing capacity in the capital market in Israel and abroad.

According to the Company's Management and the Board of Directors, the Company will meet its obligations in the foreseeable future.

e. The financial statements as of September 30, 2025 and for the nine months then ended have been translated into Euro using the representative exchange rate as of that date (€ 1 = NIS 3.8807). The translation was made solely for the convenience of the reader. The amounts presented in these financial statements should not be construed to represent amounts receivable or payable in Euros or convertible into Euros, unless otherwise indicated in these statements.

NOTE 2: - ACCOUNTING POLICIES

Basis of presentation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with 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.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: - SEASONALITY OF OPERATIONS

Israel

The Group's leisure hotels in Israel are impacted by a clear trend of seasonality, with the turnover increasing in the months of spring and summer and a large part of Jewish holidays.

The peak season in the Group's business hotels in Israel is during the months of May - June and October – November, and also during periods in which special events take place in areas where the hotels are located.

Europe (including UK and Ireland)

The peak season for the Group's hotels abroad, which are mostly characterized as business hotels, is the months of May – June and September – October and also during periods in which special events take place in areas where the hotels are located.

The Group's hotels located in major cities as well as vacation resorts are affected by the seasonality factor, especially in the first quarter of each year, when there is less tourism.

Mediterranean Basin

Most of the Company's resort hotels operate during the tourist season that begins in spring and ends in autumn. Hotels in the main cities operate all year round and are affected by the seasonality factor, especially in the first quarter of each year, when there is less tourism.

The financial results should be reviewed taking this seasonality into account.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

a. Transactions completed during and after the reporting period:

Location of property	Transaction date	Transaction type	No. of rooms	Holding percentage	Property cost (100%) / Annual rent	Expected date of opening / Lease period
Liverpool, England (1)	November, 2024	Acquisition	310	100%	About £ 36.5 million	March, 2025
Jaffa, Israel (2)	December, 2024	Acquisition	119	100%	About \$ 119 million	April, 2025
Mainz, Germany	January, 2025	Leased	217	100%	About € 2.1 million	July, 2025
Heathrow, England (3)	March, 2025	Acquisition	230	100%	About £ 27.5 million	May, 2025
Nicosia, Cyprus	April, 2025	Leased	70	100%	About € 0.8 million	December, 2025
Protaras, Cyprus (4)	July, 2025	Acquisition	123	100%	About € 12.2 million	September, 2025
Birmingham, England	July, 2025	Acquisition	156	100%	About £ 36.5 million	During 2028
Rotterdam, Netherlands	August, 2025	Leased	231	100%	About € 2.8 million	During 2029
Munich, Germany	August, 2025	Leased	244	100%	About € 4.1 million	During 2027
Exeter, England (5)	August, 2025	Acquisition	170	100%	About £ 19.5 million	November, 2025
Jerusalem, Israel (6)	August, 2025	Acquisition	75	100%	About NIS 43.5 million	During 2028
Chester, England (7)	September, 2025	Acquisition	94	100%	About £ 11.4 million	November, 2025

- 1) In November 2024, the Group entered into an agreement to acquire a hotel in Liverpool, England, for approximately £36.5 million. At that time, a deposit of £3.65 million was paid. The remaining balance of the consideration was paid on the date of completion of the transaction in March 2025. The Company obtained bank financing of approximately £22 million as part of the aforementioned acquisition. It should be noted that the hotel is leased and operated by the Company as of the date of the transaction.
- 2) In December 2024, the Group entered into an agreement to acquire a hotel in Jaffa, Tel Aviv, for a consideration of approximately \$119 million. The hotel includes 119 rooms and 2,259 sq. mtrs. of residential space available for sale (including balcony space). The transaction was completed in April 2025. On the date of completion of the transaction, the Group obtained financing from banking corporations amounting to NIS 312 million.
- 3) In March 2025, the Group entered into an agreement to acquire the Heathrow Hotel in London for approximately £27.5 million. The transaction was completed in May 2025. The Group obtained bank financing of approximately £16.7 million as part of the aforementioned acquisition. It should be noted that the hotel is leased and operated by the Company as of the date of the transaction.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)**

- 4) In July 2025, the Group entered into an agreement to acquire a hotel in Protaras. As part of the transaction, the Group obtained a bank financing of approximately €7.5 million. It should be noted that the hotel is managed and operated by the Company as of the transaction date. The transaction was completed in September 2025.
- 5) In August 2025, the Group entered into an agreement to acquire a hotel in Exeter, England for approximately £19.5 million. As of the balance sheet date, the Group paid a total of approximately £1.95 million for the purchase of the hotel. The remaining balance of the consideration was paid on the date of completion of the transaction in November 2025. It should be noted that the hotel is leased and operated by the Company as of the date of the transaction.
- 6) In August 2025, the Group entered into an agreement to acquire a hotel in Jerusalem, Israel for approximately NIS 43.5 million. As of the date of signing the Report, the Company had paid a total of approximately NIS 11 million for the purchase of the hotel.
- 7) In September 2025, the Group entered into an agreement to acquire a hotel in Chester, England for approximately £11.4 million. As of the date of signing the Report, the Group paid a total of approximately £1.14 million for the purchase of the hotel. The remaining balance of the consideration was paid on the date of completion of the transaction in November 2025. It should be noted that the hotel is leased and operated by the Company as of the date of the transaction.

b. Changes in the balance of bonds and commercial securities in the Company and the investee company during the reporting period:

1. On February 16, 2025, the Company expanded the series of bonds (Series E) by allocating to the public NIS 246,602 thousand par value bonds (Series E) of NIS 1 par value each of the Company, registered for trading, for a gross cash consideration of NIS 263,617 thousand (before deducting issuance costs of approximately NIS 2 million), at a price of NIS 1.069 per NIS 1 par value.

On September 14, 2025, the Company carried out a further expansion of bonds (Series E) by allocating to the public NIS 200,000 thousand par value bonds (Series E) of NIS 1 par value each of the Company, registered for trading, for a gross cash consideration of NIS 209,000 thousand (before deducting issuance in the amount of approximately NIS 2 million), at a price of NIS 1.045 per NIS 1 par value.

Following the allocation, as stated above, the total bonds (Series E) in circulation amounts to NIS 656,945 par value.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

2. During March 2025, Fattal Properties (Europe) Ltd., which is 100% owned in final chain of ownership by the Company (hereinafter – "Fattal Properties (Europe)"), issued to the public NIS 223,674 thousand par value bonds (Series F) of NIS 1 par value, registered for trading, for gross cash consideration of approximately NIS 223 million (before deducting issuance costs of approximately NIS 2.2 million). The bonds are denominated in shekels, bear annual interest at a rate of 5.59%, and are not index-linked (principal and interest) to any linkage base.

The bonds (Series F) will be repayable in seven annual instalments on September 30 of each of the years 2028 to 2034 (inclusive) commencing September 30, 2028, such that each of the first four instalments will constitute 10% of the total principal amount of the bonds (Series F), and each of the last three instalments will constitute 20% of the total principal amount of the bonds (Series F). The first principal payment will be paid on September 30, 2028, and the last principal payment will be paid on September 30, 2034.

In addition, as part of the issuance, Fattal Properties (Europe) committed to financial benchmarks, as defined in the trust deed, the main ones are as follows:

1. The capital to balance sheet ratio must not be less than 23%.
2. The shareholders' equity of Fattal Properties (Europe) must not be less than EUR 270 million.

In addition, the trust deed for the bonds provides a mechanism for adjusting the interest rate in accordance with a change in the bond rating and in the event of a violation of the following financial benchmarks:

1. The capital to balance sheet ratio must not be less than 27%.
2. The shareholders' equity of Fattal Properties (Europe) will not be less than EUR 300 million.

Dividend distribution limit – Fattal Properties (Europe) undertakes that it will not make a distribution exceeding 50% of the distributable profits, taking into account the definitions and limitations as defined in the trust deed.

During November 2025, Fattal Properties (Europe) expanded bonds (Series F) by allocating to the public 205,971,000 bonds (Series F) of NIS 1 par value of Fattal Properties (Europe), registered for trading, at a price of NIS 1.048 per NIS 1 par value of bonds and a total of approximately NIS 215,857,608 (approximately EUR 57 million) for all the aforementioned bonds (Series F). The bonds are denominated in shekels and bear annual interest at a rate of 5.59%, and are not linked (principal and interest) to any linkage base. The effective interest rate implicit in the expansion is 6.01%. After the aforementioned allocations, the total number of bonds (Series F) in circulation amounts to NIS 429,645,000 par value.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

- 3. On June 23, 2025, the Company completed a public offering of NIS 212,000,000 par value commercial securities (Series 2) for a total consideration of NIS 212,000 thousand (before deduction of issuance costs). The commercial securities (Series 2) bear variable annual interest, calculated as a weighted average (according to the number of days in the interest period) of Bank of Israel interest rates in effect during the interest period plus a fixed annual margin of 0.47%. The principal of the commercial securities (Series 2) and the interest thereon will be repayable in a single payment to be paid on June 22, 2026.
- 4. On September 30, 2025, the Company made an early redemption of the Company's bonds (Series B), for a total amount of NIS 160 million. The payment for the early redemption is the principal balance not yet repaid as of that date, as well as an interest accrual from the date of the last payment until the date of maturity.
- c. Further to that stated in Note 10B in the Consolidated Annual Financial Statements as of December 31, 2024 in connection with investments by Fattal Properties (Europe) Ltd., in FATTAL EUROPEAN PARTNERSHIP II LP (hereinafter - the Partnership), during the report period , Fattal Properties (Europe) invested approximately EUR 1.2 million according to its share in calls for money made by the Partnership.

As of the date of signing the Report, Fattal Properties (Europe) invested a total of approximately EUR 97 million out of its total commitment (EUR 100 million). Following the balance sheet date, Fattal Properties (Europe) Ltd. received approximately EUR 11.7 million as a return on its investment in the Partnership.

The partnership owns 19 hotels located in England, Spain, Poland, Cyprus, Austria, Greece, Germany and Italy.

- d. Further to that stated in Note 10C in the Consolidated Annual Financial Statements as of December 31, 2024 in connection with investments by Fattal Properties (Europe) Ltd., in FATTAL EUROPEAN PARTNERSHIP III LP (hereinafter - the Partnership III), as of the date of publication of the Financial Statements, investment commitments totalling approximately EUR 542.4 million had been received (the share of Fattal Properties (Europe) Ltd. is EUR 158.8 million).

As of the date of signing the Report, Fattal Properties (Europe) invested approximately EUR 74 million according to its share, in calls for money made by the Partnership III.

As of the date of signing the Report, Partnership III signed agreements to purchase 32 hotels located in Netherlands, France, Spain, Italy, Germany, Greece, Ireland and England.

- e. In July 2025, pursuant to the Law for an Immediate Tax Investment Programme to Strengthen Germany as a Business Location, a gradual reduction in the corporate tax rate was approved in Germany from 15% to 10% between 2028 and 2032. In accordance with the long-term nature of the temporary differences, the Company updated the deferred tax balance as of September 30 to a corporate tax rate of 10%, which will apply from 2032. Following this tax rate change, there was a decrease of approximately NIS 24 million in the deferred tax asset balance for right-of-use assets, and the Company recognized tax expenses in this amount in the nine-and-three-month periods ended September 30, 2025.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

In addition, there was a decrease of approximately NIS 26 million in the balance of deferred tax liabilities and an increase in the balance of investments in companies and partnerships accounted for using the equity method of approximately NIS 4 million, and the Company recognized a revaluation reserve of approximately NIS 30 million in the nine-and-three-month periods ended September 30, 2025

- f. On August 3, 2025, a motion was filed to approve a derivative action under Section 198 of the Companies Law, the main claim of which is - the exploitation of a business opportunity that allegedly belonged to the Company by the controlling shareholder of the Company, Mr. David Fattal, for his personal benefit, in connection with his purchase of shares in a public company engaged in the development and operation of assisted living homes. In the statement of claim, Mr. Fattal is being sued for the claim of exploitation of the aforementioned business opportunity, and the other directors of the Company were also named as defendants, alleging a breach of their duty of care towards the Company. The main relief sought in the lawsuit is to require Mr. Fattal to transfer to the Company all of his shares in the aforementioned public company, as well as to assign to it all of the rights attached to the shares, against the investment cost of purchasing shares, or alternatively to compensate the Company for the heavy damage allegedly caused to it due to exploiting the Company's business opportunity, in the amount of approximately NIS 93 million (as of the date the proceeding was filed), all at the Company's choice and sole discretion. The Company will submit a detailed response on its behalf in accordance with the provisions of the law and will update it regarding material developments in the claim as necessary.
- g. On September 1, 2025, the Company's Remuneration Committee and the Board of Directors approved the appointment of Nadav Fattal and Assaf Fattal, sons of the Company's controlling shareholder, who serve as the Company's VP of Marketing and Technology and CEO of ROOMS, and VP of Business Development and Construction, respectively, as joint CEOs of Fattal Hotels' operations in Israel, without any change to their terms of office, effective September 15, 2025, in addition to their existing positions. As of the beginning of 2026, Nadav Fattal will cease to serve as CEO of ROOMS. It should be noted that the Company's authorized bodies will convene and discuss the re-approval of the terms of office of Nadav and Assaf in the coming months, in accordance with the provisions of the law and taking into account, among other things, the positions in which they will serve as stated above, effective the beginning of 2026.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: - FINANCIAL INSTRUMENTS

Fair value

The table below compares the balance in the books and the fair value of the Company's financial instruments presented in the financial statements, which are not according to their fair value:

	September 30, 2024		December 31, 2024	
	Book value (*)	Fair value	Book value (*)	Fair value
	Unaudited		Audited	
		N I S		
		(In thousands)		
<u>Loans from banking corporations and other liabilities</u>				
Debentures (Level 1 of the fair value hierarchy)	2,908,611	2,826,466	2,834,369	2,797,566
Fixed interest loans (Level 3 of the fair value hierarchy)	1,810,280	1,781,284	1,869,205	1,874,436
Total	<u>4,718,891</u>	<u>4,607,750</u>	<u>4,703,574</u>	<u>4,672,002</u>

(*) Including interest payable.

	September 30, 2025		Convenience translation	
	Book value(*)	Fair value	Book value(*)	Fair value
	Unaudited		Unaudited	
		N I S		Euro
		(In thousands)		
<u>Loans from banking corporations and other liabilities</u>				
Debentures (Level 1 of the fair value hierarchy)	2,932,166	2,918,036	755,576	751,936
Fixed interest loans (Level 3 of the fair value hierarchy)	1,820,734	1,819,936	469,177	468,971
Total	<u>4,752,900</u>	<u>4,737,972</u>	<u>1,224,753</u>	<u>1,220,907</u>

(*) Including interest payable.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6:- REVENUES FROM HOSPITALITY SERVICES AND OTHERS

Year ended December 31, 2024	Three months ended September 30,		Nine months ended September 30,		Convenience translation (Note 1e) Nine months Ended September 30, 2025 Unaudited Euro	
	2024	2025	2024	2025		
	Audited		Unaudited			
	N I S (In thousands)					
Rooms	5,745,634	1,740,517	1,832,997	4,335,948	4,531,496	1,167,701
Food and beverages	1,232,845	326,547	326,802	924,463	875,539	225,614
Other services	386,500	95,323	99,776	266,482	296,221	76,331
Hotel management fees	79,424	36,118	47,865	60,705	81,356	20,964
	<u>7,444,403</u>	<u>2,198,505</u>	<u>2,307,440</u>	<u>5,587,598</u>	<u>5,784,612</u>	<u>1,490,610</u>

NOTE 7: - OPERATING SEGMENTS

a. General:

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") for making decisions about resources to be allocated and assessing performance. The Group's activity is conducted through three reportable operating segments: in Israel, in Europe (except for the United Kingdom, Ireland and Mediterranean basin) and in the United Kingdom and Ireland. In addition, the Group has investment through subsidiaries in Mediterranean basin and other investments, which do not amount a reportable segment, and, accordingly, are reported as other.

Segment performance is evaluated principally based on revenues and operating income before depreciation and amortization, financing and other expenses (EBITDA), including in respect of hotels owned through associate companies.

The segment results reported to the CODM include items that are allocated directly to the segments and items that can be allocated on a reasonable basis. Items that were not allocated, mainly the Group's headquarter assets, general and administrative costs, finance and taxes on income are managed on a group basis.

The chief operating decision maker continues to examine the operating segments according to the old leases standard, IAS 17. Accordingly, adjustments were added in respect of the new leases standard, IFRS 16.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting		Adjustments for IFRS 16 Total	Convenience translation Total
					(No adjustments for IFRS 16)	Total N I S		
					Total	Euro		
(In thousands)								
<u>Nine months ended September 30, 2025 (unaudited)</u>								
Segment revenues	1,517,998	2,293,215	1,773,232	638,932	(438,765)	5,784,612	-	5,784,612
Operating income before depreciation and amortization, other operating expenses and rental expenses	392,432	812,861	601,302	288,461	(143,657)	1,951,399	-	1,951,399
Operating income before depreciation and amortization and other operating expenses	305,935	420,790	207,890	183,633	(303,723)	814,525	1,019,264	1,833,789
Depreciation and amortization	(122,478)	(154,127)	(122,263)	(55,117)	114,820	(339,165)	(593,786)	(932,951)
Other operating incomes, net							4,190	1,079
Finance expenses, net							(803,647)	(207,088)
Group's share of losses of associate companies and partnerships accounted for at equity							(4,379)	(1,128)
Income before taxes on income							97,002	24,996
Taxes on income							(47,639)	(12,276)
Net income							49,363	12,720

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (Cont.)

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (No adjustments for IFRS 16)		Total N I S	Adjustments for IFRS 16			
								Total	Total		
					(In thousands)						
Nine months ended September 30, 2024 (unaudited)											
Segment revenues		1,438,337	2,177,078	1,797,409	550,430	(375,656)	5,587,598	-	5,587,598		
Operating income before depreciation and amortization, other operating expenses and rental expenses		479,759	829,829	653,635	228,093	(108,571)	2,082,745	-	2,082,745		
Operating income before depreciation and amortization and other operating expenses		390,981	447,026	236,026	139,988	(272,895)	941,126	1,036,097	1,977,223		
Depreciation and amortization		(92,502)	(161,369)	(85,463)	(40,849)	61,747	(318,436)	(606,077)	(924,513)		
Other operating income, net									240,966		
Finance expenses, net									(866,924)		
Group's share of losses of associate companies and partnerships accounted for at equity									(69,078)		
Income before taxes on income									357,674		
Taxes on income									(48,719)		
Net income									308,955		

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (Cont.)

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (No adjustments for IFRS 16) N I S	Total	Adjustments for IFRS 16	Total
(In thousands)								
<u>Three months ended September 30, 2025 (unaudited)</u>								
Segment revenues	677,509	849,558	666,194	291,685	(177,506)	2,307,440	-	2,307,440
Operating income before depreciation and amortization, other operating expenses and rental expenses	229,110	327,532	263,891	146,376	(63,953)	902,956	-	902,956
Operating income before depreciation and amortization and other operating expenses	197,632	194,791	126,578	99,578	(123,854)	494,725	340,299	835,024
Depreciation and amortization	(45,693)	(52,070)	(40,666)	(15,831)	37,361	(116,899)	(202,560)	(319,459)
Other operating expenses, net								(6,603)
Finance expenses, net								(297,931)
Group's share of earnings of associate companies and partnerships accounted for at equity								23,838
Income before taxes on income								234,869
Taxes on income								(52,674)
Net income								<u>182,195</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (Cont.)

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (No adjustments for IFRS 16) N I S	Total	Adjustments for IFRS 16	Total
(In thousands)								
<u>Three months ended September 30, 2024 (unaudited)</u>								
Segment revenues	<u>577,030</u>	<u>850,966</u>	<u>694,120</u>	<u>248,889</u>	<u>(172,500)</u>	<u>2,198,505</u>	<u>-</u>	<u>2,198,505</u>
Operating income before depreciation and amortization, other operating expenses and rental expenses	<u>197,459</u>	<u>359,218</u>	<u>272,935</u>	<u>119,401</u>	<u>(66,220)</u>	<u>882,793</u>	<u>-</u>	<u>882,793</u>
Operating income before depreciation and amortization and other operating expenses	<u>156,954</u>	<u>223,856</u>	<u>122,082</u>	<u>83,030</u>	<u>(115,174)</u>	<u>470,748</u>	<u>342,456</u>	<u>813,204</u>
Depreciation and amortization	(33,718)	(57,337)	(30,440)	(14,271)	18,792	(116,974)	(202,138)	(319,112)
Other operating income, net								242,665
Finance expenses, net								(311,116)
Group's share of losses of associate companies and partnerships accounted for at equity								(28,982)
Income before taxes on income								396,659
Taxes on income								(50,947)
Net income								<u>345,712</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (Cont.)

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (No adjustments for IFRS 16)		Total NIS	Adjustments for IFRS 16			
								Total	Total		
					(In thousands)						
<u>Year ended December 31, 2024 (audited)</u>											
Segment revenues		1,894,154	2,926,789	2,417,133	706,928	(500,601)	7,444,403	-	7,444,403		
Cost of revenue		(1,089,172)	(1,806,121)	(1,091,236)	(299,099)	305,115	(3,980,513)	-	(3,980,513)		
Operating income before depreciation and amortization, other operating expenses and rental expenses		605,503	1,109,345	861,422	306,114	(157,518)	2,724,866	-	2,724,866		
Operating income before depreciation and amortization and other operating expenses		491,689	604,253	299,406	193,092	(371,220)	1,217,220	1,370,213	2,587,433		
Depreciation and amortization		(127,983)	(223,930)	(141,788)	(75,011)	130,665	(438,047)	(804,461)	(1,242,508)		
Other operating income, net									231,253		
Finance expenses, net									(1,130,556)		
Group's share of losses of associate companies and partnerships accounted for at equity									(95,910)		
Income before taxes on income									349,712		
Taxes on income									(71,568)		
Net income									278,144		
