



O.Y. Nofar Energy Ltd.

Quarterly Report as of September 30, 2023



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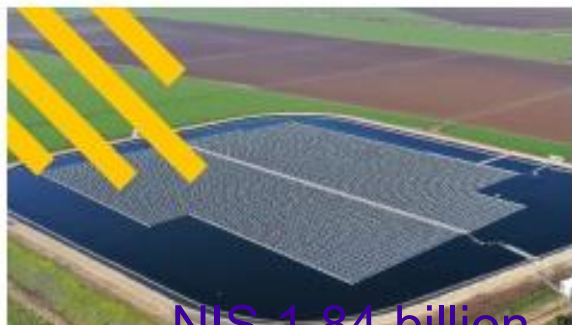


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Introduction



Nofar in Numbers



NIS 1.84 billion

Equity

Attributed to shareholders

Storage projects

Connected, under construction

Nearing construction

1,197 MWh (843)*

44% increase in connected and ready to connect compared to Q3 2022

PV project connected, ready to connect, under construction and nearing construction

Over **2 GW**

Connected and ready to connect

1,082 MW (491)

PV projects

Under construction and nearing construction

1,011 MW (708)*

Activity in 10 territories

Expected aggregate revenues from the sale of electricity

NIS 1,518 million *

(NIS 916 million is the Company's share) in the first representative year of income-generating projects



* Based on the backlog of projects ready to connect, under construction and nearing construction. For details, see Section 1.4 of the Board of Directors' Report. The expectations of the suppliers and the revenue of the systems in the first year is forward-looking information, as this term is defined in the Securities Law, which includes the Company's estimates regarding the results of the projects as detailed. The data is presented for illustrative purposes only of the revenues from the performance of the systems in the first year. insofar

Part A - Board of Directors' Report



Board of Directors Report of the State of the Corporation's Affairs for a period ending on September 30, 2023

The board of directors of O.Y. Nofar Energy Ltd. (hereinafter: the "**Corporation**" or the "**Company**") is pleased to hereby present the Board of Directors' Report of the State of the Company's Affairs as of September 30, 2023 (hereinafter: the "**Date of the Statement of Financial Position**") and for the periods of nine and three months ending on the date, the Statement of Financial Position (hereinafter: the "**Report Period**"), pursuant to Article 48 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. All the data in this Report refer to the Company and the companies under its control in a consolidated manner (hereafter collectively: the "**Group**"), unless otherwise stated.

This Report is prepared on the assumption that the reader has available the Board of Directors' Report on the State of the Company's Affairs for the year ended on December 31, 2022 - Part B of the Periodic Report for 2022 (hereinafter: the "**Board of Directors' Report for 2022**") and the Board of Directors' Report for a period of three months ending on March 31, 2023, which was published on May 31, 2023 (reference no.: 2023-01-058626; hereinafter: the "**Board of Directors' Report for the First Quarter of 2023**"). Accordingly, the review presented below is limited in scope and refers to the events and changes that occurred in the state of the Group's affairs during the Report Period, which have a material impact on the Group, and should be reviewed together with the chapter of the Description of the Corporation's Business in the Periodic Report for 2022, the financial statements and the Board of Directors' Report for 2022 (together hereinafter: the "**Periodic Report for 2022**") which was published in the MAGNA online reporting system on March 30, 2023 (reference no.: 2023-01-031099), and the Board of Directors' Report for the first quarter of 2023, and the Board of Directors' Report for a period of three and six months ending on June 30, 2023, which was published on August 31, 2023 (reference no.: 2023-01-082063), while the information herein is included in this report by way of reference.

1. Explanations of the Board of Directors to the State of the Corporation's Business, Results of its Operations, Equity and Cash Flows

1.1 General

The Company was incorporated as a private company in April 2011. In December 2020, the Company and its controlling shareholder completed a public offering, a purchase offer, and listing for trade of its shares on the Tel Aviv Stock Exchange Ltd. As of the same date, the Company has been a public company (as defined in the Companies Law).

1.2 Company's activity

The Company is an international company that is engaged, as of the date of the Report, itself and through corporations held thereby, directly and indirectly, including in cooperation with third parties, in long-term development and investment activity of production systems of "clean" electricity from solar energy, systems for storing electricity in batteries in Israel, the USA and Europe, electric vehicle charging systems in Israel, as well as in the construction (EPC), operation and maintenance (O&M) of solar systems, storage systems and vehicle charging systems in Israel, mainly for corporations held by it, including in collaboration with third parties.

The Group's activities include the initiation, development, and acquisition of projects, starting from preliminary and initial stages, for the benefit of long-term holding, in Israel, Europe and the USA. These projects include large systems in Europe, which connect to the transmission or distribution network at high or ultra-high voltage, with a supply of hundreds of megawatts, through solar systems and storage systems in Israel, Europe and the USA that connect to the high voltage or low voltage distribution network, as the case may be.

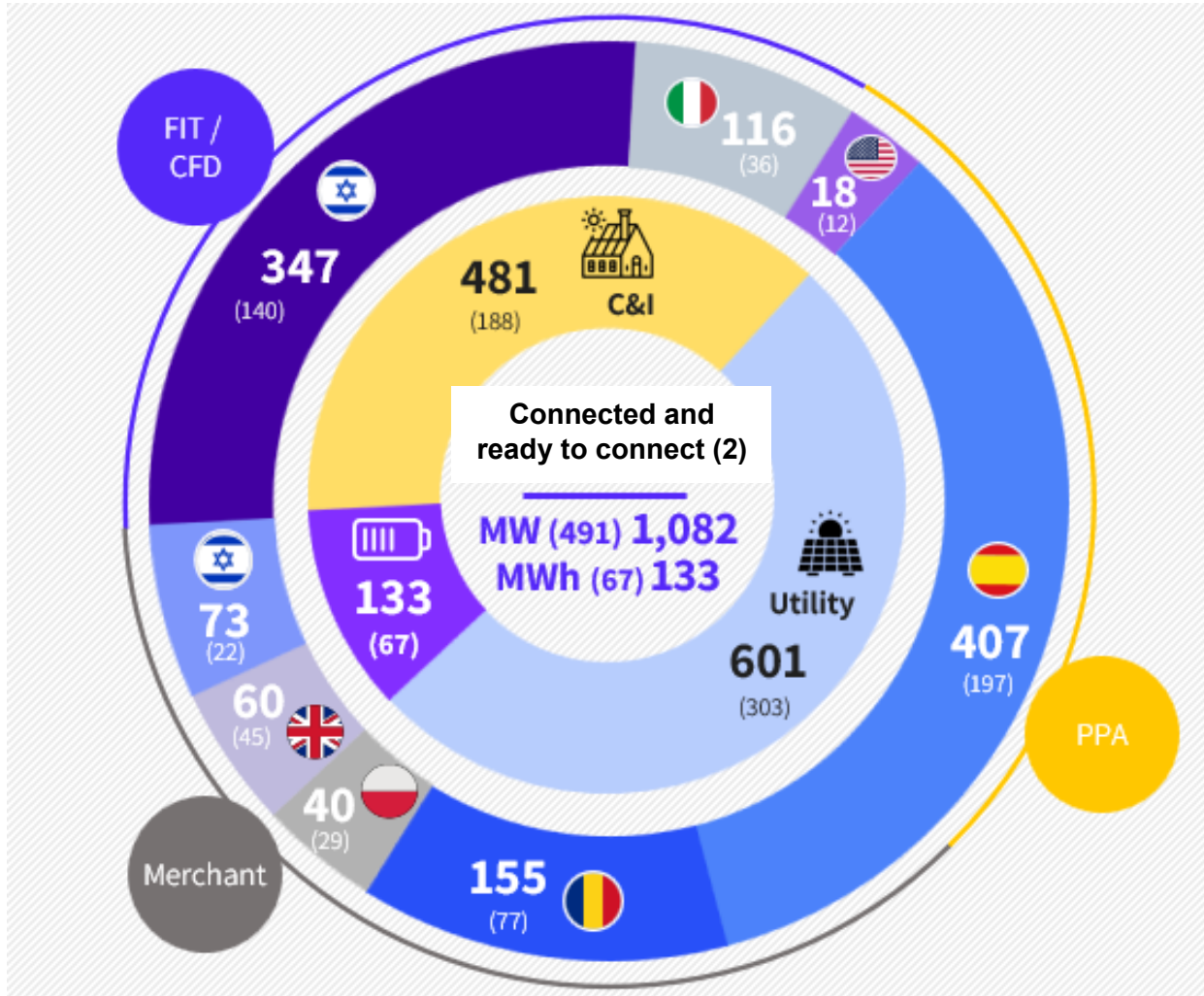
For details about the Company's areas of activity as of the date of the Report, see Sections 1.2.2, 1.3, 3.1, 3.2 and 3.3 of the chapter entitled Description of the Corporation's Business - Part A of the Periodic Report for the year 2022, as well as Note 32 to the Financial Statements of the Company as of December 31, 2022 - Part A of the Periodic Report for 2022, which is included in this Report by way of reference.

For details regarding the Company's business environment, see Sections 2.2, 3.1.1, 3.2.1 and 3.3.1 of the chapter Description of the Corporation's Business - Part A of the Periodic Report for the year 2022, which is included in this Report by way of reference.

1.3 Key indicators in the Company's activity

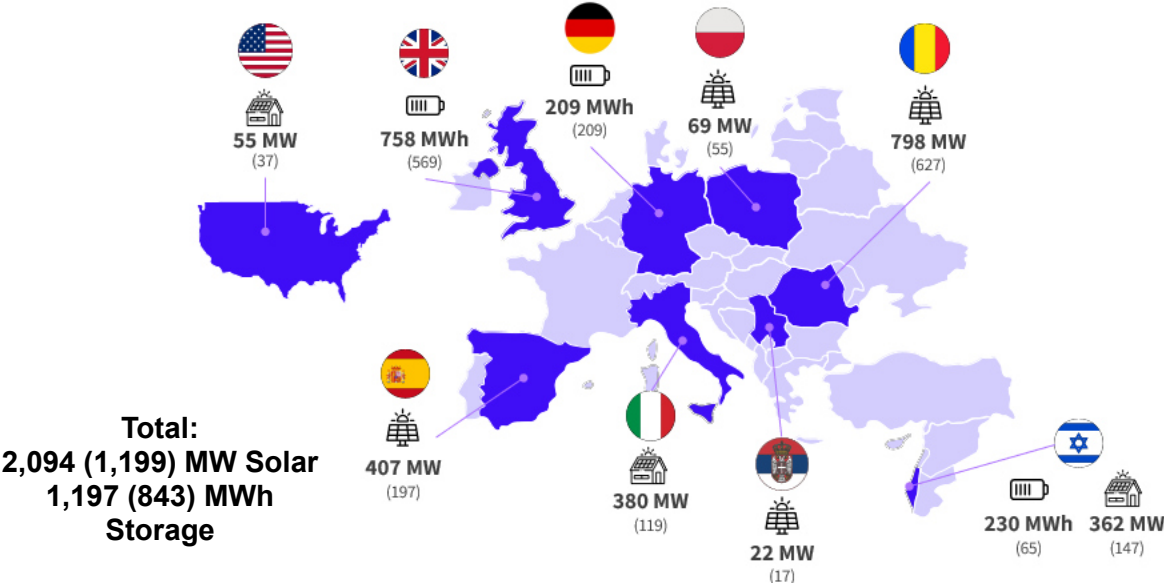
Connected and ready to connect projects

Data 100%, Company's share in parentheses



A significant backlog of solar projects and income-generating storage projects, under construction and nearing construction, characterized by high rates.¹

(Data 100%, Company's share in parentheses)



¹ In relation to the rates established in the competitive proceedings for the land systems in Israel, combined storage photovoltaic systems, and dual-use facilities.

1.4 The Group's systems (in commercial operation, ready to connect, construction, nearing construction, advanced development and development)

The following tables briefly describe the data of the Group's companies' systems (based on 100%) in commercial operation, ready to connect, under construction, nearing construction, advanced development, and development:

Systems in commercial operation^(*)

			Israel ⁽¹⁾	USA ^{(5) (7)}	Italy ⁽⁵⁾	Spain ⁽⁵⁾		Total
						Olmedilla ⁽⁶⁾	Sabinar I ⁽⁶⁾	
Rates rate⁽²⁾								
(NIS/kWh, as of September 30, 2023)			0.17-2.3	0.364-1.675	0.36-0.45	0.26	0.07-0.72	---
Number of systems	Solar	September 30, 2022	1,090	20	13	1	1	1,125
		December 31, 2022	1,157	20	25	1	1	1,204
		September 30, 2023	1,343	20	65	1	1	1,430
Storage	Storage	September 30, 2022	7	---	---	---	---	7
		September 30, 2023	21.2	---	---	---	---	21.2
Total installed power (MWp/MWh) (100%)	Solar	September 30, 2022	226.3	14.6	9.9	169	155	574.8
		December 31, 2022	253.7	14.6	19.4	169	155	611.7
		September 30, 2023	283	14.6	51.1	169	155	672.7
Total setup costs (in NIS thousands)	Storage	September 30, 2022	993,367	162,981	31,308	450,714	480,368	2,118,738
		December 31, 2022	1,098,753	164,804	65,805	485,263	517,163	2,331,788
		September 30, 2023	1,234,439	170,742	173,029	534,723	580,398	2,693,331
Total senior debt balance (NIS thousands)		September 30, 2022	735,757	76,833	-	193,804	-	1,006,394
		December 31, 2022	789,134	75,267	50,145	208,861	-	1,123,407
		September 30, 2023	846,583	74,494	147,074	234,143	324,769	1,627,063
Balance of the senior debt period, in years (weighted average)		September 30, 2023	17.1	4.15	10.0	16.5	23.0	---
Income (NIS thousands)		1-9/2022	114,466	6,631	4,560	15,941	4,827	146,425
		2022	152,258	9,944	5,766	30,721	16,859	215,548
		1-9/2023	155,509	9,354	14,133	63,020	50,212	292,228
Income from Tax Equity		1-9/2022	---	4,426	---	---	---	4,426
		2022	---	7,629	---	---	---	7,629
		1-9/2023	---	1,907	---	---	---	1,907
Total income (NIS thousands)		1-9/2022	114,466	11,057	4,560	15,941	4,827	150,851
		2022	152,258	17,574	5,766	30,721	16,859	223,178
		1-9/2023	155,509	11,261	14,133	63,020	50,212	294,135
Total project EBITDA⁽³⁾ (NIS thousands)		1-9/2022	81,801	9,362	4,809	14,513	2,748	113,233
		2022	103,271	12,587	4,665	28,693	15,356	164,572
		1-9/2023	106,944	7,091	12,224	57,538	43,573	227,370
Total project FFO⁽³⁾ (NIS thousands)		1-9/2022	63,311	6,808	4,809	14,455	2,748	92,131
		2022	77,642	8,797	3,749	22,866	15,356	128,410
		1-9/2023	67,103	3,592	8,669	45,446	43,573	168,383
Total free flow after senior debt service (NIS thousands)		1-9/2022	42,593	3,008	4,809	14,455	2,748	67,613
		2022	49,165	4,511	3,749	15,353	15,356	88,134
		1-9/2023	38,045	-173	8,669	26,215	43,573	116,329
		September 30, 2022	38%	67%	20%	38%	36%	40%
		December 31, 2022	37%	67%	26%	50%	47%	46%

Rate of the Company's holdings ⁽⁴⁾ , indirectly (weighted average)	September 30, 2023	Israel ⁽¹⁾	USA ^{(5) (7)}	Italy ⁽⁵⁾	Spain ⁽⁵⁾		Total
					Olmedilla ⁽⁶⁾	Sabinar I ⁽⁶⁾	
		40%	67%	29%	50%	47%	44%

(*) Projects in commercial operation are projects connected to the electricity grid as of September 30, 2023, including projects that are in the running stages.

(1) The data regarding the projects in Israel include the results of the solar projects and the storage projects, including projects that are in the running stages.

(2) The range of rates in the systems in Israel is due to the difference in the rates established in the various regulations (net meter protection rate, guaranteed rate of rate systems and rates in tender systems). During the Report Period, the rest of the accounting period for these systems ranges between 9 and 25 years (about 22 years according to a weighted average) and the average rate was about NIS 45 / kWh.

The range of rates in the US is due to the differing electricity rates in the various projects, the difference in the rate of discount given to tenants and the fact that electricity not associated with a specific customer is fed into the grid against a payment of between 0.1 and 3 cents per kWh. It should be noted that during the Report Period, the average rate paid to Blue Sky was about 18 cents per kWh for electricity sold to consumers and about 13 cents per kWh produced (including payment for electricity sold in previous periods);

The range of tariffs in Italy is due to the variation in electricity tariffs in the GSE tenders and the fact that during the Report Period, some of the electricity was sold on the market. The average rate of electricity sold in Italy was about EUR 0.106 per kWh.

(3) The EBITDA and FFO indices were calculated on the basis of the data of the financial statements of the various project corporations (without considering the proportion of the Company's holdings), in an arithmetic-aggregate manner, as detailed below. It should be emphasized that **these financial indicators are not based on generally accepted accounting principles**. Most are held by corporations that are common to the Group companies and third parties (in Israel as a whole, the owners of the rights in the land, and abroad, the local partner). As detailed in Note 2 to the Company's financial statements, the outlines of the engagement accepted in the Group in relation to systems that are not under the Company's control are accounted for using the equity method. According to this method, the results of the investee corporations are not reflected in detail in the Company's financial statements (revenues, expenses, etc.), but through a single "net" amount, which does not allow the reader of the reports to calculate the aforementioned indices from the financial statements. Therefore, in the Company's estimation, there is importance in presenting the total revenues and financial indicators as mentioned, in a way that will allow the readers of the reports to get an impression and analyze the results of the various systems.

The EBITDA index is an accepted index in renewable energy projects, which represents the operational efficiency of the systems and is used by the decision-makers in the Company. As mentioned above, the index is calculated on the basis of data from the project corporations, as gross profit (income from electricity production minus operation and maintenance costs), neutralizing the depreciation of the systems.

The FFO index is calculated based on the EBITDA index, taking into account financing expenses for senior debt loans. This index is an accepted index in renewable energy projects, reflecting the ability to service the senior debt principal from the revenues generated by the systems.

Adjustments to the application of the equity method include the elimination of the Company's and partners' share in each of the indices (revenues, EBITDA, FFO and free flow) of the associates, which are presented in the financial statements according to the equity method.

Below are the calculations of the indices of the systems (according to 100% data), in accordance with the above (in thousands of NIS):

	1-9/2023	1-9/2022	1-12/2022
Gross profit	157,391	73,925	106,475
Systems depreciation	69,980	39,309	58,097
EBITDA	227,371	113,234	164,572
Senior debt financing expenses	58,988	(21,103)	36,162
FFO	168,383	92,131	128,410

Below are adjustments between the aggregate project data and the Statement of Profit or Loss and Comprehensive Profit in the Company's financial statement (in NIS thousands):

For a period of nine months ending September 30, 2023:

	Aggregate data	Adjustments for share in investee companies not held by the Company	Data of consolidated companies and the Company's share in associates (Sectors note)
Income	294,135	(101,782)	192,353
EBITDA	227,372	(75,136)	152,236
FFO	168,383	(47,272)	121,111 (*)
Free cash flow	116,329	(27,233)	89,096 (*)
Equity losses	---	---	14,639

For a period of nine months ending on September 30, 2022:

	Aggregate data	Adjustments for share in investee companies not held by the Company	Data including the Company's share in the investee companies (Sectors note)
Income	150,852	(87,702)	63,150
EBITDA	113,234	(66,498)	46,736
FFO	92,131	(54,200)	37,931 (*)
Free cash flow	67,613	(39,877)	27,736(*)
Equity losses	---	---	7,960

For the year ended December 31, 2022:

	Aggregate data	Adjustments for share in investee companies not held by the Company	Data of consolidated companies and the Company's share in associates (Sectors note)
Income	223,177	(130,630)	92,547
EBITDA	164,572	(98,604)	65,968
FFO	128,410	(76,606)	(*) 51,804
Free cash flow	88,132	(52,322)	(*) 35,810
Equity profit	---	---	9,371

* The Sectors note includes data regarding income and EBITDA. For details on the method of calculation of the FFO and the free cash flow, see the table detailing the calculation of the indices on page 4 above.

(4) The share of the Company's holdings is calculated as a weighted average, indirectly, in relation to the system providers. The vast majority of the project corporations operate by virtue of use permits or lease agreements and projects on reservoirs by virtue of direct lease agreements with the Israel Land Authority.

- (5) The data regarding the systems in the USA are based on Blue Sky's financial statements and NIS-EUR exchange rates at the time of the report (NIS 3.824 per dollar) and an average exchange rate for the Report Period (NIS 3.643 per dollar), as applicable. The data regarding the systems in Italy and Spain are based on financial data of Sunprime and Andromeda and NIS-EUR exchange rates as of the Report Date (NIS 4.0185 to the euro) and an average exchange rate for the Report Period (NIS 3.947 to the euro), as applicable.
- (6) It should be noted that the revenues of the Olmedilla and Sabinar I projects include an amount of EUR 1.5 million which was withheld from the payments to the construction contractor, as well as an additional amount of EUR 3.8 million, that the project companies are entitled to receive from the insurance contractor or construction contractor (EPC), in the case that the amount that will be received from the insurance company will be less than EUR 4 million, due to a delay in the arrival of the projects to the PAC, for part of the reporting period during which the projects did not flow electricity to the grid due to a technical malfunction that occurred in the area "The common goal of the projects, which requires a complete stoppage of the flow of electricity to the grid until May 3, 2023.

The EBITDA does not include a provision for compensation to the buyer under the PPA for the period during which no electricity was sold to it, in light of the agreements reached by the project companies and the buyer under the PPA agreement, according to which the gap in electricity that was not delivered will be sold to the buyer from the Sabinar 1 and/or Sabinar 2 projects.

- (7) As for the US results, it should be noted that in the companies that own projects in Blue Sky, there is a tax partner. The agreements with the tax partners set forth arrangements regarding the distribution of profits from the project between the portfolio company that owns the project and the tax partner, for specified periods as detailed in the agreement therewith. The EBITDA and free cash flow are shown net after the payment of the partner's share. It should also be noted that the sale of electricity by Blue Sky is carried out by virtue of electricity sale agreements between the project corporations and the end customers. As of the Report Date, part of the electricity produced in the system is not consumed by the customers or sold to customers paying low electricity rates, and is therefore sold at a low rate or fed into the grid free of charge. Accordingly, Blue Sky works to engage with the end customers in relation to all the power produced in the facility, in order to ensure payment for all the electricity produced in each system. According to the Company's assessment, the total revenues listed in the table do not reflect the full potential of revenues from the sale of Blue Sky's electricity.

Systems connected after the Report Date and systems ready to connect⁽¹⁾ (financial data in NIS millions)

Country	Israel		Italy	USA	Romania ⁽¹²⁾	Poland		Spain	UK	Total
	PV	Storage	Sunprime	Blue Sky	Ratesti	Krzywinski e	Dziewoklucz l	Sabinar II	Buxton	
Projected power (MWp)	64.1	---	64.6	3.3	154.7	20.0	19.7	83.0	---	409.5
Storage capacity (MWh)	---	52.0	---	---	---	---	---	---	60.0	112.0
Weighted rate (NIS)	0.35	---	0.35	0.57	0.46	0.45	0.44	0.27	---	---
Projected annual production hours (KWh/KWp)	1,750	---	1,369	1,579	1,370	1,059	1,128	2,034	---	---
Expected revenues for the first full year of operation ^{(5) (6)}	39.8	5.2 - 8.3	30.8	3.0	97.8	9.5	9.8	45.3	17.3	258.5 - 261.6
Total estimated setup costs ^{(3) (11)}	173.2	78.0	200.5	30.3	414.0	72.1	59.0	310.1	120.8	1,458.0
Projected operating cost for the first year of operation ^{(6) (7)}	10.4	0.4	3.9	0.9	15.3	1.5	1.2	7.0	3.3	43.8
Projected EBITDA for the first year of operation ^{(6) (7)}	29.5	4.8 - 7.9	26.9	2.1	82.6	8.0	8.6	38.3	14.0	214.8 - 217.9
Predicted leverage rate (senior debt) ⁽¹¹⁾	85%	80%	71%	40%	59%	56%	56%	59%	64%	---
Projected loan period (years) ⁽⁴⁾	20	15	10	18	10	7	7	23	8	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾⁽⁹⁾	19.5	0.6 - 3.7	18.7	1.3	63.5	5.1	6.1	29.9	7.9	152.7 - 155.8
Rate of holdings ⁽¹⁰⁾	42%	27%	31%	67%	50%	72%	72%	47%	75%	---

Systems under setup or nearing setup as of the date of the Report ⁽¹⁾ (financial data in NIS millions)

Segment/ project name	Israel		Romania				Italy	USA	Poland		Serbia	UK	Germ any	Total
	PV	Storage	Iepuresti	Corbii Mari	Ghimpati	Slobozia	Sunprime	Blue Sky	Dziewoklucz II	Cybinka	Ada	Cellarhead	Storage	
Projected power (MWp)	14.9	---	169.0	256.0	146.0	72.0	264.7	37.0	1.0	28.5	22.3	---	---	1,011.5
Projected storage capacity (MWh)	---	156.7	---	---	---	---	---	---	---	---	---	698.0	209.0	1,063.7
Weighted rate (NIS)	0.35	---	0.40	0.37	0.40	0.40	0.37	0.57	0.44	0.35	0.43	---	---	---
Projected annual production hours (KWh/KWp)	1,750	---	1,430	1,340	1,400	1,500	1,324	1,478	1,109	1,110	1,300	---	---	---
Expected revenues for the first full year of operation ^{(5) (6)}	9.1	15.7 - 25.1	97.5	127.5	82.5	43.6	130.6	31.4	0.5	11.0	12.5	162.8	75.0	799.5 - 808.9
Total estimated setup costs ^{(3) (11)}	40.3	237.5	515.1	657.8	410.6	248.5	785.3	339.6	3.6	86.6	77.4	1,020.3	385.0	4,807.7
% equity capital invested at the end of the quarter ⁽¹²⁾	50%	35%	59%	5%	33%	28%	38%	6%	100%	5%	7%	12%	0%	---
Projected operating cost for the first year of operation ^{(6) (7)}	2.4	1.3	10.3	12.6	6.8	3.6	16.1	9.9	0.1	2.5	1.5	30.9	12.2	110.3
Projected EBITDA for the first year of operation ^{(6) (7)}	6.7	14.3 - 23.7	87.2	114.9	75.6	39.9	114.5	21.5	0.4	8.4	11.0	131.9	62.8	689.2 - 698.6
Predicted leverage rate (senior debt) ⁽¹¹⁾	85%	80%	65%	65%	65%	65%	71%	40%	56%	56%	56%	64%	55%	---
Projected loan period (years) ⁽⁴⁾	20.0	15.0	15.0	15.0	15.0	15.0	10.0	18.0	7.0	7.0	7.0	7.5	7.5	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾⁽⁹⁾	4.4	1.5 - 10.9	64.8	86.2	57.8	29.1	82.7	12.6	0.2	4.8	7.8	80.6	47.5	480.1 - 489.5
Rate of the Tax Equity in the investment	---	---	---	---	---	---	---	40%	---	---	---	---	---	---
Projected setup completion date ⁽²⁾	2024	2024	H2 2024	H1 2025	H2 2024	H2 2024	2023-2024	2024-2025	H1 2024	H2 2025	H2 2024	H1 2025	H1 2025	---
Rate of holdings ⁽¹⁰⁾	50%	28%	86%	86%	86%	86%	31%	67%	72%	90%	77%	75%	100%	---

Licensed systems as of the date of the report ⁽¹⁾ (financial data in NIS millions)

Country	Israel		USA	Italy	Poland			England	Total
	PV	Storage	Blue Sky	Sunprime	Bakalarzewo	Bartodzieje	Kemienice	Toton	
Projected power (MWp)	157.9	---	69.6	353.4	150.0	60.0	60.0	---	850.9
Projected storage capacity (MWh)	---	602.9	---	---	---	---	---	260.0	862.9
Weighted rate (NIS)	0.28	---	0.57	0.37	0.35	0.35	0.35	---	---
Projected annual production hours (KWh/KWp)	1,750	---	1,587	1,324	1,046	1,138	1,140	---	---
Expected revenues for the first full year of operation ^{(5) (6)}	77.0	60.3 - 96.5	63.4	174.4	54.4	23.7	23.7	57.5	534.3 - 570.5
Total estimated setup costs ^{(3) (11)}	426.3	913.5	638.8	1,048.3	385.7	165.4	160.1	537.5	4,275.7
Projected operating cost for the first year of operation ^{(6) (7)}	20.8	5.1	18.6	21.5	7.9	3.8	3.8	9.4	90.8
Projected EBITDA for the first year of operation ^{(6) (7)}	56.2	55.2 - 91.3	44.7	152.9	46.5	19.9	19.9	48.2	443.5 - 479.7
Predicted leverage rate (senior debt) ⁽¹²⁾	85%	80%	40%	71%	56%	56%	56%	60%	---
Projected loan period (years) ⁽⁴⁾	20.0	15.0	18.0	10.0	7.0	7.0	7.0	10.0	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾⁽⁹⁾	31.8	5.8 - 42.0	28.1	110.5	30.5	13.0	13.3	28.0	261.1 - 297.2
Rate of the Tax Equity in the investment	---	---	40%	---	---	---	---	---	---
Projected setup completion date ⁽²⁾	2024 - 2025	2024 - 2025	2025-2026	2024-2025	H2 2025	H2 2025	H2 2025	2026	---
Rate of holdings ⁽¹⁰⁾	43%	34%	67%	31%	65%	72%	72%	75%	---

Systems under development as of the Report Date ⁽¹⁾

Country	Israel	USA	Poland	UK	Greece	Spain			Italy	Total
		Blue sky	Electrum	Noventum	Storage	Wind	Solar	Storage	Sunprime	
Power (MW)	598	210	100	1,132	---	100	35	---	---	2,174
Projected storage capacity (MWh)	---	165	788	---	1,344	---	---	280	3,552	6,129
Rate of holdings ⁽¹⁰⁾	33%	67%	72%	80%	100%	47%	47%	48%	31%	---

The balance of expenses in advance for projects in development amounted, as of September 30, 2023, to a total amount of approximately NIS 38,218 thousand.

- ⁽¹⁾ For details regarding the conditions for recognizing projects ready to connect, setup and in preparation for setup, advanced development, and development, see Section 1.1 of the Description of the Corporation's Business Chapter, Part A of the Periodic Report for 2022, while the information therein is included in this Report by way of reference.

The data in relation to projects in Poland, Romania, and Italy, are based on an exchange rate of NIS 4.0531 to the euro; the data in relation to projects in the United States are based on an exchange rate of NIS 3.824 to the dollar; the data in relation to the UK are based on an exchange rate of NIS 4.6779 to the pound.

Regarding the projects in development, advanced development, setup and in preparation for setup, the data on the table is based on the assumption that all of the approvals required for setup, connection of the system, to the electric grid, and commercial operation have been received, including approval regarding the place on the grid (approval of connection to the grid), the completion of the planning processes required for the setup of the systems, receipt of construction permits, arrival of the projects to readiness for setup by the long stop date set forth in their purchase agreements, compliance with the connection tests of the electrical authority, and so on. As of the Report Date, the Company is unable to assess the likelihood of completing the proceedings as stated for all of the projects.

Regarding the supplies of the systems and the projected construction completion dates - the estimates contained on the tables above are based on the Company's assessments, based on confirmations received as of the Report Date and/or the area of the land on which the system is intended to be built, the deadline for the completion of the acquisition of the projects set in the purchase agreements, information provided to the Company from the local partner, information provided to the Company within the due diligence procedures carried out by the Company in relation to the various projects, or on the basis of the Company's assessments. In light of the initial stages of the development of the projects, as well as the regulatory approvals required for their setup, as of the Report Date, there is no certainty of the realization of the projects, their execution and their realization in the quantities and on the dates set forth on the table.

Additionally, regarding the projects in Poland, Romania, the UK, Germany, and Greece, the data on the table is based on the assumption that the projects will become ready to build under the conditions as set forth in the agreements for their purchase, and that the Company will complete the transactions for the purchase of the rights in them.

- (2) The construction completion dates of the projects in Israel are based on the dates stipulated in the various regulations and the Company's estimates regarding connection dates; The projected construction completion dates of the projects in Poland, Romania, Serbia, and the UK are based on the dates specified in the connection approvals or assessments of the local partner, the project developer (from which the rights in the project were purchased) or external consultants, as the case may be, regarding the connection date; The projected operating dates of Sunprime projects are based on Sunprime's management's assessment of the rate of progress in the construction of the projects; The projected operating dates of Blue Sky projects are based on the Company's assessment of the pace of development and construction of the projects; The connection date of the storage project in Germany is based on the Company's estimates as to the construction schedules.
- (3) Regarding systems for which the conditions for the purchase of the parts of the systems have not yet been agreed upon and/or the terms of the loans that will finance the construction of the systems have not yet been agreed upon, estimates were calculated based on the costs and financing conditions of the projects under construction for which these terms were agreed upon, taking into account changes that occurred and are expected to occur in the costs of construction, transportation, and financing; The construction costs in relation to the Sabinar II project are based on the costs of purchasing the rights in the project, the development costs, the construction costs stipulated in the EPC agreements and payment to the local developers; The construction costs in relation to the Ratesti project are based on the costs of purchasing the rights in the project, management and consulting fee payments and the amounts stipulated in the construction agreement; Construction costs with respect to Sunprime projects are based on Sunprime management's estimates of construction costs per megawatt installed; The construction costs in relation to the projects in Poland are based on the costs of acquiring the rights in the projects, the development costs detailed in the various development agreements, the development costs of the projects by Electrum, construction proposals received from Electrum and the Company's and external consultants' estimates of the construction costs, based on the construction costs of other projects; The construction costs of the projects in Romania are based on the purchase cost of the project rights and the Company's estimates regarding the project construction costs; The construction costs of the projects in Serbia are based on the cost of purchasing the project rights and the Company's estimates regarding the construction costs of the projects; The construction costs in relation to projects of Blue Sky are based on the construction costs per kW of the systems under construction; The construction costs in relation to the Buxton project are based on the construction, purchase and maintenance agreements signed in relation to the project; The construction costs in relation to the Cellarhead project are based on the Company's estimation regarding the final costs, while considering initial offers received from the EPC contractors; The construction costs of the Toton project are based on the estimates by the Company's management given the offers received in relation to the Buxton and Cellarhead projects; The construction costs in relation to the storage project in Germany are based on the construction cost of the rights in the project and the Company's estimates regarding the construction costs.
- (4) Regarding systems in Israel whose financing terms have not yet been agreed upon, the leverage rate and margin are based on the leverage rate and margins of the projects under construction. Regarding the Sabinar II project, the leverage rate and financing terms are based on the terms of

the financing agreement signed in relation to the financing of the Sabinar project. It should be emphasized that as of the Report Date, the conditions precedent for withdrawal had not yet been met; Regarding the Ratesti project, the leverage rate and financing terms are based on the terms of the financing agreement signed in relation to the project. It should be emphasized that as of the Report Date, the conditions precedent for withdrawal have not yet been met. Regarding Sunprime's projects, the leverage rate is based on the terms of the financing agreement signed by Sunprime. Regarding the projects in Poland, an indicative financing rate of approximately 56% at an interest rate of 7%-9% was assumed; for the projects in Romania, an indicative financing rate of approximately 65% was assumed, with an interest rate of 6%-7%, in light of the publication of the intent to publish a CFD tender, which the Company estimates will allow for receipt of funding under optimal terms in relation to the financing of the Ratesti project; for the projects in Serbia, an indicative financing rate of approximately 50%-60% was assumed, with an interest rate of 6.5% to 7.5%, in accordance with the financing costs in Poland; regarding the Blue Sky projects, it was assumed that the leverage rate would be 40%. It is noted that as of the date of the Report, the projects under construction of Blue Sky are financed by way of a loan provided by the Company to Blue Sky (and not through project loans). It is further noted that in addition to the senior debt used for the construction of the projects, Blue Sky usually enters into agreements with tax equity partners, which on the systems connection date invest in the project companies in return for receipt of federal tax benefits and accelerated depreciation. In this regard, it was assumed that the tax equity partners will invest an amount equal to 40% of the cost of the project, in accordance with the rates invested in relation to projects in commercial operation; in relation to the Buxton project, financing costs were assumed in accordance with the terms of the financing agreement signed; in relation to the Cellarhead project, indicative financing was assumed at a rate of 50%-70% of the project cost at interest of 7% to 8%, based on the terms of the Buxton financing agreement; in relation to the Toton project, indicative financing was assumed at a rate of 50%-70% of the project cost at interest of 6% to 7%, based on the terms of the Buxton financing agreement and the market estimations regarding the interest rate. Regarding the storage project in Germany, an indicative financing rate of approximately 50%-60% was assumed, with an interest rate of 7%-8%, based on initial indications received; It will be emphasized that as of the Report Date, there is no certainty that the financing terms will be in accordance with the Company's estimates. As to the Toton, Slobozia, Corbii Mari projects, and the storage project in Germany, it is noted that the Company has not yet completed their purchase (which is expected to arrive at the time of their arrival to RTB).

- (5) The rates and revenues on the table of the solar systems in Israel include, *inter alia*, the Company's estimates in relation to the actual system supply and the scope of real-time consumption from the systems. The revenues on the table of the storage systems in Israel are based on an annual income assumption of between NIS 100 and NIS 160 per kWh in accordance with the tariff rates and Decision No. 63704 of the Electricity Authority - Market Model for Production and Storage Facilities Connected or Integrated into the Distribution Grid, preventing the curtailment of the electricity produced in solar systems in the historical section and loans initiated by the initiated loans tariff.

The rates in relation to the tariff systems and systems based on competitive procedures are based on the rates established in these regulations, plus linkage to the index until the Report Date (as relevant), and regarding regulations that allow for self-consumption - the Company's estimates regarding the consumption scope and regime of the customers and electricity tariffs as of the

Report Date (less an assumption, if relevant) and the system costs arising from these arrangements. The revenues on the table in relation to the systems in Israel are based on a working assumption of 1,700-1,750 hours of sunlight per year on average, depending on the location of the project.

The revenues in the table in relation to the Sabinar II project are based on the tariff stipulated in the PPA agreement signed in relation to the Sabinar project (for details see the immediate report published by the Company on August 8, 2022 (reference number 2022-2022-01-099826), while the information contained therein is included in this Report by way of reference), forecast of electricity tariffs for sale in the open market in the first year of operation of the Sabinar II project (in addition to linkage to the index according to the estimates of a consulting company), an assessment that the provisions of the Royal Decree² in connection with excess taxation of electricity prices in Europe will end on December 31, 2023, the Company's estimates in relation to the actual supply of the systems, and a working assumption of approximately 2,034 hours of sunlight per year at Sabinar II; The revenues in the table in relation to the projects in Romania are based on a forecast of electricity tariffs in the open market sale in the first year of operation of each project received from an international consulting company and an assumption of working hours of sunlight as detailed in the table above. It should be noted that in November 2022, a temporary directive (Emergency Ordinance) ("GEO") was approved, limiting electricity prices for certain electricity producers to 450 RON per MWh until March 25, 2025. Since, to the best of the Company's knowledge as of the date of the Report, the directive does not apply to electricity producers from renewable energy, the revenues in the table were calculated on the assumption that the GEO restrictions do not apply in relation to the revenues of the projects in Romania. It should be noted that according to the estimates received from the external consulting company, a decrease in electricity rates in Romania is expected during the lifetime of the projects. It should further be noted that to the extent that the project company enters into a PPA agreement, the actual revenues may be lower than the revenues in the open market; The revenues of the projects in Poland are based on a forecast of electricity rates sold in the open market in the first year of operation of each project, as detailed above, received from an international consulting company and a working assumption of between 1,026 and 1,142 hours of sunlight per year, depending on the location of the project. It should be noted that in the months of October and November 2022, a law was approved regarding the limitation of electricity prices and customer support in 2023. Within the framework of the law, it is established, among other things, that electricity producers are required to transfer income above a certain amount they receive for the sale of electricity to a special fund. As of the Report Date, the determined amount is PLN 375 per MWh from solar and PLN 295 per MWh from wind. To the best of the Company's knowledge, this limit does not apply in relation to projects that sell electricity by virtue of tender procedures (in which the limit is the amount determined in the tender procedure), projects that include financial hedging agreements (in which to the best of the Company's knowledge the limit is the average financial obligation under the agreement) and projects with a capacity of up to 1 megawatt, etc. In

² Royal Decree-Law 17/2021, 23/2021, 6/2022, 10/2022 ("Royal Decree"). It should be noted that the Royal Decree are temporary regulations in connection with excess taxation of electricity prices in Europe. For details regarding the impact of the Royal Decree for the year 2023, see an immediate report dated August 21, 2022 (reference number 2022-01-099826), while the information presented therein is included in this Report by way of reference.

relation to the Krzywinski project, the revenues assume that the electricity price limit is until the end of 2023. In relation to the rest of the revenue of projects in Poland, it was assumed that the limit on electricity prices would not apply. Insofar as the term of the regulation is extended, the revenues of the projects in Poland will be lower by about 10%-15%, on weighted average, and there will also be a decrease in EBITDA and FFO accordingly. It should be noted that according to the estimates received from the external consulting company, a decrease in electricity rates in Poland is expected during the lifetime of the projects. It should also be noted that in the Company's estimation, there is a possibility that in order to obtain project financing, the project companies will be required to enter into PPA agreements. In such a case, the revenues of the projects may be lower than the revenues detailed in the tables above (based on the sale of electricity on the open market); The revenues in the table in relation to Sunprime's project are based on the rates won by Sunprime in the tenders (ranging from 65.17 to 102 euros per kWh, and which are on average about 86 euros per 1 megawatt hour) and an assumption of work of about 1,316 average hours of sunshine per year; The revenues in the table in relation to projects in Serbia are based on the forecast of electricity for sale rates in the open market in the first operating year of every project received from an international consulting firm and the working assumption of about 1,300 sunshine hours per year; The revenues in the table in relation to the Blue Sky project are based on the average rate of 15 cents per kWh, estimates regarding the amount of sunshine hours per year (between 1,485 for 1,750 hours, depending on the geographic location of the system), and estimates that all the electricity produced in the systems will be sold to consumers. For details regarding the rate of Blue Sky during the Report Period, see the comments in Section (2) below the disclosure regarding the results of the connected systems; The revenues in the table in relation to the Cellarhead, Buxton, Toton project, and storage project in Germany are based on a forecast of electricity prices and system services provided to the Company by an external consulting company (in addition to linkage to the index according to a consulting company's estimates).

- (6) The "first year of operation" means 12 consecutive months during which, for the first time, the system will not be limited in supplying electricity to the grid in real time, and will bear senior debt payments. Usually, the repayment of the senior debt payments starts several months after the date of commercial operation.
- (7) The EBITDA index is calculated as the gross profit plus depreciation and amortization and taking into account the estimates regarding the ongoing maintenance costs of the system; Regarding projects in Israel - considering the maintenance costs stipulated in the agreements signed with the Company; Regarding the Sabinar project, based on the agreed consideration for the operation services according to the operation and management agreement (O&M) with the construction contractor; Regarding the Ratesti project - taking into account the estimates regarding the ongoing maintenance costs of the system according to the operation agreement (O&M) and the payment of management fees to Econergy Renewable Energy Ltd.; Regarding Sunprime - based on the estimates of the Sunprime management regarding the operating expenses of the projects and the maintenance costs offered to the financiers; Regarding the projects in Poland, operating expenses were assumed in accordance with the operating agreements (O&M) signed with companies from the Electrum Group (the Company's partner in Poland) in relation to two projects and the Company's assessment; Regarding the projects in Romania, operating expenses were assumed in accordance with the Company's estimates; Regarding the projects in Serbia, operating expenses

were assumed according to the Company's estimates; Regarding the storage project in Germany, operating expenses were assumed according to the Company's estimates; Regarding Blue Sky - it was assumed that the operating expenses will be in accordance with the average operating expenses per kilowatt in 2022 of the systems in commercial operation. Additionally, the depreciation of the systems was calculated assuming a 5-year spread. It is noted that the agreements with the tax partners set forth arrangements regarding the distribution of profits from the project between the portfolio company that owns the project and the tax partner, for specified periods as detailed in the agreement therewith. The EBITDA and FFO are presented net after the payment of the partner's share; Regarding the Buxton project, operating costs were assumed in the maintenance and service agreements that were signed with the construction contractor, battery supplier, and optimization supplier (RTM); Regarding the Cellarhead project, operating costs were assumed in accordance with the price offers received from the construction contractors and the Company's estimates and an external consultant regarding associated costs. For the Toton project, operating costs were assumed in line with the proposals received in relation to Cellarhead and Buxton.

- (8) The FFO is calculated as EBITDA less financing expenses (interest payments) for senior debt loans, based on the assumptions detailed in Note (5) above. It should be emphasized that as of the Report Date, financing had not yet been obtained for the Blue Sky, Cellarhead, Toton projects and the projects in Romania (other than Ratesti), Poland, Serbia, and Germany, and there is no certainty regarding the receipt of said financing, including any certainty that their cost will be in accordance with the Company's estimates as detailed in Note (4) above.
- (9) As detailed in Section 3.1 in the Description of the Corporation's Business chapter, Part A of the 2022 Periodic Report, the Company usually enters into agreements with most of its partners according to which the Company provides the equity (or most of the equity) required for the development and construction of the project in a loan, which is repaid on a cash sweep basis.
- (10) The share of the Company's holdings is calculated as a weighted average, indirectly, in relation to the system providers. The rate of holdings in Sunprime was calculated assuming full exercise of the options granted to Andromeda (that is, assuming a 60% holding).

It should be noted that all holdings in the project corporation of Olmedilla, Sabinar, Sunprime, Buxton and Ratesti are pledged, as of the Report Date, in favor of the banks financing these projects.

- (11) The construction costs include, among other things, a discount regarding the forfeiture of construction guarantees of projects by virtue of competitive procedures for roof installations and reservoirs, which will be connected to the grid after the binding date, with the aim of maintaining the rates the Company won.
- (12) The invested equity rate was calculated assuming the receipt of financing at the rate as detailed in the above table. It should be noted that as of the Report Date, all the projects in the table, with the exception of the Ratesti, Olmedilla, Sabinar I, Buxton and 215 megawatt projects in commercial operation and construction owned by Sunprime, are financed from equity. At the time of receiving the financing for these projects, the Company intends to withdraw part of the equity invested in the projects.

The estimates detailed in the tables above regarding tariffs, tariff period, supplies, commercial operation dates, construction costs, leverage rates, revenues, EBITDA, FFO, projected free cash flow, holding rates, construction completion year, projected first year of operation and first year of operation results are forward-looking information, as this term is defined in the Securities Law, the realization of which is uncertain and not under the exclusive control of the Company. The aforementioned estimates are based on the Company's plans in relation to the entire system and the characteristics of the systems, which may not materialize due to factors beyond the Company's control, such as: the lack of full certainty regarding rights in the project company, delays in obtaining the permits required for the construction and operation of the systems, delays in obtaining access to the electricity grid, changes in the costs of establishing the system, delays in obtaining the permits required to start construction of the project, receiving limited negative or positive answers from the Grid Connection department, receiving connection approval for a date far from the Company's estimates, delays in the development of the electricity grid, delays in construction, delays or difficulties in entering into development agreements with the Israel Lands Authority, delays in granting the rezoning of the land, delays in the supply of parts for the systems, changes in construction costs, including for unforeseeable expenses, increase in the prices of raw materials, increase in transportation prices, changes in exchange rates, delays in obtaining the permits required to start construction of the project, delays in the development of the electricity network, delays in construction, changes in the regulatory tariffs, changes in the legal provisions and/or regulations, imposing taxes for electricity revenues or extending the validity of the provisions of the Royal Decree, GEO and the laws in the other countries in which the Group operates, changes in policy and/or financing costs, challenges in raising sources of funds, changes in interest rates, deficiencies in the system, changes in the weather, changes in electricity rates or systemic costs, changes in the volume of electricity consumption by system consumers, changes in demand for electricity, changes in tax rates, changes in tax laws, changes in the economy in general and the electricity sector in particular, regulatory changes, deficiencies in systems, the continuation of the Corona crisis and the restrictions imposed (and that will be imposed) as a result, the impact of the Iron Swords war on the Company's activity, and the existence of one (or more) of the risk factors listed in Section 4.14 in Part A, the Description of the Corporation's Business chapter in the 2022 Periodic Report.

It should be emphasized that at the time of the Report, there is no certainty regarding the implementation of the projects that are under construction, in preparation for construction, advanced development and development, among other things, due to the fact that these projects are subject to receiving various approvals (including land zoning changes, building permits, a positive response from the Grid Connection, available quotas, meeting the tests of the Electricity Authority, connection approval, etc.), as detailed in Sections 3.1.1.1, 3.3.1.2, 3.3.1.5, 4.9 and 4.14 in the chapter of the Description of the Corporation's Business, Part A of the 2022 Periodic Report, while there is no certainty that they will be obtained, as well as due to a concern of the realization of one of the risk factors listed in Section 4.14 in the chapter Description of the Corporation's Business, Part A of the 2022 Periodic Report. To the extent

that the Company fails to implement the systems listed above (or any of them), its main exposure will be the deletion of the amounts invested (and that will be invested) up to that same date, as well as in the systems established by virtue of winning a competitive procedure and systems abroad for which advances have been paid and/or guarantees have been deposited with the system administrator, the loss of the deposit money, the forfeiture of the connection and installation guarantees and the loss of the electricity quota (in case of non-compliance with the schedules until the maximum binding date).

1.5 Overview of the Company's development -

During the year 2023, the Company continued to promote and expand its development platforms and project portfolio, as follows:

- 1.5.1 [Stand Alone Storage in the UK](#) - During the Report Period, Atlantic Green UK Limited (“Atlantic Green”), the Company's storage platform in the UK, which is 75% owned by the Company, continued to build the Buxton project with a capacity of 60 megawatt hours. During the Report Period, the project company entered into financing and optimization agreements with Goldman Sachs and made a withdrawal of approximately GBP 16.5 million, under the conditions as detailed in an immediate report dated August 31, 2023 (reference no.: 2023-01-082057). Also, during the recent period, the procedures for the establishment of the Buxton project were completed, and as of the Report Date, the work required to connect the project to the electricity grid is being carried out. At the same time, Atlantic Green is conducting negotiations with the construction and operation contractors of the Cellarhead project, and is preparing to receive financing for the construction of the project, which as of the Report Date, is one of the largest in the UK, with an expected capacity of approximately 700 megawatt hours.³ In addition, Atlantic Green is examining and managing contacts for the purchase of additional storage projects in the UK.
- 1.5.2 [Romania](#) - During 2023, the Company completed the purchase of the Ieporesti and Ghimpachi projects (with a total capacity of approximately 315 megawatts) after receiving the required approvals for their construction (RTB).⁴ In addition, as of the Report Date, the Company is continuing assessments for the construction of the projects, and is conducting advanced negotiations with construction contractors, panel suppliers, and financiers for the Ieporesti, Ghimpachi, and Slobzia projects. Also, after the Report Date, the Ratesti project was connected to the electricity grid and the Ratesti project company entered into an agreement regarding the receipt of senior financing in the amount of up to EUR 60 million, which will be largely used to withdraw equity provided by the shareholders of the project company. For details regarding the connection to the grid and terms of the financing agreement, see the immediate reports published by the Company on November 22, 2023 (reference no.: 2023-01-105529), and November 26, 2023 (reference no.: 2023-01-127782) which are included in this Report by way of reference. Beyond that, as of the Report Date, the local platform is considering the initiation, purchase and development of solar projects and other storage projects in Romania⁵.

³ For additional details regarding the completion of the transaction for the acquisition of the Cellarhead project, see the immediate report published by the Company on February 22, 2023 (reference no.: 2023-01-016849), which is included in this Report by way of reference.

⁴ For details, see the immediate reports published by the Company on May 3, 2022 (reference no.: 2022-01-044202), and July 12, 2023 (reference no.: 2023-01-065881) which are included in this Report by way of reference.

⁵ It will be emphasized that in view of the first stages of the projects and the negotiations, at the Report Date, there is no certainty regarding the success of the development of the projects and their implementation.

1.5.3 [Poland](#) - As of the Report Date, Electrum Nofar SP Zoo (“**Electrum Nofar**”), a corporation owned 80% by the Company, is engaged in the establishment, development and initiation⁶ of solar projects and storage projects with a total capacity of approximately 439 megawatts and 1,494 megawatt hours, in parallel with the completion of the connection of the Krzywinski project (a solar project with a capacity of about 20 megawatts)⁷, the construction of the Dziejoklucz project (a solar project with a capacity of about 19.7 megawatts), examination of entering into PPA agreements and managing contacts to obtain financing for these projects.

In addition, during the Report Period, Nofar Europe B.V. (“**Nofar Europe**”) completed a transaction with the sellers of the Thumos projects⁸, in the framework of which Nofar Europe acquired the holdings in the only project that received connection approval (the Cybinka project). The agreement was canceled with respect to the other projects and the sellers returned to Nofar Europe the advances paid for the other projects.

1.5.4 [Spain](#) - In the Olmedilla project (solar project with a total capacity of about 169 megawatts in Spain, held indirectly at a rate of 50% by the Company) and Sabinar 1 (solar project with a total capacity of about 155 MW in Spain held indirectly at a rate of 47% by the Company) the work required for the PAC expenses were completed, and in July 2023, the construction contractor received a PAC and there was a first withdrawal by virtue of the Sabinar financing agreement in the amount of approximately EUR 80 million. In addition, as of the Report Date, the connection works of the Sabinar II project are continuing, in parallel to the management of negotiations with the purchaser of electricity under the PPA agreement (Telecor), regarding the compensation that will be given by way of the supply of additional electricity under the PPA, due to the stoppage of the electricity flow caused following a fire at the project substation.

For details regarding the terms of the financing agreement, see the immediate reports published by the Company on February 19, 2023 and July 26, 2023 (reference no.: 2023-01-015742 and 2023-01-070234, respectively), which are included in this Report by way of reference.

For details regarding the fire that occurred in the project's substation, and the agreements reached by the project companies and Andromeda (the controlling shareholder of the project company) with the construction contractor, see Sections 1.4 and 1.5.4 of the Board of Directors' Report for 2022 (Part B of the Periodic Report for 2022), Section 1.5.4 of the Board of Directors' Report for the First Quarter of 2023 and immediate reports published by the Company on July 16 and 26, 2023 (reference nos. 2023-01-050550 and 2023-01-070234), which are included in this Report by way of reference.

⁶ In light of the initial stages of development, as of the Report Date, there is no certainty regarding the success of the negotiations or the establishment of the systems.

⁷ For additional details, see the immediate report published by the Company on October 26, 2023 (reference no.: 2023-01-098344), which is included in this Report by way of reference.

⁸ For details regarding the Thumos projects and the terms of the purchase agreement, see an immediate report published by the Company on November 21, 2021 (reference no. 2021-01-170472) while the information therein is included in this Report by way of reference.

- 1.5.5 [Italy](#) - The Company is active in Italy through the company Sunprime HoldCo SRL (“**Sunprime**”) which is held indirectly at a rate of approximately 28% by the Company (and approximately 31.5% assuming that Andromeda will provide and convert the balance of the convertible loans it has committed to provide), which specializes in roof projects in Italy at secured and high rates (CfD). In May 2023, Sunprime won another tender published by the Italian Electricity Authority for the establishment of additional solar projects with a capacity of approximately 40 megawatts and an average guaranteed rate of EUR 84.9 per megawatt. As of the Report Date, Sunprime has completed construction of projects with a total capacity of approximately 116 megawatts, holding a quota of approximately 123 megawatts at an average rate of approximately EUR 91 per megawatt hour.⁹ In addition, Sunprime has also accumulated projects with a capacity of approximately 470 megawatts in construction stages, nearing construction and development stages, to further expand the Sunprime portfolio in the field of roofs and other areas.
- 1.5.6 [Israel](#) - As of the Report Date, the scope of projects connected and ready to connect in Israel is about 347 megawatts¹⁰. In addition, the Company has accumulated behind-the-meter storage projects that are connected, ready to connect, under construction and nearing construction, with a total storage capacity of approximately 230 megawatt hours.
- 1.5.7 [Greece](#) - As detailed in Section 3.3.1 in the chapter of the Description of the Corporation's Business - Part A in the Periodic Report for 2022, while the information therein is included in this Report by way of reference, during the year 2023 the Company entered the field of storage in Greece in relation to the development of storage projects, which are in initial stages of development, with a capacity of approximately 1,344 megawatt hours. As of the Report Date, the Company is working to build a local structure to manage and expand the activity. It should be noted that in light of the characteristics of the Greek market and the first development stages of the projects, in the Company's estimation, there is a high probability that only a small part of the projects will complete the development procedures and reach the Ready to Build stage.
- 1.5.8 [Serbia](#) - In May 2023, Nofar Europe entered two solar projects with a total capacity of approximately 22 megawatts in Serbia, which, to the best of the Company's knowledge, received the necessary approvals for their construction. As of the Report Date, the Company is negotiating with the construction contractor regarding the construction of the projects, in parallel to the construction of a development platform in Serbia, which will be responsible for the establishment and development of the systems, and preparation for receipt of financing for these projects.

⁹ For additional details, see the immediate report published by the Company on January 30, 2021 (reference no.: 2022-01-011472), which is included in this Report by way of reference.

¹⁰ The percentage of the Company's holdings in projects that are connected and ready to connect in Israel is 38%.

- 1.5.9 [USA](#) - In July 2021, the Company completed the acquisition of 67% of the rights in Blue Sky, which is engaged in the initiation, development, licensing, planning, management, construction and holding of solar projects on the roofs of commercial buildings and storage systems in the USA. ¹¹Blue Sky's operating model focuses on the establishment of solar systems on rooftops of commercial centers, while selling the right to receive credits for the electricity produced in the systems to stores in the complex at retail rates. As of the Report Date, Blue Sky is focusing on strengthening the organizational and administrative infrastructure, strengthening the collection system, improving the composition of renters to which the right for the electricity is sold, increasing partnerships with REIT funds, creating new partnerships, etc. In addition, Blue Sky is engaged in the initial development of projects in the field of behind the meter storage.
- 1.5.10 [Germany](#) - in October 2023, the Company entered into an agreement to purchase a battery storage project with a capacity of 104 megawatts in Germany. For additional details regarding the project, see the immediate report published by the Company on October 22, 2023 (reference no.: 2023-01-117630), which is included in this Report by way of reference. As of the Report Date, the Company is preparing to conduct a tender for construction and maintenance contractors and the battery supplier, at the same time as preparing to receive financing for the project.

During 2023, there was a continued increase in inflation around the world, an increase in interest rates, changes in exchange rates, etc., as set forth in Section 2.2 of the Company's Periodic Report for 2022. During the third quarter of 2023, economic activity in the world moderated and inflation decreased or stabilized, in most of the world. In addition, core inflation also began to moderate, although in most countries inflation and core inflation are still higher than the targets of the central banks.

Accordingly, according to estimates, there are signs of a halt in the trend of rising interest rates in the world.

At the same time as the changes in the economic environment around the world, during the month of January 2023, the government in Israel began to promote a plan to make changes to the legal system in Israel, which arouse widespread controversy and criticism and which was assessed at the time (by senior economists in the economy, Bank of Israel, senior officials in the Ministry of Finance, and international credit rating firms), as possibly leading to social and political instability, alongside a negative impact on the state of the Israeli economy and the economy in Israel. These actions caused, among other things, sharp drops in the stock market and devaluation of the shekel in relation to other currencies.

These changes are further to the changes in the geopolitical environment in Europe, which characterized the years 2021 and 2022 and which affected electricity prices, commodity prices, the shipping costs, etc.

¹¹ For additional details, see Section 4.7.4 of the Description of the Corporation's Business chapter, Part A of the 2022 Periodic Report, as well as immediate reports published by the Company on May 25, 2021 and July 6, 2021 (reference nos.: 2021-01-029851 and 2021-01-049006), which is included in this Report by way of reference.

After the Report Date, on October 7, 2023, the “Iron Swords” War broke out and a state of war was declared in Israel, which is still currently ongoing. In relation to the Group's activity, given its activity in a vital field for the economy and to the fact that the Company considers the continuity of business activity as a national mission, the Group continues its current activity in Israel, including the continuation of the initiation, planning and construction of the projects, all under the necessary limitations and the instructions from the Home Front Command. As of the Report Date, there was no significant impact of the war on the Group's activities and financial results. Thus, the Company's activity outside of Israel continues as usual. In addition, the activity in Israel continues as usual, subject to the limitations of the Home Front Command. At the same time, it should be noted that the Company has systems of an insignificant size located in the area surrounding Gaza which were damaged as a result of the war (most of them are working, although at incomplete capacity). In addition, some of the Company's employees were recruited for reserve duty, which temporarily reduced the Company's workforce and required the Company to reorganize in relation to its activities in the shadow of the war. Naturally, the war and its continuation may have an effect on the extension of the timetables for the construction of the Group's projects in Israel, on the duration of the development operations of the Group's backlog of projects in Israel, on the rate of advancement of the projects abroad and, accordingly, on the timing of the start of the sale of electricity from these facilities. Also, the deterioration of the financial situation of the State of Israel may lead to a depreciation of the shekel in relation to other currencies, difficulty in raising capital and debt, etc.

These changes - in Israel and around the world - have consequences for the Company's financing costs (at the corporate level and in project financing), an impact on the amount of funds in foreign currency that can be invested (since the Company raises funds in NIS and invests mainly in foreign currency), project returns, the ability to execute of the projects promoted by the Company and the value of the projects in the Company's financial statements. For additional details regarding the changes that occurred in the Company's business environment in 2022, see Sections 2.2, 3.2.1.3, and 3.3.1.2 of the chapter Description of the Corporation's Business - Part A of the Periodic Report for the year 2022, which is included in this Report by way of reference.

As of the Report Date, there is uncertainty regarding the development of the war, its scope, duration and effects, and therefore the Company is unable to assess at this stage the future impact of the war on the Group's activities and financial results.

The estimations of the Company as stated in this section above is forward-looking information, as this term is defined in the Securities Law, based on the estimates of the management of the Company and its understanding of the factors that impact its business activity, as of the Report Date. These assessments may not materialize, in whole or in part, or materialize differently, including substantially, than expected, *inter alia*, as a result of assumptions and analyzes that are not optimal, from the developments that cannot be fully assessed in connection with the crisis, its duration and strength, in connection with the war, its duration, intensity and impact, or the realization of all or part of the risk factors set forth in Section 3.13 below in the Chapter on the Description of the Corporation's Business - Part A in the Company's Periodic Report for 2022, which is included in this Report by way of reference.

1.6 Financial condition:

Section	As of						Explanations of the Board of Directors
	September 30, 2023		September 30, 2022		December 31, 2022		
	NIS thousands						
Amount	% of total balance sheet	Amount	% of total balance sheet	Amount	% of total balance sheet		
Cash and cash equivalents	730,384	13.1%	334,305	11.7%	237,865	5.2%	See the report on cash flows, the main increase from previous periods comes from issuing bonds, allotting shares and receiving loans from banking corporations in return for injecting capital into projects in Europe and Israel, gaining control of a subsidiary and paying remote consideration for gaining control.
Deposits in bank corporations and others	1,174	0.0%	662,524	23.2%	498,761	10.8%	The main decrease is due to repayment of deposits.
Restricted use deposits	341	0.0%	1,041	0.0%	370	0.0%	Deposits used as security for the bank in favor of bank guarantees.
Customers	245,043	4.4%	305,552	10.7%	250,199	5.4%	The main decrease from the corresponding period last year is due to a decrease in the Company's income from the construction activity.
Accounts receivable	98,159	1.8%	52,111	1.8%	57,434	1.2%	The main increase is due to the expansion of the Group's activities and its investments in the initiation and development of projects whose construction has not yet begun in Israel and abroad, VAT receivable, and compensation receivable for the loss of income from the construction contractor in the projects in Spain.
Inventory	67,802	1.2%	43,221	1.5%	51,680	1.1%	The increase is due to stocking up for projects.
Total current assets	1,142,903		1,398,754		1,096,309		
Investments in corporations accounted for using the equity method	1,226,935	21.9%	896,801	31.5%	959,419	20.8%	The main increase compared to the corresponding period during the previous year is due to investments in the entities accounted for using the equity method, including by way of loans, for the construction of projects and translation differences for investments to entities abroad, as well as the Company's share of the revaluation of fixed assets in the associates in the Report Period.
Right of use asset	231,720	4.1%	85,424	3.0%	204,662	4.4%	The increase compared to the corresponding period last year is mainly due to a consolidated company in which control was obtained, and additional engagements of the Group during the Report Period.
Financial assets	48,972	0.9%	-	0.0%	27,568	0.6%	The increase compared to the corresponding period last year is due to a consolidated company in which control was obtained, and the investment held based on fair value, in which the Company invested during the Report Period.
Other receivables	35,408	0.6%	-	0.0%	29,809	0.6%	The increase compared to the corresponding period last year is due to a consolidated company in which control was achieved.
Fixed assets	2,645,153	47.3%	277,463	9.7%	2,070,535	44.8%	The increase in the balance of fixed assets in relation to the corresponding period the previous year is mainly due to the consolidated company in which control was obtained and allocating excess costs for it, and an increase in the establishment of photovoltaic systems owned by the Group during the Report Period.

Section	As of						Explanations of the Board of Directors
	September 30, 2023		September 30, 2022		December 31, 2022		
	NIS thousands						
Amount	% of total balance sheet	Amount	% of total balance sheet	Amount	% of total balance sheet		
Deposits in bank corporations and others	38,557	0.7%	41,440	1.5%	35,769	0.8%	
Restricted use cash and deposits	18,602	0.3%	2,158	0.1%	3,209	0.1%	Cash and deposits used to secure repayment of loans.
Deferred taxes	8,888	0.2%	-	0.0%	7,908	0.2%	The increase compared to the corresponding period last year is due to a consolidated company in which control was achieved.
Intangible asset	195,980	3.5%	149,364	5.2%	183,122	4.0%	The increase compared to the corresponding period last year is due to the allocation of cost overruns from consolidated companies in which control was achieved.
Total non-current assets	4,450,215		1,452,650		3,522,001		
Total assets	5,593,118		2,851,404		4,618,310		
Short-term loans and current maturities for long-term loans from banks	49,852	0.9%	314,039	11.0%	330,690	7.2%	The decrease is due to the repayment of short-term loan.
Bonds - current maturities	126,750	2.3%	75,222	2.6%	121,370	2.6%	
Current maturities of long-term lease liability	15,676	0.3%	6,935	0.2%	13,396	0.3%	
Suppliers and service providers	66,250	1.2%	58,523	2.1%	100,977	2.2%	The main increase compared to the same period last year is due to costs of projects in the construction stage in consolidated companies.
Liability for deferred consideration in a business combination	2,075	0.0%	-	0.0%	109,244	2.4%	The decrease results from the payment of deferred consideration for a company in which control was obtained.
Accounts payable	48,021	0.9%	37,493	1.3%	58,957	1.3%	The main increase in relation to the corresponding period last year is due to interest payable for bonds and a commitment to a tax partner in a consolidated company. The main decrease compared to December 2022 is due to a payment for competitive procedures against an increase in the interest payable for the bonds.
Financial derivatives	1,905	0.0%	5,022	0.2%	4,952	0.1%	The decrease is due to the settlement of forward transactions with banks. Financial derivatives are measured at fair value through profit or loss. The balance arises from warrants given to third parties to purchase the Company's share in associates that were recognized as financial derivatives in the Company's financial statements.
Total current liabilities	310,529		497,234		739,586		
Long-term loans from banks	647,446	11.6%	78,465	2.8%	296,295	6.4%	The main increase is due to a loan received from banking corporations in a consolidated company.

Section	As of						Explanations of the Board of Directors
	September 30, 2023		September 30, 2022		December 31, 2022		
	NIS thousands						
	Amount	% of total balance sheet	Amount	% of total balance sheet	Amount	% of total balance sheet	
Liabilities for leases	218,737	3.9%	83,708	2.9%	194,822	4.2%	The increase compared to the corresponding period last year is mainly due to a consolidated company in which control was obtained, and additional engagements of the Group during the Report Period.
Loans from related parties	8,333	0.1%	20,018	0.7%	21,129	0.5%	The decrease was from repayment of loans received from the Noy Fund in a consolidated partnership.
Deferred taxes	246,793	4.4%	62,117	2.2%	205,109	4.4%	The main increase in relation to the corresponding period last year is due to the allocation of excess cost in a company in which control was achieved.
Bonds	1,382,675	24.7%	652,305	22.9%	613,863	13.3%	The increase in relation to the corresponding period last year in the Report Period is due to the bond issuance against the decrease as a result of payment during the Report Period.
Other liabilities	22,561	0.4%	11,646	0.4%	22,887	0.5%	The increase compared to the corresponding period last year arises mainly from a liability to the tax partner in the US and a consolidated company in which control was obtained.
Total non-current liabilities	2,526,545		908,259		1,354,105		
Share capital and premium	1,716,256	30.7%	1,568,696	55.0%	1,568,696	34.0%	The increase is due to the allocation of shares during the Report Period.
Profit (loss) balance	(129,228)	2.3%	(246,295)	8.6%	(68,533)	1.5%	
Capital reserves	250,123	4.5%	66,028	2.3%	117,851	2.6%	The main increase in relation to the corresponding period last year is due to the Company's share of other gross profit of corporations accounted for using the equity method, attributed to the revaluation of fixed assets, share-based payment and change in the translation difference fund.
Total capital attributed to shareholders of the Company	1,837,151		1,388,429		1,618,014		
Non-controlling interests	918,893	16.43%	57,482	2.02%	906,605	19.63%	In respect of consolidated companies in which control was achieved.
Total capital	2,756,044		1,445,911		2,524,619		
Total liabilities and capital	5,593,118		2,851,404		4,618,310		

1.7 Results of operations:

Section	For a period of nine months ending on September 30		For a period of three months ending September 30		For a period of one year ending on December 31	Explanations of the Board of Directors
	2023	2022	2023	2022	2022	
	NIS thousands					
Revenues from the sale of electricity and others	265,724	266,902	104,493	82,058	324,568	The main change is due to a decrease in income for construction of solar systems against an increase in revenue from electricity production.
Compensation for loss of income	20,783	---	351	---	---	
Other income - tax partner	1,907	4,482	654	606	7,629	
Company's share in the profits (losses) of companies handled based on the equity method, net	(14,639)	7,960	(5,348)	5,309	9,371	
Total income and profits	273,775	279,344	100,150	87,973	341,568	
Setup and operating costs	248,298	254,067	79,147	79,705	322,304	The main decrease compared to the corresponding period is due to a decrease in income from the establishment of projects against an increase in maintenance and operation expenses from a consolidated company, the Company's manpower situation and depreciation expenses amounting to NIS 57 million compared to NIS 9 million in the corresponding period last year and NIS 13 million in December 2022.
Marketing and sale expenses	7,278	6,628	1,998	2,512	8,757	The main increase is due to the Company's growth, which is reflected mainly in the expansion of the Company's workforce.
Management and general expenses	49,375	26,337	17,996	8,743	38,035	The main increase is due to the Company's growth, which is reflected mainly in the expansion of the Company's workforce, the use of professional services on a larger scale, as well as the costs of the Group's headquarters, mainly abroad.
Other expenses	1,616	11,505	219	10,641	23,356	
Total expenses	306,567	298,537	99,360	101,601	392,452	
Other income	1,467	-	41	-	209,948	For obtaining control in an associate.
Operating profit (loss)	(31,325)	(19,193)	831	(13,628)	159,064	
Rate of operating profit (loss) from revenues	(11%)	(7%)	1%	(15%)	47%	
Financing expenses	102,623	34,899	47,137	13,053	52,457	Main increase arises from interest and linkage for bonds and loans from bank corporations.
Financing income (expenses)	(63,955)	(31,249)	(38,264)	(8,949)	(46,684)	The main increase arises from an increase in exchange rate differences for forex balances, interest income for the Company accounted for using the equity method in associates, and interest for deposits in banks.
Financing expenses, net	38,668	3,650	8,873	4,104	5,773	

Section	For a period of nine months ending on September 30		For a period of three months ending September 30		For a period of one year ending on December 31	Explanations of the Board of Directors
	2023	2022	2023	2022	2022	
	NIS thousands					
Profit (loss) before taxes on income	(69,993)	(22,843)	(8,042)	(17,732)	153,291	
Rate of profit (loss) before income taxes	(26%)	(8%)	(8%)	(20%)	45%	
Income tax expenses (tax benefit)	(12,388)	4,444	4,052	(327)	4,783	The change is due to updating the Group's deferred taxes.
Profit (loss) for the year	(57,605)	(27,287)	(12,094)	(17,405)	148,508	
Profit (loss) for the year, attributable to Company shareholders	(62,959)	(23,176)	(18,466)	(15,763)	153,746	
Profit (loss) for the year attributed to holders of non-controlling interests	5,354	(4,111)	6,372	(1,642)	(5,238)	
Total net profit (loss)	(57,605)	(27,287)	(12,094)	(17,405)	148,508	
Profit (loss) rate for period	(21%)	(10%)	(12%)	(20%)	43%	
Adjustments arising from transaction of financial statements for foreign operations	174,483	14,077	23,479	(19,024)	62,062	The change is due to exchange rate differences in respect of foreign currency balances.
Adjustments arising from cash flow hedging transactions	(909)	7,367	(105)	5,047	---	The change is due to adjustments in the fund in a consolidated company.
Revaluation for fixed assets	4,824	1,805	57	(6,554)	653	The change is due to the update of the revaluation fund carried out by the Company for fixed assets.
Part of other comprehensive income of corporations accounted for using the equity method	6,690	(793)	1,511	(13,652)	10,134	The change is due to the update of the revaluation fund carried out by the Company for associates.
Total other comprehensive income	185,088	22,456	24,952	(34,183)	72,849	
Shareholders of the Company	45,313	(8,091)	(3,777)	(50,609)	219,629	
Non-controlling interests	82,170	3,260	16,635	(979)	1,728	
Total comprehensive profit (loss) for the period	127,483	(4,831)	12,858	(51,588)	221,357	



1.8 Liquidity:

Section	For a period of nine months ending on September 30		For a period of three months ending September 30		For a period of one year ending on December 31	Explanations of the Board of Directors
	2023	2022	2023	2022	2022	
	NIS thousands					
Net cash flow from (used in) current activities	(90,782)	(100,224)	9,293	19,745	(234,611)	See Consolidated Statements of Cash Flows. Cash flow used for current activities in the Report Period arises mainly from a change in the Company's working capital.
Net cash flow from (used in) investing activities	(235,212)	(1,092,471)	115,311	(848,257)	(1,066,377)	See Consolidated Statements of Cash Flows. The cash flow used for the investment activity during the Report Period resulted mainly from investments and loans in companies accounted for using the equity method, investments in fixed assets.
Net cash flow that resulted from (used for) from financing activities	833,274	595,817	467,464	593,314	602,484	See Consolidated Statements of Cash Flows. The cash flow used for financing activities during the Report Period resulted mainly from the portion of minority interests in the injection of capital to a consolidated partnership and recipient of short and long-term loans.

1.9 Disclosure in accordance with Article 10(b)(1)(d) of the Securities Regulations (Periodic and Immediate Reports)

During the Report Period, the Company had a continuous negative cash flow from current activities in the solo report and the consolidated report. As part of the Company's board of directors' meeting held on November 29, 2023, the Company's board of directors was presented with a projected cash flow for a period of two years, which included, *inter alia*, the Company's estimates regarding the funding sources available to it as well as the Company's current expenses and expected investments for this period. Given the Company's projected cash flow, the sources of financing available to the Company, the expected investments of the Company, and the Company's ability to control most of these expenses, as well as the fact that the negative cash flow stems mainly from investments in growth platforms abroad and from financing that the Company provided to the project corporations - except for taking on bank debt by them, in the assessment of the Company's board of directors, a negative cash flow from current operations does not indicate a liquidity problem in the Company.

1.10 Sources of financing:

The Group finances its activities, mainly, from the issuance of shares, current profits, credit from banking corporations and credit from suppliers, as detailed below:

- 1.10.1 The issue of shares - On October 27, 2021, the Company completed a private placement and listing for trade of 7.7 million ordinary shares of the Company, against a total payment of about NIS 555 million to 16 classified investors, as this term is defined in the First Schedule to the Securities Law, 5728-1968. For additional details, see immediate reports published by the Company on October 25, 2021 (reference no.: 2021-01-090994), and October 27, 2021 (reference no.: 2021-01-091786) which is included in this Report by way of reference.

Additionally, on May 8, 2023, the Company completed a private placement and listing for trade of 1.9 million ordinary shares of the Company, against a total payment of about NIS 147.6 million to five classified investors, as this term is defined in the First Schedule to the Securities Law, 5728-1968. For more details, see immediate reports published by the Company on April 24, 2023 (Reference No. 2023-01-038290 and 2023-01-044280) and April 30, 2023 (Reference No. 2023-01-046233), in which the aforementioned information is presented in this Report by way of reference.

- 1.10.2 [Issuance of Bonds \(Series A\)](#) - on August 16, 2021, the Company completed the issue of NIS 400 million par value Bonds (Series A) (hereinafter: the “**Bonds (Series A)**”). The Bonds (Series A) are index-linked, bear annual interest at a rate of 1.48% and are repaid in ten biannual, unequal payments, starting on June 30, 2023, and until December 31, 2027. For additional details regarding the terms of the Bonds (Series A), see [Appendix A](#) of the Board of Directors’ Report, the Shelf Offer Report published by the Company on August 12, 2021 (reference no.: 2021-01-131616), the report of the issuance and the trust deed dated August 16, 2021 (reference no.: 2021-01-065704 and 2021-01-065244), which is included herein by way of reference.

On September 8, 2022, the Company completed a private placement, by way of a series expansion, to 13 classified investors of about NIS 317 million par value Bonds (Series A). The Bonds (Series A) were issued against payment of an amount of 98.5 agurot per NIS 1 par value of Bond, and in total, consideration of NIS 312.2 million for all of the aforesaid Bonds (Series A). Following the issue of the private placement, the total Bonds (Series A) increased to approximately NIS 717 million par value. For additional details regarding the terms of the issue, see the immediate report published by the Company on September 7, 2022 (reference no.: 2022-01-093141), which is included in this Report by way of reference.

On May 10, 2023, the Company completed a private placement, by way of a series expansion, to classified investors, of NIS 250 million par value Bonds (Series A). The Bonds (Series A) were issued against payment of an amount of 97.35 agurot per NIS 1 par value of Bond, and in total, consideration of NIS 243.3 for all of the aforesaid Bonds (Series A). Following the issue of the private placement, the total Bonds (Series A) increased to approximately NIS 967 million par value. For additional details regarding the terms of the issue, see the immediate report published by the Company on May 8, 2023 (reference no.: 2023-01-041848), which is included in this Report by way of reference.

On June 30, 2023, a partial repayment of the Bonds (Series A) was made so that the total of the Bonds (Series A) as of the Report Date is NIS 870.3 par value. For additional details, see the immediate report published by the Company on July 2, 2023 (reference no.: 2023-01-062008), which is included in this Report by way of reference.

- 1.10.3 [Issuance of Bonds \(Series B\)](#) - On July 20, 2023, the Company completed the issuance of NIS 407.5 million par value Bonds (Series B). The Bonds (Series B) are convertible into ordinary shares listed by name without par value of the Company in such a way that as of July 20, 2023, and until June 20, 2029, every NIS 115.1 par value of the Bonds (Series B) will be convertible into one ordinary share of the Company. The Bonds (Series B) are not index-linked, bear annual interest at a rate of 5% and are repaid in two equal payments on June 30, 2028 and 2029.

For additional details regarding the terms of the Bonds (Series B), see **Appendix A** of the Board of Directors' Report, the Shelf Offer Report published by the Company on July 18, 2023 (reference no.: 2023-01-082041), the report of the results of the issuance dated July 20, 2023 (reference no.: 2023-01-082740) and the trust deed dated July 23, 2023 (reference no.: 2023-01-083901), which is included herein by way of reference.

- 1.10.4 **Issuance of Bonds (Series C)** - On July 20, 2023, the Company completed the issuance of NIS 233.9 million par value Bonds (Series C). The Bonds (Series C) are not index-linked, bear annual interest at a rate of 6.95% and are repaid in six annual, unequal payments, starting on June 30, 2025, and until June 30, 2030.

For additional details regarding the terms of the Bonds (Series A), see **Appendix A** of the Board of Directors' Report, the Shelf Offer Report published by the Company on July 18, 2023 (reference no.: 2023-01-082041), the report of the results of the issuance dated July 20, 2023 (reference no.: 2023-01-082740) and the trust deed dated July 23, 2023 (reference no.: 2023-01-083904), which is included herein by way of reference.

- 1.10.5 **Long-term loans (including current maturities)** - the average long-term credit was about NIS 390.2 million in the first nine months of 2023, compared to about NIS 83.7 million in the corresponding period last year, and compared to about NIS 88.8 million in 2022.

The average rate of the long-term credit cost was about 6.94% in the first nine months of 2023, compared to about 4.7% in the corresponding period last year and about 5.9% in 2022.

- 1.10.6 **Short-term credit** - The average short-term credit was about NIS 167.5 million in the first nine months of 2023, compared to about NIS 85.7 million in the corresponding period last year, and compared to about NIS 130.4 million in 2022.

The average rate of the short-term credit cost was about 6.4% in the first nine months of 2023, compared to about 4.2% in the corresponding period last year and about 5.45% in 2022.

- 1.10.7 **Suppliers** - The credit provided to the Group by the suppliers ranges between cash and net+60. Average supplier days amounted to about 65 days in the first nine months of 2023, about 63 days in the corresponding period last year, and about 65 days in 2022.

The average credit balance of the suppliers amounted to about NIS 83.6 million in the first nine months of 2023, about NIS 63.6 million in the corresponding period last year and about NIS 75 million in 2022.

- 1.10.8 **Customers** - The credit provided by the Group to customers ranges between cash and net+60. Average customer days amounted to about 75 days in the first nine months of 2023, about 71 days in the corresponding period last year and about 75 days in 2022.

The customers' average credit balance amounted to about NIS 253.4 million in the first nine months of 2023, about NIS 292.6 million in the corresponding period last year and about NIS 284.1 million in 2022.

It should be noted that the gap between the rest of the suppliers and the rest of the customers stems from the fact that most of the Company's customers are the project corporations in which the Company owns and that over the past few years the Company usually finances the cost of setting up the projects until a bank loan is received by them, which is sometimes only received at the end of the construction of the projects.

For additional details regarding the sources of financing of the Group, see Section 4.5 of the chapter of the Description of the Corporation's Business - Part A of the Periodic Report for 2022, while the information herein is included by way of reference.

1.11 Substantial loans and credits

For details regarding material loans and credits taken by the Group, see Section 4.5.5 in Part A of the Periodic Report for 2022, and also Section 3.8.8 in the chapter of the Description of the Corporation's Business in the Periodic Report for 2020, which are included herein by way of reference.

For details regarding the terms of the Bonds (Series A) issued by the Company, see **Appendix A** of the Board of Directors' Report, the Shelf Offer Report published by the Company on August 12, 2021 (reference no.: 2021-01-131616), the report of the issuance and the trust deed dated August 16, 2021 (reference no.: 2021-01-065704 and 2021-01-065244), which is included herein by way of reference.

For details regarding the terms of the Bonds (Series B), see **Appendix A** of the Board of Directors' Report, the Shelf Offer Report published by the Company on July 18, 2023 (reference no.: 2023-01-082041), the report of the results of the issuance dated July 20, 2023 (reference no.: 2023-01-082740) and the trust deed dated July 23, 2023 (reference no.: 2023-01-083901), which is included herein by way of reference.

For details regarding the terms of the Bonds (Series A), see **Appendix A** of the Board of Directors' Report, the Shelf Offer Report published by the Company on July 18, 2023 (reference no.: 2023-01-082041), the report of the results of the issuance dated July 20, 2023 (reference no.: 2023-01-082740) and the trust deed dated July 23, 2023 (reference no.: 2023-01-083904), which is included herein by way of reference.

Below is a breakdown of the Company's compliance with the financial standards to which the Group companies have committed themselves to meet in relation to material credits:

Borrower name	Lender's details	Loan balance as of September 30, 2023	Commitment to meeting financial standards	Compliance calculation for September 30, 2023
The Company	The trustee for holders of Bonds (Series A)	NIS 943.8 million	Minimum equity of NIS 550 million A minimum ratio between solo equity and solo balance of 35% and as of December 2023, the consolidated net financial debt to EBITDA ratio will not exceed 15.	Equity - approximately NIS 1,837 million. Equity to solo balance sheet ratio of about 64.1%. Solo equity - NIS 1,837 million. Solo net balance sheet - NIS 2,868 million.
	The trustee for holders of Bonds (Series B)	407.5		Consolidated equity to consolidated balance sheet ratio 49.3%. As of the Report Date, the Company is not required to meet the

Borrower name	Lender's details	Loan balance as of September 30, 2023	Commitment to meeting financial standards	Compliance calculation for September 30, 2023
	The trustee for holders of Bonds (Series C)	233.9	Minimum equity of NIS 900 million The ratio between solo equity and the total solo net balance sheet of 36% And the ratio between consolidated equity and the total consolidated balance sheet (as these terms are defined in the trust deed) will not be less than a rate of 14% for two consecutive quarters and as of December 2023, the consolidated net financial debt to EBITDA ratio will not exceed 15. ¹²	consolidated net financial debt to EBITDA ratio.
Olmedilla¹³	Banking corporations in Spain	EUR 58 million	On June 30 and December 31 each year, as of the COD date (i.e. July 2023), and provided that the project operates for 12 months, historical debt coverage ratio (DSCR) For last 12 months of 1.05. Maximum leverage ratio of 56%. Maintaining reserve accounts and minimal equity in the project.	Examining the project company's compliance with the debt coverage ratio as of the financial statements as of December 31, 2023. Accordingly, as of the Report Date, Olmedilla is not required to meet the debt coverage ratio. Leverage ratio 47%.

¹² For additional details regarding the terms of the Bonds, see Appendix A of the Board of Directors' Report and the Trust Deeds (Deeds A, B and C) attached to the Shelf Offer Report published by the Company on August 12, 2021 (reference no.: 2021-01-131616) and the Shelf Offer Report published by the Company on July 18, 2023 (reference no.: 2023-01-082041), which are included herein by way of reference.

¹³ For additional details, see Section 4.5.5 in the Description of the Corporation's Business chapter in the Periodic Report for 2022, which is included in this report by way of reference.

Borrower name	Lender's details	Loan balance as of September 30, 2023	Commitment to meeting financial standards	Compliance calculation for September 30, 2023
Sabinar¹⁴	German financial body	EUR 77 million	On June 30 and December 31 each year, as of the COD date of Sabinar I and provided that Sabinar I has operated for 12 months, the HDSCR for the last 12 months will not be less than 1.05.	Examining the project company's compliance with the debt coverage ratio as of the financial statements as of December 31, 2023. Accordingly, as of the Report Date, Sabinar is not required to meet the debt coverage ratio.
Sunprime Generation S.r.l. and Sunprime Energia Distribuita S.r.l.¹⁵	Consortium of lenders led by an Austrian banking corporation	EUR 124 million	Starting from the date of the first payment for the loan principal (i.e. June 2024) - historical ADSCR for the last 12 months will not be less than 1.05.	As of the Report Date, Sunprime is not required to meet this ratio.
S.R.L Ratesti Solar Plant¹⁶	Raiffeisen Bank International AG, and Raiffeisen Bank S.A.	---	As of the date of commercial operation, the debt service coverage ratio, which will not exceed 1.2, the value of the borrower's assets is higher than the value of its liabilities (including contingent liabilities), the net asset value of the borrower is at least 50% higher than the allocated capital.	As of the Report Date, Ratesti is not required to meet these ratios.

1.12 Pro forma data included in the Proforma Report

On December 28, 2022, the Company completed an additional purchase of 12.5% of the issued and paid-up share capital of Noy Nofar Europe, giving the Company a weighted holding rate of 52.5%. In exchange for these shares, the Company paid a total of about EUR 57.34 million. This purchase constitutes a pro forma event as defined in Article 1 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

¹⁴ For additional details, see Appendix A of the immediate report published by the Company on February 19, 2023 (reference no.: 2023-01-015742), which is included in this Report by way of reference.

¹⁵ For additional details, see Appendix A of the immediate report published by the Company on October 18, 2022 (reference no.: 2022-01-102894), which is included in this Report by way of reference.

¹⁶ For additional details, see Appendix A of the immediate report published by the Company on November 22, 2023 (reference no.: 2023-01-105529), which is included in this Report by way of reference.

Accordingly, the Company's financial statements include, among other things, a pro forma report, which reflects the results of the pro forma consolidated reports on profit or loss and other comprehensive profit for the nine-month period that ended on September 30, 2023, assuming that the purchase transaction was completed before January 1, 2022. For details, see the Proforma Report.

1.13 Material valuations

For the purpose of determining the value of data in its financial statements, the Company, among other things, made use of a valuation for solar systems that were connected during the Report Period, which does not amount to a material valuation or a very material valuation (as these terms are defined in the Securities Regulations (Periodic and Immediate Reports), 5730-1970).

2 Aspects of Corporate Governance

2.1. Effectiveness of internal control

Attached in Chapter E of this Report is a report on the Company's internal control.

In addition, in accordance with the provisions of Article 9b(c1) of the Reporting Regulations, the provisions of Article 9b(c) of the Reporting Regulations apply, based on which the opinion of the auditor must be attached to the Company's financial statements, regarding the effectiveness of the internal control on financial reporting and the material weaknesses that it identifies in this review, will not apply to the Company before five years from the date on which it became a reporting corporation, excluding audits in certain cases set forth in the same article.

2.2. Market risks and their management

As of the Report Date, the Company's financial statements do not include a reportable segment, which is a financial activity segment, and as of the Report Date, the corporation has no material financial activity. Accordingly, and given Article 10(b)(7) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, the report does not include disclosure of market risks and their management.

Linkage basis reports:

	As of September 30, 2023						
	NIS thousands						
	Linked to Dollars	Linked to Euros	Linked to the pound	Linked to other foreign currency	Index-linked	Unlinked	Amount
Cash and cash equivalents	42,567	97,814	20,153	632	---	569,218	730,384
Deposits from bank corporations and others	---	---	---	---	---	1,174	1,174
Restricted use deposits	---	---	---	---	---	341	341
Customers	4,292	7,297	---	---	---	233,454	245,043
Accounts receivable	13,081	19,671	26,346	10,773	---	28,288	98,159
Inventory	-	-	-	-	---	67,802	67,802
Total current assets	59,940	124,782	46,499	11,405	---	900,277	1,142,903
Investment in corporations accounted for using the equity method	---	796,361	---	---	---	430,574	1,226,935
Right of use asset	33,553	121,351	669	1,414	47,398	27,335	231,720
Fixed assets	208,150	1,459,849	149,266	32,416	---	795,472	2,645,153

	As of September 30, 2023						
	NIS thousands						
	Linked to Dollars	Linked to Euros	Linked to the pound	Linked to other foreign currency	Index-linked	Unlinked	Amount
Intangible assets	161,211	---	---	---	---	34,769	195,980
Restricted use cash and deposits	8,172	---	---	9,254	---	1,176	18,602
Deposits in bank corporations and others	38,240	---	---	---	---	317	38,557
Deferred taxes	---	7,579	1,309	---	---	---	8,888
Other receivables	---	35,408	---	---	---	---	35,408
Financial assets	11,123	37,767	---	---	---	82	48,972
Total non-current assets	460,449	2,458,315	151,244	43,084	47,398	1,289,725	4,450,215
Total assets	520,389	2,583,097	197,743	54,489	47,398	2,190,002	5,593,118
Short-term loans and current maturities for long-term loans from banking and other corporations	28,398	19,577	---	---	---	1,877	49,852
Current maturities of long-term lease liability	2,101	5,671	277	197	5,358	2,072	15,676
Suppliers and service providers	1,145	9,341	2,033	3,061	---	50,670	66,250
Accounts payable	23,069	442	938	(877)	---	24,449	48,021
Liability for deferred consideration in a business combination	---	2,075	---	---	---	---	2,075
Current maturities of bonds	---	---	---	---	126,750	---	126,750
Financial derivatives	---	---	---	---	---	1,905	1,905
Total current liabilities	54,713	37,106	3,248	2,381	132,108	80,973	310,529
Long-term loans from banks	52,814	528,657	---	---	---	65,975	647,446
Lease liabilities	35,084	112,322	417	1,279	41,736	27,899	218,737
Loan from a related party	---	---	8,333	---	---	---	8,333
Deferred taxes	40,965	20,695	---	---	---	185,133	246,793
Bonds	---	---	---	---	784,740	597,935	1,382,675
Other liabilities	10,091	10,335	---	---	733	1,402	22,561
Total non-current liabilities	138,953	672,009	8,750	1,279	827,209	878,345	2,526,545
Total liabilities	193,667	709,115	11,998	3,660	959,317	959,317	2,837,074
The excess of assets over liabilities (liabilities over assets)	326,722	1,873,982	185,745	50,829	(911,919)	1,230,685	2,756,044

Section	As of September 30, 2022						
	NIS thousands						
	Linked to Dollars	Linked to Euros	Linked to the pound	Linked to other foreign currency	Index-linked	Unlinked	Amount
Cash and cash equivalents	12,774	45,874	34,054	929	---	240,674	334,305
Shorts term deposits	354,300	---	---	---	---	308,224	662,524
Restricted use deposits	---	---	---	---	---	1,041	1,041
Customers	2,288	---	---	---	---	303,264	305,552
Accounts receivable	1,517	1,766	1,686	1,106	---	46,036	52,111
Inventory	---	---	---	---	---	43,221	43,221
Total current assets	370,879	47,640	35,740	2,035	---	942,460	1,398,754
Investments in investee companies accounted for using the equity method	---	674,826	151	---	---	221,824	896,801
Right of use asset	32,072	---	---	---	41,367	11,985	85,424
Fixed assets	167,539	2,499	1,735	1,077	---	104,613	277,463

Section	As of						
	September 30, 2022						
	NIS thousands						
	Linked to Dollars	Linked to Euros	Linked to the pound	Linked to other foreign currency	Index-linked	Unlinked	Amount
Loans to investee companies	---	---	---	---	---	---	---
Intangible asset	149,364	---	---	---	---	---	149,364
Long-term restricted cash	2,158	---	---	---	---	---	2,158
Long-term deposits	35,430	---	---	---	---	6,010	41,440
Total non-current assets	386,563	677,325	1,886	1,077	41,367	344,432	1,452,650
Total assets	757,442	724,965	37,626	4,356	41,367	1,285,648	2,851,404
Short-term loans and current maturities for long-term loans from banks	312,953	---	---	---	---	1,086	314,039
Current maturities of long-term lease liability	1,659	---	---	---	4,403	873	6,935
Suppliers and service providers	37,980	100	475	209	---	19,759	58,523
Accounts payable	16,054	---	4,523	7	---	16,909	37,493
Financial derivatives	3,041	---	---	---	---	1,981	5,022
Bonds - current costs	---	---	---	---	75,222	---	75,222
Total current liabilities	371,687	100	4,998	216	79,625	40,608	497,234
Long-term loans from banks	51,600	---	---	---	---	26,865	78,465
Lease liabilities	33,232	---	---	---	39,167	11,309	83,708
Loan from a related party	---	---	154	---	19,864	---	20,018
Deferred taxes	44,058	---	---	---	---	18,059	62,117
Bonds	---	---	---	---	652,305	---	652,305
Other liabilities	9,852	---	---	---	722	1,072	11,646
Total non-current liabilities	138,742	---	154	---	712,058	57,448	908,259
Total liabilities	510,429	100	5,152	---	791,683	98,129	1,405,493
The excess of assets over liabilities (liabilities over assets)	247,013	724,865	32,474	4,356	(750,316)	1,187,519	1,445,911

Section	As of Dec. 31, 2022						
	NIS thousands						
	Linked to Dollars	Linked to Euros	Linked to the pound	Linked to other foreign currency	Index-linked	Unlinked	Amount
Cash and cash equivalents	53,269	50,123	43,240	214	---	91,019	237,865
Deposits from bank corporations and others	357,026	---	---	---	---	141,735	498,761
Restricted use deposits	---	---	---	---	---	370	370
Customers	2,369	2,704	---	---	---	245,126	250,199
Accounts receivable	4,466	17,749	2,245	3,494	---	29,480	57,434
Inventory	---	---	---	---	---	51,680	51,680
Total current assets	417,130	70,576	45,485	3,708	---	559,410	1,096,309
Investments in investee companies accounted for using the equity method	---	661,499	---	---	---	297,920	959,419
Right of use asset	31,766	109,107	-	1,421	44,237	18,131	204,662
Fixed assets	197,376	1,748,763	4,087	315	---	119,994	2,070,535
Intangible assets	148,353	34,769	---	---	---	---	183,122
Deposits in bank corporations and others	2,143	---	---	---	---	1,066	3,209
Long-term deposits	35,190	---	236	---	---	343	35,769
Deferred taxes	---	7,908	---	---	---	---	7,908
Other debtors - related parties	---	29,809	---	---	---	---	29,809
Financial derivative	---	27,568	---	---	---	---	27,568

Section	As of Dec. 31, 2022						
	NIS thousands						
	Linked to Dollars	Linked to Euros	Linked to the pound	Linked to other foreign currency	Index-linked	Unlinked	Amount
Total non-current assets	414,828	2,619,423	4,323	1,736	44,237	437,454	3,522,001
Total assets	831,958	2,689,999	49,808	5,444	44,237	996,864	4,618,310
Short-term loans and current maturities for long-term loans from banking and other corporations	310,543	19,240	---	---	---	907	330,690
Current maturities of long-term lease liability	1,909	5,044	---	183	4,847	1,413	13,396
Suppliers and service providers	19,626	36,932	2,257	921	---	41,241	100,977
Accounts payable	18,806	5,450	---	---	---	34,701	58,957
Liability for deferred consideration in a business combination	---	109,244	---	---	---	---	109,244
Current maturities of bonds	---	---	---	---	121,370	---	121,370
Financial derivatives	3,047	---	---	---	---	1,905	4,952
Total current liabilities	353,931	175,910	2,257	1,104	126,217	80,167	739,586
Long-term loans from banks	52,986	216,484	---	---	---	26,825	296,295
Lease liabilities	32,979	101,919	---	1,259	40,119	18,546	194,822
Loan from a related party	---	204	534	---	20,391	---	21,129
Deferred taxes	47,057	141,438	(259)	---	---	16,873	205,109
Bonds	---	---	---	---	613,863	---	613,863
Other liabilities	11,434	9,570	---	---	728	1,155	22,887
Total non-current liabilities	144,456	469,615	275	1,259	675,101	63,399	1,354,105
Total liabilities	498,387	645,525	2,532	2,363	801,318	143,566	2,093,691
The excess of assets over liabilities (liabilities over assets)	333,571	2,044,474	47,276	3,081	(757,081)	853,298	2,524,619

2.3. Donations

As of the Report Date, the Company does not have a donations policy. During the Report Period, the Company donated immaterial amounts.

2.4. Directors with Accounting and Financial Expertise

From the date of publication of the Periodic Report for 2022 until the Report Date, there have been no changes in the determination of the Company's board of directors regarding the required minimum number of directors with accounting and financial expertise and/or the identity of the directors with accounting and financial expertise.

For details regarding the directors with accounting and financial expertise (including their education, qualifications, experience, and know-how, based on which the Company regards them as having accounting and financial expertise), see Article 26 of Chapter D - Additional Details of the Corporation in the Periodic Report for 2022, while the information therein is included in this Report by way of reference.

2.5. Independent directors

As of the Report Date, the Company has not adopted a provision in its articles of association regarding the rate of independent directors. However, as of the Report Date, three of the directors of the Company (in other words, Mr. Yoni Tal, Ms. Dafne Esther Cohen and Mr. Gili Cohen) are independent directors, as this term is defined in the Companies Law. For details regarding Mr. Yoni Tal, Ms. Dafne Esther Cohen, and Mr. Gili Cohen, see Article 26 of Chapter D - Additional Details about the Corporation in the Periodic Report for 2022, which is included in this Report by way of reference.

2.6. Auditor

From the date of publication of the Periodic Report for 2022 until the Report Date, there have been no material changes in relation to the Company's internal auditor. For further details regarding the Company's internal auditor, see Section 2.6 of the Board of Directors' Report for 2022, while the information therein is included in this Report by way of reference.

2.7. Details Regarding the Corporation's Auditor

The auditors of the Company are BDO Ziv Haft.

From the beginning of 2022 until the Report Date, there have been no changes in relation to the Company's auditors. For further details regarding the Company's external auditor, see Section 2.7 of the Board of Directors' Report for 2022, while the information therein is included in this Report by way of reference.

2.8. Events during the Report Period and after the Date of the Statement of Financial Position

For details regarding events during the Report Period and after the balance sheet date, see Sections 1.5 and 1.10 above and Notes 6 and 9 to the consolidated financial statements as of September 30, 2023. In addition to what is stated in the above Notes:

- On January 15, 2023, Mr. Moshe Bar Siman Tov ceased to serve as a director of the Company. For additional details, see the immediate report published by the Company on January 16, 2023 (reference no.: 2023-01-006460), which is included in this Report by way of reference.
- On February 22, 2023, Atlantic Green entered into an agreement to purchase the entire share capital of the corporation that holds the rights to establish two storage projects with an estimated grid connection capacity of 130 megawatts, and an estimated storage capacity supply with an estimated capacity of approximately 260 megawatt hours, assuming use of batteries with a storage capacity of two hours.¹⁷ For additional details, see the immediate report published by the Company on February 22, 2023 (reference no.: 2023-01-016849), which is included in this Report by way of reference.

¹⁷ Based on the approvals issued at the Report Date, the provisions of the purchase agreement, the site limitations as well as the information provided to the Company as part of the due diligence, including this (the Grid Connection Offer and Planning Application). It should be emphasized that the Company's estimates for the project supplier is forward-looking information as defined in the Securities Law, 5728-1968, based on the approvals issued to the project company as of the Report Date, the regulation applicable at that time in the United Kingdom as well as the Company's estimates regarding the system suppliers that can be established on the site. The Company's estimates may not materialize due to factors beyond the Company's control, including changes in legal provisions or their interpretation, changes in market conditions, topographical limitations, etc.

- On March 14, 2023, Andromeda, a corporation indirectly held by the Company at a rate of 52.5%, entered into investment and loan agreements with Sunprime Holding, regarding the possibility of converting loans in the amount of up to EUR 22.5 million that it previously provided for Sunprime Holding shares, as well as the provision of additional convertible loans in the amount of EUR 17.5 million, such that after providing and converting all the aforementioned shareholder loans, if converted, Andromeda's holdings will increase to 60% of Sunprime Holding's share capital (and the Company's holdings will increase to 31.5%, indirectly¹⁸). For additional details, see the immediate report published by the Company on March 15, 2023 (reference no.: 2023-01-027261), which is included in this Report by way of reference.
- On July 12, 2023, Nofar Europe, a company held by the Company at a rate of 90%, completed a transaction to purchase the entire share capital of a solar project in Romania, with an estimated capacity of approximately 146 megawatts. For additional details, see the immediate report published by the Company on July 12, 2023 (reference no.: 2023-01-065881), which is included in this Report by way of reference.

3. Disclosure in connection with the Financial Reporting of the Corporation

3.1.State of the Company's liabilities

For details regarding the state of the corporation's liabilities based on repayment dates, see the immediate report (F.126) published near the publication date of this Report.

Ofer Yannay, Chairman of the
Board of Directors

Nadav Tenne, CEO

Date: November 29, 2023

¹⁸ The holding rate is calculated based on the multiplier method.

Appendix A - Disclosure to Bondholders

	Bonds (Series A)
Issuance date	August 16, 2021, September 2, 2022 and May 10, 2023
Scope of par value of bonds on the issue date	967,005,000
Balance of par value of bonds in circulation	870,304,500
Par value including linkage	950,623,859
Amount of interested accrued	3,546,218
Is this a material series?	Yes
Fair value as included in the financial statements	910,307,969
Stock market value as of September 30, 2023	866,823,282
Stock exchange value near the Report Date (November 22, 2023)	878,746,453
Nominal interest (fixed)	Fixed annual interest in the rate of 1.48%
Principal repayment date	First payment in a rate of 10% of the principal of the Bonds - on June 30, 2023; Four additional payments at a rate of 6% of the par value of the Bonds - on December 31 of each of the years 2023 and 2024 and June 30 of each of the years 2024 and 2025; Four additional payments at a rate of 4% of the par value of the Bonds - on December 31 of 2025 and 2026 and June 30 of each of the years 2026 and 2027; An additional payment at a rate of 50% of the par value of the Bonds - on December 31, 2027.
Payment and interest dates	On June 30 and December 31 of the years 2022 to 2027
Linkage	Linked to the index of July 2021
Right to convert the Bonds	---
Right to early redemption	There is a right at the initiative of the Stock Exchange or the Company. In the case of early redemption at the Company's initiative, an amount equal to the higher of the market value (minus the liability value due in that quarter), the liability value of the bond or the cash flow capitalized according to the bond yield plus 1.5% will be paid.
Guarantee to secure the Company's liabilities according to the trust deed	---
The remaining scope of par value of bonds purchased by a subsidiary of the Company	---
The Trustee	Mishmeret Trust Services Ltd., 48 Menachem Begin Ave., Tel Aviv. Telephone: 03-6374352; Fax: 03-6374344. Contact person: CPA Rami Sabati. Email: office@mtrust.co.il.
At the end of the reporting year or during it, did the Company meet all of its obligations under the trust deed?	N/A
Are there grounds for immediate repayment of the Bonds?	No

Bonds (Series A)	
Limitations on the creation of pledges	The Company has undertaken not to create a new general floating charge on all its assets and rights, existing or future, in favor of any third party, unless at the same time as creating the floating charge in favor of the third party, it will create a floating charge on all its assets for the benefit of the trustee, at the same level pari passu, according to the debt ratio for the bonds and toward the third party.
Additional restrictions	The Company has committed to meeting the loan covenant of equity (as this term is defined in the trust deed) which will not be less than NIS 550 million, the ratio between solo equity and the solo total net balance sheet (as these terms are defined in the trust deed) will not be less than 35% and starting in December 2023, the ratio between net consolidated financial debt and EBITDA (as these terms are defined in the trust deed) will not exceed 15. The trust deed also includes conditions for expanding the series of Bonds (as specified in Section 2.4 of the trust deed), conditions regarding the issuance of additional series of bonds (as specified in Section 2.9 of the trust deed), limitations regarding distribution (as specified in Section 4.6 of the trust deed), change of control of the Company, and an interest adjustment mechanism (as detailed in Section 6.1 in the conditions beyond the page in the first supplement to the trust deed). For additional details, see Sections 2.4, 2.9, 4.5, 4.6 of the trust deed and 6.1 in the conditions on the overleaf in the first supplement to the trust deed, which was published in an immediate report on August 16, 2021 (reference number: 2021-01-065944), which is included herein by way of reference.
General meetings and reports on behalf of the trustee	---

Bonds (Series B and C)

	Series B Bonds	Series C Bonds
Issuance date	July 20, 2023	July 20, 2023
Scope of par value of bonds on the issue date	407,550,000	233,951,000
Balance of par value of bonds in circulation	407,550,000	233,951,000
Par value including linkage	407,550,000	233,951,000
Amount of interested accrued	3,980,834	3,176,383
Is this a material series?	Yes	Yes
Fair value as included in the financial statements	366,929,735 (without the capital component)	232,186,972

	Series B Bonds	Series C Bonds
Stock market value as of September 30, 2023	406,734,900	235,565,261
Stock exchange value near the Report Date (November 22, 2023)	392,470,650	236,103,349
Nominal interest (fixed)	Fixed annual interest in the rate of 5%	Fixed annual interest in the rate of 6.95%
Principal repayment date	Two payments at a rate of 50% each of the nominal value of the principal to be paid on June 30 of each of the years 2028 and 2029	Six annual payments, with the first payment at the rate of 5% of the nominal value of the Bonds (Series C) to be paid on June 30, 2025, the next two payments at the rate of 10% of the nominal value, each of the Bonds will be paid on June 30 of each of the years 2026 and 2027, an additional payment at a rate of 15% of the nominal value of the Bonds will be paid on June 30, 2028 and the next two payments at a rate of 30% of the nominal value, each, of the Bonds will be paid on June 30 of each of the years 2029 and 2030.
Payment and interest dates	Twice a year on June 30 and December 31 of each of the years 2024 to 2028 (inclusive), while the last payment of the interest will be paid together with the last repayment of the principal on June 30, 2029.	Twice a year on June 30 and December 31 of each of the years 2024 to 2029 (inclusive), and the last payment of the interest will be paid together with the last repayment of the principal on June 30, 2030.
Linkage	---	
Right to convert the Bonds	<p>The Bonds are convertible into ordinary shares listed by name without par value of the Company in such a way that every NIS 115.1 par value of the Bonds will be convertible into one ordinary share of the Company, such that the number of shares that will be generated from a full conversion of the Bonds is 3,540,834 shares.</p> <p>The Bonds are convertible as of July 20, 2023, and until June 20, 2029, other than (a) on the effective date for the distribution of bonus shares, an offer by way of rights, distribution of dividend, consolidation or splitting of capital, or a capital reduction; or (b) the three days before the effective date for partial repayment and until the performance date of the partial repayment of the Bonds (Series B).</p>	---

	Series B Bonds	Series C Bonds
Right to early redemption	<p>The Company may not perform early repayment of the Bonds on its own initiative.</p> <p>There is a right at the initiative of the Stock Exchange. In the case of early repayment at the initiative of the stock exchange, the higher sum of the following will be paid: (1) the market value of the bonds that are due for early repayment, which will be determined based on the average closing price of the bonds in the thirty (30) trading days preceding the date of the stock exchange's decision regarding the delisting from trade; (2) The obligation value of the bonds that are due for early repayment in circulation, that is, principal plus interest (as applicable), until the actual early repayment date. The interest accrued until the early repayment date will be paid on the par value redeemed in the early repayment; (3) The balance of the cash flow of the Bonds available for early repayment (principal in addition to interest), when discounted based on the yield of government bonds in addition to an annual rate of 1.5%. Discounting the Bonds available for early redemption will be calculated as of the early redemption date and until the last payment date determined with respect to the Bonds.</p> <p>The Company may not perform early repayment of the Bonds on its own initiative.</p>	<p>There is a right at the initiative of the Stock Exchange or the Company.</p> <p>In the event of an early repayment at the Company's initiative, the higher sum of the following will be paid (1) the market value of the Bonds, which will be determined based on the average closing price of the Bonds in the 30 trading days preceding the date of the Board of Directors' decision regarding the early repayment, multiplied by the early repayment rate of the Bonds in circulation, provided that if the early repayment is determined in a quarter in which a date for the payment of interest is also determined, or a date for the payment of a partial repayment of the Bonds, and the early repayment is carried out on the date set for payment as stated above, then in this case the amount paid on that date will be deducted from the market value of the balance of the Bonds at the expense of the payment of the aforementioned interest component only and the difference will be multiplied by the early redemption rate of the Bonds in circulation (including the Bonds in circulation for which a current payment of principal is made in that quarter (if it is paid)); (2) the obligation value of the Bonds due for early repayment in circulation, that is, principal plus interest (as applicable), until the actual early repayment date. The interest accrued until the early repayment date will be paid on the par value redeemed in the early repayment; (3) The balance of the cash flow of the Bonds available for early repayment (principal in addition to interest), when discounted based on the yield of government bonds in addition to an annual rate of 1.5%. Discounting the Bonds available for early redemption will be calculated as of the early redemption date and until the last payment date determined with respect to the Bonds.</p>
Guarantee to secure the Company's liabilities according to the trust deed		---

	Series B Bonds	Series C Bonds
The remaining scope of par value of bonds purchased by a subsidiary of the Company	---	
The Trustee	Mishmeret Trust Services Ltd., 48 Menachem Begin Ave., Tel Aviv. Telephone: 03-6374352; Fax: 03-6374344. Contact person: CPA Rami Sabati. Email: office@mtrust.co.il.	
At the end of the reporting year or during it, did the Company meet all of its obligations under the trust deed?	N/A	
Are there grounds for immediate repayment of the Bonds?	There are various grounds upon the occurrence of which the trustee will be entitled, and the bondholders will be entitled, to call for immediate repayment the unliquidated balance of the Bonds, including the failure of the Company to meet any payment or to meet its obligations according to the trust deed, the appointment of a receiver or a temporary liquidator whose appointment has not been reversed within 45 days, imposing a lien on a material asset of the Company that will not be removed within 45 days, etc.	
Limitations on the creation of pledges	The Company has undertaken not to create a new general floating charge on all its assets and rights, existing or future, in favor of any third party, unless at the same time as creating the floating charge in favor of the third party, it will create a floating charge on all its assets for the benefit of the trustee, at the same level pari passu, according to the debt ratio for the bonds and toward the third party.	
Additional restrictions	<p>The Company has committed to meeting the loan covenant of equity (as this term is defined in the trust deed) which will not be less than NIS 900 million during a period of two consecutive quarters, the ratio between solo equity and the solo total net balance sheet (as these terms are defined in the trust deed) will not be less than 36% during two consecutive quarters, as of December 2023, the ratio between net consolidated financial debt and EBITDA (as these terms are defined in the trust deed) will not exceed 15 for two consecutive quarters and the ratio between consolidated equity and the total consolidated balance sheet (as these terms are defined in the trust deed) will not be less than a rate of 14% for two consecutive quarters.</p> <p>The trust deed also includes conditions for expanding the series of Bonds (as specified in Section 2.7 of the B Bonds trust deed and Section 2.5 of the C Bonds trust deed), conditions regarding the issuance of additional series of bonds (as specified in Section 2.12 of the B Bonds trust deed and Section 2.10 of the C Bonds trust deed), limitations regarding distribution (as specified in Section 4.6 of the trust deed), and an interest adjustment mechanism (as detailed in Section 5.1 in the conditions beyond the page in the first supplement to the trust deed). For additional details, see Sections 2.7, 2.12, 4.6, of the trust deed and 5.1 in the conditions on the overleaf in the first supplement to the trust deed, which was published in immediate reports on July 23, 2023 (reference number: 2023-01-083901 and 2023-01-083904), which are included herein by way of reference.</p>	
General meetings and reports on behalf of the trustee	---	---





O.Y. Nofar Energy Ltd.

**Consolidated
Condensed Interim
Financial Statements as
of September 30, 2023**
Unaudited



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29 November 2023

To
Board of Directors of O.Y. Nofar Energy Ltd. (hereinafter: the "Company")
4 Haodem Street, Yitzhar Industrial Park, Ad Halom.

To Whom It May Concern,

Re: Letter of consent provided together with the publication of a periodic report in connection with a shelf prospectus of O.Y. Nofar Energy Ltd. dated December 2020

We hereby inform you that we agree to the inclusion of our reports as set forth below (including by way of reference) in the shelf offerings that will be published by you under the shelf prospectus from December 2020:

- 1) A review report by the auditor dated November 29, 2023, regarding the consolidated concise financial information of the Company as of September 30, 2023, and periods of nine and three months ending on the same date.
- 2) A review report by the auditor dated November 29, 2023, regarding the separate condensed financial information of the Company as of September 30, 2023, and periods of nine and three months ending on the same date, in accordance with Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.
- 3) A review report by the auditor dated November 29, 2023, regarding the pro-forma consolidated concise financial information of the Company for a period of nine months ending on September 30, 2022.

Ziv Haft

Certified Public Accountants

Tel Aviv 03- 6386868	Jerusalem 02- 6546200	Haifa 04- 8680600	Be'er Sheva 077- 7784100/2	Bnei Brak 073- 7145300	Kiryat Shmona 077-5054906	Petach Tikva 077-7784180	Modiin Illit 08-9744111	Nazareth Illit 04-6555888	Ein Sifon 08-6539911
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of the Auditor to the Shareholders of O.Y Nofar Energy Ltd.

Preface

We have reviewed the attached financial information of O.Y. Nofar Energy Ltd. (hereinafter: the "Company"), including the consolidated condensed statement of financial position as of September 30, 2023, as well as the consolidated condensed statements of profit and loss and other comprehensive profit, changes to equity and cash flow for the periods of nine and three months ending on the same date. The board of directors and management are responsible for the preparation and presentation of financial information for these interim periods, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting," and are responsible for the preparation of financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to present a conclusion regarding the financial information for these interim periods based on our review.

We have not reviewed the condensed interim financial information for consolidated entities whose assets as included in the consolidation constituted approx. 42% of the Company's total consolidated assets as of September 30, 2023, and whose income included in the consolidation constitutes about 43% and about 54% of the total consolidated income for the periods of nine and three months ending on the same date, respectively. The condensed financial information for the interim periods of the same entities was reviewed by other accountants, whose review report was provided to us, and our conclusion, inasmuch as it relates to the financial information in respect of the same entities, is based on the review report prepared by the other accountants.

Also, the information contained in the consolidated interim financial statements which refers to the balance sheet value of the investments and the Company's share of the business results of entities treated according to the equity method, based on financial statements reviewed in part by other auditors.

Scope of the Review

We conducted our review in accordance with Review Standard No. 2410 (Israel) of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytic and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach an assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and on the review reports provided by other auditors, nothing has come to our attention which would lead us to believe that the above financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to the contents of the preceding paragraph, based on our review and on the review reports provided by other auditors, nothing has come to our attention which would lead us to believe that the above financial information does not fulfill, in all material respects, the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Tel Aviv, November 29, 2023

**Ziv Haft
Accountants**

Tel Aviv 03- 6386868	Jerusalem 02- 6546200	Haifa 04- 8680600	Be'er Sheva 077- 7784100/2	Bnei Brak 073- 7145300	Kiryat Shmona 077-5054906	Petach Tikva 077-7784180	Modiin Illit 08-9744111	Nazareth Illit 04-6555888	_Eilat 08-6339911
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Condensed consolidated statements of financial position

	As of September 30		As of December 31
	2023	2022	2022
	Unaudited	Unaudited	Audited
	NIS thousands		
Assets			
Current assets:			
Cash and cash equivalents	730,384	334,305	237,865
Deposits in bank corporations and others	1,174	662,524	498,761
Restricted use deposits	341	1,041	370
Customers	245,043	305,552	250,199
Accounts receivable	98,159	52,111	57,434
Inventory	67,802	43,221	51,680
Total current assets	1,142,903	1,398,754	1,096,309
Non-current assets:			
Investment in corporations accounted for using the equity method	1,226,935	896,801	959,419
Right of use asset	231,720	85,424	204,662
Fixed assets	2,645,153	277,463	(*)2,070,535
Intangible assets	195,980	149,364	(*)183,122
Restricted use cash and deposits	18,602	2,158	3,209
Financial assets	48,972	-	27,568
Deferred taxes	8,888	-	7,908
Other receivables	35,408	-	29,809
Deposits in bank corporations and others	38,557	41,440	35,769
Total non-current assets	4,450,215	1,452,650	3,522,001
Total assets	5,593,118	2,851,404	4,618,310

(*) Reclassified

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

Condensed consolidated statements of financial position

The accompanying notes form an integral part of the condensed consolidated financial

	As of September 30		As of December 31
	2023	2022	2022
	Unaudited	Unaudited	Audited
	NIS thousands		
Liabilities and equity			
Current liabilities:			
Short-term loans and current maturities for long-term loans from banks	49,852	314,039	330,690
Current maturities of lease liabilities	15,676	6,935	13,396
Current maturities of bonds	126,750	75,222	121,370
Suppliers and service providers	66,250	58,523	100,977
Liability for deferred consideration in a business combination	2,075	-	109,244
Accounts payable	48,021	37,493	58,957
Financial derivatives	1,905	5,022	4,952
Total current liabilities	310,529	497,234	739,586
Non-current liabilities:			
Long-term loans from banks	647,446	78,465	296,295
Liabilities for leases	218,737	83,708	194,822
Loans from related parties	8,333	20,018	21,129
Deferred taxes	246,793	62,117	205,109
Bonds	1,382,675	652,305	613,863
Other liabilities	22,561	11,646	22,887
Total non-current liabilities	2,526,545	908,259	1,354,105
Capital:			
Capital attributed to shareholders of the Company			
Share capital and premium	1,716,256	1,568,696	1,568,696
Loss balance	(129,228)	(246,295)	(68,533)
Capital funds	250,123	66,028	117,851
Total capital attributed to the Company's shareholders	1,837,151	1,388,429	1,618,014
Non-controlling interests	918,893	57,482	906,605
Total capital	2,756,044	1,445,911	2,524,619
Total liabilities and capital	5,593,118	2,851,404	4,618,310

statements.

29 November 2023

Date of approval of the financial statements for publication

Ofer Yannay
Chairman of Board

Nadav Tenne
CEO

Noam Fisher
CFO

Condensed consolidated statements of profit or loss and other comprehensive income

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For the year ended on December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
NIS thousands					
Revenue from sale of electricity and construction	265,724	266,902	104,493	82,058	324,568
Compensation for loss of income(*)	20,783	-	351	-	-
Income from tax partner	1,907	4,482	654	606	7,629
Company's share in the profits (losses) of companies handled based on the equity method, net	(14,639)	7,960	(5,348)	5,309	9,371
Total income and profits	273,775	279,344	100,150	87,973	341,568
Setup and operating costs	248,298	254,067	79,147	79,705	322,304
Marketing and sale expenses	7,278	6,628	1,998	2,512	8,757
Management and general expenses	49,375	26,337	17,996	8,743	38,035
Other expenses	1,616	11,505	219	10,641	23,356
Total expenses	306,567	298,537	99,360	101,601	392,452
Other income	1,467	-	41	-	209,948
Operating profit (loss)	(31,325)	(19,193)	831	(13,628)	159,064
Financing expenses	102,623	34,899	47,137	13,053	52,457
Financing income	63,955	31,249	38,264	8,949	46,684
Net financing expenses	38,668	3,650	8,873	4,104	5,773
Profit (loss) before taxes on income	(69,993)	(22,843)	(8,042)	(17,732)	153,291
Income tax expenses (tax benefit)	(12,388)	4,444	4,052	(327)	4,783
Profit (loss) for period	(57,605)	(27,287)	(12,094)	(17,405)	148,508
Profit (loss) for the period attributed to:					
Shareholders of the Company	(62,959)	(23,176)	(18,466)	(15,763)	153,746
Non-controlling interests	5,354	(4,111)	6,372	(1,642)	(5,238)
	(57,605)	(27,287)	(12,094)	(17,405)	148,508
Basic and diluted profit (loss) per share (in NIS) attributed to the owners of the Company	(1.77)	(0.69)	(0.52)	(0.47)	4.57

(*) See Note 6(g)

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

Condensed consolidated statements of profit or loss and other comprehensive income (cont.):

Other comprehensive profit (loss) (after tax impact):

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For the year ended on December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousands				
Profit (loss) for period	(57,605)	(27,287)	(12,094)	(17,405)	148,508
<u>Amounts that will be classified or reclassified to profit or loss if specific conditions are met</u>					
Adjustments arising from translation of financial statements for foreign operations	174,483	14,077	23,479	(19,024)	62,062
Adjustments arising from cash flow hedging transactions	(909)	7,367	(105)	5,047	7,590
Disposal of adjustments arising from cash flow hedging transactions following obtaining control of associate company	-	-	-	-	(7,590)
	173,574	21,444	23,374	(13,977)	62,062
<u>Items not reclassified later to profit and loss:</u>					
The share in the revaluation of corporations accounted for using the equity method	6,690	(793)	1,511	(13,652)	10,134
Revaluation for fixed assets	4,824	1,805	67	(6,554)	653
	11,514	1,012	1,578	(20,206)	10,787
Total other comprehensive income (loss)	185,088	22,456	24,952	(34,183)	72,849
Total comprehensive profit (loss) for the period	127,483	(4,831)	12,858	(51,588)	221,357
<u>Comprehensive profit (loss) for the period attributed to:</u>					
Shareholders of the Company	45,313	(8,091)	(3,777)	(50,609)	219,629
Non-controlling interests	82,170	3,260	16,635	(979)	1,728
	127,483	(4,831)	12,858	(51,588)	221,357

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

Condensed consolidated reports on changes in equity

For a period of nine months ending September 30, 2023 (unaudited)

	Capital attributed to shareholders of the Company										Non-controlling interests	Total capital
	Share capital and premium	Receipts on account of the conversion component of bonds	Capital fund for revaluation of fixed assets	Adjustments from translation of financial statements for foreign operations	Capital reserve for transactions with non-controlling rights	Capital reserve for share-based payment	Capital reserve from cash flow hedging transactions	Loss balance	Total capital attributed to Company shareholders			
	NIS thousands											
Balance as at January 1, 2023 (audited)	1,568,696	-	83,339	25,071	-	9,441	-	(68,533)	1,618,014	906,605	2,524,619	
Profit (loss) for period	-	-	-	-	-	-	-	(62,959)	(62,959)	5,354	(57,605)	
Other comprehensive profit (loss):												
Adjustments from translation of financial statements for foreign operations	-	-	-	97,235	-	-	-	-	97,235	77,248	174,483	
Reassessment for revaluation of fixed assets	-	-	4,824	-	-	-	-	-	4,824	-	4,824	
Part of other comprehensive income of corporations accounted for using equity method	-	-	6,690	-	-	-	-	-	6,690	-	6,690	
Adjustments arising from hedging transactions	-	-	-	-	-	-	(477)	-	(477)	(432)	(909)	
Total other comprehensive income (loss)	-	-	11,514	97,235	-	-	(477)	-	108,272	76,816	185,088	
Total comprehensive profit (loss) for the period	-	-	11,514	97,235	-	-	(477)	(62,959)	45,313	82,170	127,483	
Entry into consolidation	-	-	-	-	-	-	-	-	-	1,885	1,885	
Portion of minority interests in the injection of capital to a consolidated partnership	-	-	-	-	-	-	-	-	-	62,782	62,782	
Return of capital for non-controlling interests	-	-	-	-	-	-	-	-	-	(135,047)	(135,047)	
Issue of convertible bonds for capital component	-	25,452	-	-	-	-	-	-	25,452	-	25,452	
Transaction with non-controlling rights	-	-	-	-	(3,629)	-	-	-	(3,629)	498	(3,131)	
Share-based payment	-	-	-	-	-	4,441	-	-	4,441	-	4,441	
Issue of shares	147,560	-	-	-	-	-	-	-	147,560	-	147,560	
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(2,264)	-	-	-	-	2,264	-	-	-	
Balance as of September 30, 2023	1,716,256	25,452	92,589	122,306	(3,629)	13,882	(477)	(129,228)	1,837,151	918,893	2,756,044	

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

Condensed consolidated reports on changes in equity (cont.)

For a period of nine months ending September 30, 2022 (unaudited)

	Capital attributed to shareholders of the Company							Non-controlling interests	Total capital
	Share capital and premium	Capital fund for revaluation of fixed assets	Adjustments arising from translation of financial statements for foreign operations	Capital reserve for share-based payment	Capital reserve from cash flow hedging transactions	Loss balance	Total capital attributed to Company shareholders		
	NIS thousands								
Balance as at January 1, 2022 (audited)	1,568,696	75,724	(30,025)	3,707	-	(225,451)	1,392,651	54,222	1,446,873
Loss for the period	-	-	-	-	-	(23,176)	(23,176)	(4,111)	(27,287)
Other comprehensive profit (loss):									
Adjustments arising from translation of financial statements for foreign operations	-	-	6,706	-	-	-	6,706	7,371	14,077
Reassessment for revaluation of fixed assets	-	1,805	-	-	-	-	1,805	-	1,805
Part of other comprehensive income of corporations accounted for using the equity method	-	(793)	-	-	-	-	(793)	-	(793)
Adjustments arising from hedging transactions	-	-	-	-	7,367	-	7,367	-	7,367
Total other comprehensive income	-	1,012	6,706	-	7,367	-	15,085	7,371	22,456
Total comprehensive profit (loss) for the period	-	1,012	6,706	-	7,367	(23,176)	(8,091)	3,260	(4,831)
Share-based payment	-	-	-	3,869	-	-	3,869	-	3,869
Transfer of revaluation capital fund for fixed assets to loss balance	-	(2,332)	-	-	-	2,332	-	-	-
Balance as of September 30, 2022	1,568,696	74,404	(23,319)	7,576	7,367	(246,295)	1,388,429	57,482	1,445,911

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

Condensed consolidated reports on changes in equity (cont.)

For a period of three months ending September 30, 2023 (unaudited)

	Capital attributed to shareholders of the Company									Non-controlling interests	Total capital
	Share capital and premium	Receipts on account of the conversion component of bonds	Capital fund for revaluation of fixed assets	Adjustments arising from translation of financial statements for foreign operations	Capital reserve for transactions with non-controlling rights	Capital reserve for share-based payment	Capital reserve from cash flow hedging transactions	Loss balance	Total capital attributed to shareholders of the Company		
	NIS thousands										
Balance as at July 1, 2023	1,716,256	-	91,829	109,140	-	13,019	(422)	(111,580)	1,818,242	1,036,807	2,855,049
Profit (loss) for period	-	-	-	-	-	-	-	(18,466)	(18,466)	6,372	(12,094)
Other comprehensive profit (loss):											
Adjustments arising from translation of financial statements for foreign operations	-	-	-	13,166	-	-	-	-	13,166	10,313	23,479
Reassessment for revaluation of fixed assets	-	-	67	-	-	-	-	-	67	-	67
Part of other comprehensive income of corporations accounted for using the equity method	-	-	1,511	-	-	-	-	-	1,511	-	1,511
Adjustments arising from hedging transactions	-	-	-	-	-	-	(55)	-	(55)	(50)	(105)
Total other comprehensive income (loss)	-	-	1,578	13,166	-	-	(55)	-	14,689	10,263	24,952
Total comprehensive profit (loss) for the period	-	-	1,578	13,166	-	-	(55)	(18,466)	(3,777)	16,635	12,858
Return of capital for non-controlling interests	-	-	-	-	-	-	-	-	-	(135,047)	(135,047)
Issue of convertible bonds for capital component	-	25,452	-	-	-	-	-	-	25,452	-	25,452
Transaction with non-controlling rights	-	-	-	-	(3,629)	-	-	-	(3,629)	498	(3,131)
Share-based payment	-	-	-	-	-	863	-	-	863	-	863
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(818)	-	-	-	-	818	-	-	-
Balance as of September 30, 2023	1,716,256	25,452	92,589	122,306	(3,629)	13,882	(477)	(129,228)	1,837,151	918,893	2,756,044

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

Condensed consolidated reports on changes in equity (cont.)

For a period of three months ending September 30, 2022 (unaudited)

	Capital attributed to shareholders of the Company								
	Capital Shares and premium	Capital fund for revaluation of fixed assets	Adjustments arising from translation of financial statements for foreign operations	Capital reserve for share-based payment	Capital reserve from cash flow hedging transactions	Loss balance	Total capital attributed to shareholders of the Company	Non-controlling interests	Total capital
	NIS thousands								
Balance as at July 1, 2022	1,568,696	95,303	(3,632)	5,803	2,320	(231,225)	1,437,265	58,461	1,495,726
Profit (loss) for period	-	-	-	-	-	(15,763)	(15,763)	(1,642)	(17,405)
Other comprehensive profit:									
Adjustments arising from translation of financial statements for foreign operations	-	-	(19,687)	-	-	-	(19,687)	663	(19,024)
Reassessment for revaluation of fixed assets	-	(6,554)	-	-	-	-	(6,554)	-	(6,554)
Part of other comprehensive income of corporations accounted for using the equity method	-	(13,652)	-	-	-	-	(13,652)	-	(13,652)
Adjustments arising from hedging transactions	-	-	-	-	5,047	-	5,047	-	5,047
Total other comprehensive income	-	(20,206)	(19,687)	-	5,047	-	(34,846)	663	(34,183)
Total comprehensive profit for the period	-	(20,206)	(19,687)	-	5,047	(15,763)	(50,609)	(979)	(51,588)
Share-based payment	-	-	-	1,773	-	-	1,773	-	1,773
Transfer of revaluation capital fund for fixed assets to loss balance	-	(693)	-	-	-	693	-	-	-
Balance as of September 30, 2022	1,568,696	74,404	(23,319)	7,576	7,367	(246,295)	1,388,429	57,482	1,445,911

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

Condensed consolidated reports on changes in equity (cont.)

For the year ended December 31, 2022 (audited)

	Capital attributed to shareholders of the Company						Non-controlling interests	Total capital
	Share capital and premium	Capital fund for revaluation of fixed assets	Adjustments arising from translation of financial statements for foreign operations	Capital reserve for share-based payment	Loss balance	Total capital attributed to shareholders of the Company		
	NIS thousands							
Balance as of January 1, 2022	1,568,696	75,724	(30,025)	3,707	(225,451)	1,392,651	54,222	1,446,873
Profit (loss) for the year	-	-	-	-	153,746	153,746	(5,238)	148,508
Other comprehensive profit:								
Adjustments arising from translation of financial statements for foreign operations	-	-	55,096	-	-	55,096	6,966	62,062
Reassessment for revaluation of fixed assets	-	653	-	-	-	653	-	653
Part of other comprehensive income of corporations accounted for using the equity method	-	10,134	-	-	-	10,134	-	10,134
Total other comprehensive income	-	10,787	55,096	-	-	65,883	6,966	72,849
Total comprehensive profit for the year	-	10,787	55,096	-	153,746	219,629	1,728	221,357
Entry into consolidation	-	-	-	-	-	-	850,655	850,655
Share-based payment	-	-	-	5,734	-	5,734	-	5,734
Transfer of revaluation capital fund for fixed assets to loss balance	-	(3,172)	-	-	3,172	-	-	-
Balance as of December 31, 2022	1,568,696	83,339	25,071	9,441	(68,533)	1,618,014	906,605	2,524,619

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

Condensed consolidated statements of cash flows

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For year that ended on December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
NIS thousands					
Cash flows for current activities:					
Profit (loss) for period	(57,605)	(27,287)	(12,094)	(17,405)	148,508
Adjustments required to present cash flows from operating activities:					
Depreciation and amortization	58,396	9,790	19,878	3,451	14,696
Net financing expenses	38,668	3,650	8,873	4,104	5,773
Company's share in the losses (profits) of companies accounted for based on the equity method, net	14,639	(7,960)	5,348	(5,309)	(9,371)
Income from tax partner	(1,907)	(4,482)	(654)	(606)	(7,629)
Capital gain	-	-	-	-	(23)
Profit from gaining control of an associate company	(1,426)	-	-	-	(209,885)
Share-based payment expenses	4,441	3,869	863	1,773	5,734
	112,811	4,867	34,308	3,413	(200,705)
Changes in sections of assets and liabilities:					
Decrease (increase) in inventory	(16,123)	13,398	4,757	10,315	4,939
Decrease (increase) in customers	(41,150)	(70,944)	3,877	40,072	(165,929)
Increase in accounts receivable	(38,685)	(30,352)	(12,826)	(16,868)	(19,614)
Increase (decrease) in accounts payable	(5,446)	21,986	8,467	17,480	36,202
Increase in suppliers and service providers	(30,981)	(10,020)	(26,287)	(16,175)	(26,775)
Change in financial assets	1,007	-	(299)	-	-
Change in deferred taxes	(12,458)	4,303	3,978	(328)	4,628
	(143,836)	(71,629)	(18,333)	34,496	(166,549)
Taxes received	21	-	7	-	4
Interest received in cash	27,638	1,588	24,762	1,277	7,500
Interest paid in cash	(29,811)	(7,763)	(19,357)	(2,036)	(23,369)
Net cash from (used in) current activities	(90,782)	(100,224)	9,293	19,745	(234,611)

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

Condensed consolidated statements of cash flows (cont.)

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For year that ended on December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
NIS thousands					
Cash flows from investment activities:					
Investments in corporations accounted for using the equity method	(174,899)	(490,426)	(10,412)	(230,990)	(517,680)
Acquisition of shares from non-controlling interests	(3,131)	-	(3,131)	-	-
Obtaining initial control (Appendix B)	(193,715)	-	(61,622)	-	(95,350)
Investment in financial assets	(20,943)	-	(306)	-	-
Repayment of deferred consideration	(121,139)	-	(101,074)	-	-
Increase in restricted use cash and deposits	(14,658)	(1,393)	(11,313)	(113)	(1,800)
Exercise (deposit) of deposits	516,134	(537,409)	398,260	(597,094)	(364,303)
Investments in fixed assets	(222,861)	(63,243)	(95,091)	(20,060)	(87,377)
Consideration from exercise of fixed assets	-	-	-	-	133
Net cash from (used in) investing activities	(235,212)	(1,092,471)	115,311	(848,257)	(1,066,377)
Cash flows from financing activities:					
Issue of shares (less issuance costs)	147,560	-	-	-	-
Short term credit from banks, net	(305,920)	256,450	(305,920)	281,150	260,807
Portion of minority interests in the injection of capital to a consolidated partnership	62,782	-	-	-	-
Return of capital for non-controlling interests	(135,047)	-	(135,047)	-	-
Issue of bonds, net	873,558	311,673	630,711	311,673	311,673
Repayment of bonds	(104,825)	-	-	-	-
Repayment of lease liabilities	(11,972)	(5,413)	(4,366)	(2,628)	(6,996)
Repayment of a loan from related party, net	(14,390)	-	(18,472)	-	529
Receipts from tax partner	-	11,378	-	-	18,908
Receipt of long term loans from bank corporations	327,839	21,729	303,553	3,119	23,544
Repayment of long term loans from bank corporations	(6,311)	-	(2,995)	-	(5,981)
Net cash arising from financing activities	833,274	595,817	467,464	593,314	602,484
Increase (decrease) in cash and cash equivalents	507,280	(596,878)	592,068	(235,198)	(698,504)
Balance of cash and cash equivalents at beginning of period	237,865	904,345	155,274	566,432	904,345
Impact of changes in foreign exchange rates for cash and cash equivalents, net	(14,761)	26,838	(16,958)	3,071	32,024
Balance of cash and cash equivalents at end of period	730,384	334,305	730,384	334,305	237,865

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

Condensed consolidated statements of cash flows (cont.):

Appendix A - Substantial non-cash transactions

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For the year ending December 31
	2023	2022	2023	2022	2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	NIS thousands				
Initial recognition of usufruct asset and lease liability	21,549	19,650	3,469	2,956	29,319
Purchase of fixed assets against supplier credit	-	2,300	-	2,300	27,660
Liability for deferred consideration	2,075	-	-	-	109,244

Appendix B - Obtaining control of an investee company

	For a period of nine months ended on September 30	For a period of three months ended on September 30	For the year ending December 31
	2023		2022
	Unaudited		Audited
	NIS thousands		
Working capital, net, excluding cash and cash equivalents	(9,969)	(801)	(25,319)
Investment in associate	-	-	306,634
Disposal of investment in an associate	(962)	-	(685,706)
Liability for deferred consideration	(2,075)	(508)	(109,244)
Fixed assets and intangible assets	215,938	62,931	1,744,191
Right of use asset	-	-	109,107
Related parties	-	-	29,810
Lease liability	-	-	(106,963)
Other long-term liabilities	-	-	(9,570)
Deferred taxes	(1,544)	-	(133,547)
Non-controlling interests	(1,885)	-	(850,655)
Short term and long term loans from bank corporations	(5,788)	-	(235,725)
Financial derivative	-	-	27,568
Goodwill	-	-	34,769
Total	193,715	61,622	95,350

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

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 1 - General:

- A. O.Y. Nofar Energy Ltd. (hereinafter: the "Company") was incorporated on April 7, 2011, as a private company, under the Companies Law. The Company is domiciled in Israel, and its registered office is located on Haodem Street in the Yitzhar Industrial Park, Ad Halom.
- The Company is engaged, itself and through corporations held thereby (hereinafter: the "Group"), directly and indirectly, including in cooperation with third parties, in long-term development and investment activity of production systems of "clean" electricity from solar energy, systems for storing electricity in batteries in Israel, the USA and Europe, as well as in the construction (EPC), operation and maintenance (O&M) of photovoltaic systems in Israel, mainly for corporations held by it, including in collaboration with third parties. The Company's activities are based on the creation of collaborations with local developers abroad, kibbutzim or real estate companies in Israel. As part of the cooperation, a joint corporation was established which is held by the Company and the partner in parts, as agreed by the parties.
- In addition to Israel, the Company is also an EPC contractor and maintenance contractor for most of the Group's projects (solar projects and battery storage project and charging stations), which operates along the entire value chain of the construction of the systems, which gives the Company knowledge, experience and reputation, allowing the Company to supervise the planning, construction and maintenance of the projects and initiate projects that include the use of unique technologies (such as floating systems, storage facilities, etc.), which leaves the Company and its partners in the projects with a significant share of the profit arising from the initiation of the project, and contributes to the advancement of the systems owned by the group companies in a relatively quick period of time and to the fact that these systems are designed and maintained in an optimal and efficient manner.
- B. The "Iron Swords" War - After the Report Date, on October 7, 2023, the "Iron Swords" War broke out and a state of war was declared in Israel, which is still currently ongoing. In relation to the Group's activity, given its activity in a vital field for the economy and to the fact that the Company considers the continuity of business activity as a national mission, the Group continues its current activity in Israel, including the continuation of the initiation, planning and construction of the projects, all under the necessary limitations and the instructions from the Home Front Command. As of the Report Date, there was no significant impact of the war on the Group's activities and financial results. At the same time, it should be noted that the Company has systems located in the area near Gaza which were damaged or disconnected from the electricity grid following the war. However, this is a negligible number of systems compared to all of the Group's systems. In addition, some of the Company's employees were recruited for reserve duty, which temporarily reduced the Company's workforce and required the Company to reorganize in relation to its activities in the shadow of the war. Naturally, the war and its continuation may have an effect on the extension of the timetables for the construction of the Group's projects in Israel, on the duration of the development operations of the Group's backlog of projects in Israel, on the rate of advancement of the projects abroad and, accordingly, on the timing of the start of the sale of electricity from these facilities.
- As of the Report Date, there is uncertainty regarding the development of the war, its scope, duration and effects, and therefore the Company is unable to assess at this stage the future impact of the war on the Group's activities and financial results.
- C. Increase in inflation - the bonds that the Company issued are linked to the consumer price index. Accordingly, an increase in the consumer price index causes an increase in the Company's financing expenses. In addition, in the Company's estimation, the increase in the inflation rate may cause an increase in the construction costs of the projects. However, over the past few months, the Company has been aware of a certain decrease in the prices of panels and converters, and the prices of marine transportation, after the price increase that characterized the years 2021-2022. In addition, some of the Company's electricity rates in Israel are linked to the consumer price index, and the Company estimates that there is a certain correlation between electricity prices on the open market and the changes in the index (both due to the fact that the factors for an increase in inflation also cause an increase in electricity prices and due to the fact that electricity prices in different countries are linked to changes in inflation).

Note 1 - General (cont.):

- D. Interest rate changes - During 2022, during the Report Period, there was an increase in the interest rates carried by some of the loans taken by the Group companies, which are linked to the base interest rate. In addition, according to the estimates, interest rates in Israel and abroad will continue to rise during the coming year. However, to the best of the Company's knowledge, the estimates of the analysis companies around the world are that in the coming years, with the moderation of inflation and a return to growth, there will be a decrease in interest rates. Since the periods of the projects established by the Group companies are between 20 and 30 years, in the Company's estimation, considering the entire life of the projects, and the assessments of the consulting companies regarding the increase in inflation rates and electricity prices throughout the life of the project, the increase in interest rates will have an immaterial effect on the returns of the projects throughout the period of the projects (20-30 years).

Note 2 - Basis of Preparation of the Financial Statements:

A. Format of preparation of the interim financial statements

These Financial Statements were prepared in a condensed format as of September 30, 2023, and for periods of nine and three months ending on that date (hereinafter: "Interim Financial Statements"). These reports should be read in conjunction with the Company's annual financial statements as of December 31, 2022 and for the year ending on the same date and the accompanying notes (hereinafter: the "Annual Financial Statements"). Therefore, as part of these interim condensed financial reports, no comments were made regarding relatively insignificant updates to the information already reported in the notes to the Company's most recent Annual Financial Statements.

Information on accounting policies regarding credit costs that are not included in the annual financial statements:

The Company recognizes credit costs as an expense during the period of their origination, except in cases where they can be directly allocated to the purchase, establishment, or production of eligible assets, in which cases these costs are capitalized as part of the cost of those assets. The Company capitalized credit costs when there were outflows for the property, credit costs were incurred, and the necessary activities were carried out to prepare the property for its intended use or sale. The Company stops capitalizing credit costs when substantially all the activities required to prepare the property for its intended use or sale have been completed.

B. Use of estimates and discretion:

In the preparation of the condensed consolidated interim financial statements in accordance with IFRS, the Company's management is required to use discretion in order to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. It should be clarified that actual results may differ from these estimates.

The discretion of management in applying the Group's accounting policies and the key sources of estimation that involve uncertainty were the same as those used in the preparation of Annual Financial Statements.

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 2 - Basis of Preparation of the Financial Statements (cont.):

C. Exchange rates and linkage basis:

- (1) Balances in foreign currency, or those linked to it, are included in the financial statements according to the representative exchange rates as of the balance sheet date.
- (2) The balances linked to the Consumer Price Index in Israel (hereinafter - the "Index") are shown according to the last known index on the balance sheet date (Known Index) or according to the index for the last month of the reporting period (base index), according to the terms of the transaction.
- (3) Below are data on exchange rates and the index:

	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>December 31, 2022</u>		
Consumer price index (in points)*:					
Based on index for	104.9	107.0	102.0		
Based on known index	105.0	106.8	101.7		
US dollar (in NIS for 1 dollar)	3.8240	3.5430	3.5190		
Pound sterling (in NIS for 1 pound)	4.6779	3.9619	4.2376		
EUR (in NIS for 1 euro)	4.0531	3.4858	3.7530		
	<u>For a period of nine months ending</u>	<u>For a period of three months ending</u>	<u>For year ending on</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>December 31, 2022</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Consumer price index:					
Based on index for	2.86	4.29	0.67	1.04	5.26
Based on known index	3.25	4.40	0.77	1.23	5.28
USD	8.67	13.92	3.35	1.23	13.15
Pound Sterling	10.39	(5.74)	0.15	(6.45)	0.82
Euro	8.00	(0.97)	0.86	(4.14)	6.62

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 3 - Significant Accounting Policies:

Principles of preparing the Condensed Interim Financial Statements

The condensed interim financial statements comply with the provisions of International Accounting Standard 34 regarding financial reporting for interim periods. Additionally, the condensed interim financial statements also comply with the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. The condensed interim financial statements were prepared based on the same accounting policies and calculation methods applied in the Company's annual financial statements as of December 31, 2022.

Note 4 - Additional Information on investments in companies accounted for using the equity method:

A. Sunprime Holding S.R.L ("Sunprime"):

The following is additional information regarding the financial position and the aggregate results of operations of the associate which is a significant associate with an indirect rate of holdings of 29% (without adjustment to the ownership rates held by the Company). For additional details, see Note 6c:

1. In the Statement of Financial Position as of the Report Date

	As of September 30		As of December 31
	2023	2022	2022
	(Unaudited)		(Audited)
	NIS thousands		
Current assets	373,611	86,037	73,519
Non-current assets	609,316	27,208	256,418
Current liabilities	(144,112)	(126,638)	(31,507)
Non-current liabilities	(692,849)	(2,069)	(214,766)
Equity	(145,966)	15,462	(83,664)

2. Results of the joint venture's operations

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For the year ending December 31
	2023	2022	2023	2022	2022
	(Unaudited)		(Unaudited)		(Audited)
	NIS thousands				
Income	20,074	7,251	10,401	2,886	9,265
Loss for the period	(32,218)	(4,249)	(7,229)	(939)	(17,062)
Total loss for the period	(7,343)	(4,249)	(4,115)	(939)	(17,062)

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 4 - Additional Information on investments in companies accounted for using the equity method (cont.):

B. Joint corporations in Israel and abroad (other than the Company in Section A above):

The following is additional information regarding the aggregate financial position and the aggregate results of operations of the associated companies (without adjustment to the percentages of ownership held by the Company):

1. In the Statement of Financial Position as of the Report Date

	As of September 30		As of December 31
	2023	2022	2022
	(Unaudited)		(Audited)
NIS thousands			
Current assets	241,367	197,197	323,289
Non-current assets	1,870,397	1,158,014	2,586,286
Current liabilities	(331,196)	(243,775)	(345,643)
Non-current liabilities	(1,463,575)	(1,019,916)	(2,284,900)
Capital attributed to shareholders of the Company	(316,993)	(91,520)	(279,032)

2. The results of the operations of the associated companies

	For a period of nine months ended on September 30		For a period of three months ended on September 30		For the year ending December 31
	2023	2022	2023	2022	2022
	(Unaudited)		(Unaudited)		(Audited)
NIS thousands					
Income	138,498	104,810	56,480	44,544	138,413
Profit for the period	15,442	19,695	3,365	9,505	18,773
Comprehensive profit (loss) for the period	58,905	21,500	9,248	(407)	27,487

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 5 - Business combinations:

1. Composition:

A. Identified assets and liabilities acquired:

	Nofar Lahav Agricultural Cooperative Society Ltd.	C&S+R&S	FOREST + SOLIS	RTG + Biolab	Lubuskie Elektrownie Sloneczne	Solis Imperium
	(1)	(2)	(3)	(4)	(5)	(6)
The value recognized at the acquisition date (unaudited)						
NIS thousands						
Cash and cash equivalents	178	-	104	98	-	-
Customers	788	-	1	278	-	-
Receivables	-	-	-	835	7	78
Fixed assets	12,145	37,868	16,318	86,676	14,015	48,916
Long-term loans from banking corporations	(5,788)	-	(4,412)	-	-	-
Accounts payable	(1,305)	-	(695)	(871)	(3)	-
Suppliers and service providers	(627)	-	(15)	-	-	-
Deferred tax liabilities	(1,544)	-	-	-	-	-
Total identifiable net assets	3,847	37,868	11,301	87,016	14,019	48,994

B. Cash flow for business combination:

	Nofar Lahav Agricultural Cooperative Society Ltd.	C&S+R&S	FOREST + SOLIS	RTG + Biolab	Lubuskie Elektrownie Sloneczne	Solis Imperium	Total
	(1)	(2)	(3)	(4)	(5)	(6)	-
As of the purchase date (unaudited)							
NIS thousands							
Consideration paid in cash and cash equivalents	1,000	37,868	15,672	79,660	13,871	46,024	194,095
Cash and cash equivalents in the Company as of the purchase date	(178)	-	(104)	(98)	-	-	(380)
Total net cash flow	822	37,868	15,568	79,562	13,871	46,024	193,715

Note 5 - Business combinations (cont.):

C. Details:

1. **Nofar Lahav Agricultural Cooperative Society Ltd.**

In March, 2023, the Company entered into an agreement with Rimon Holdings Cooperative Agricultural Association Ltd., the partners, to purchase an additional 26% of the rights of Nofar Lahav Cooperative Agricultural Association Ltd. (hereinafter: "Association" or "Lahav") and obtaining control, such that after the purchase, the Company holds a rate of 51% in the Association's rights in exchange for a sum of NIS one million.

2. **C&S+R&S - Storage projects in Britain, Cellarhead and Buxton**

On February 22, 2023, the Company reported that Atlantic Green UK Limited (hereinafter: "Atlantic Green"), a corporation that is held by the Company at a rate of 75%, had entered into an agreement to purchase the entire share capital of the corporation that holds the rights to establish two adjacent storage projects with an estimated grid connection capacity of 130 megawatts, and an estimated storage capacity supply with an estimated capacity of approximately 260 megawatt hours, in consideration for an amount of approximately NIS 37.9 million that was allotted to storage projects under construction. For more details, see Note 6(b).

3. **FOREST + SOLIS - solar project in Serbia**

In June 2023, Nofar Europe B.V. (hereinafter: "Nofar Europe"), a corporation owned by the Company at a rate of 90%, completed a transaction for the purchase the entire share capital of corporations engaged in the initiation of a solar project in Serbia and holding rights for the construction of a project with an estimated capacity of about 20 megawatts, in consideration for a total of approximately NIS 15.6 million, which was allocated to solar projects under construction.

4. **RTG + Biolab - Solar project in Romania**

On May 17, 2023, the Company reported that Nofar Europe, a corporation owned by the Company at a rate of 90%, completed a transaction for the purchase the entire share capital of corporations engaged in the initiation of a solar project in Romania and holding rights for the construction of a project with an estimated capacity of about 169 megawatts, in consideration for a total of approximately NIS 103 million, which was allocated to solar projects under construction.

5. **Lubuskie Elektrownie Sloneczne - Solar project in Romania**

On August 4, 2023, Nofar Europe, a corporation held by the Company at a rate of 90%, completed a transaction for the purchase the entire share capital of a corporation engaged in the initiation of a solar project in Poland and holding rights for the construction of a project with an estimated capacity of about 28.5 megawatts, in consideration for a total of approximately NIS 15 million, which was allocated to solar projects under construction.

6. **Solis Imperium - a solar project in Romania**

On July 11, 2023, the Company reported that Nofar Europe BV, a corporation owned by the Company at a rate of 90%, completed a transaction for the purchase the entire share capital of a corporation engaged in the initiation of a solar project in Romania and holding rights for the construction of a project with an estimated capacity of about 146 megawatts, in consideration for a total of approximately NIS 49 million, which was allocated to solar projects under construction, of which NIS 47 million was paid in cash on the transaction date.

Note 5 - Business combinations (cont.):

2. Noy Nofar Europe

In October, 2020, the Company was included as a partner in the Noy Nofar Renewable Energies Europe Limited Partnership (hereinafter: the "Partnership" or "Noy Nofar Europe"), through the allocation of rights to the Company at the rate of 40%. On December 28, 2022, the Company entered into an agreement with Noy Funds regarding the purchase of an additional 12.5% of the rights in Noy Nofar Europe and the general partner, and obtaining control and holding 52.5% of the rights in the Partnership, and obtained control, in exchange for a total of EUR 57.34 million, of which a total of EUR 28 million was paid on the completion date of the transaction, an amount of EUR 5 million was paid on May 8, 2023, and the balance of the consideration in the amount of EUR 24.3 was paid on August 1, 2023, from the loan funds received by Sabinar Hive S.L. Accordingly, the consolidated financial statements included in the interim periods of 2023, for the first time, the results of the partnership's activities. For additional details, see Note 9(a) and Note 17(a)(4) of the Company's annual financial statements as of December 31, 2022.

Note 6 - Material Events and Transactions in the Reporting Period:

A. Sabinar project

Further to Note 17(a)(8), in the Company's annual financial statements of December 31, 2022, on February 17, 2023, Sabinar Hive, S.L. (the "Borrower"), a corporation indirectly held by the Company at a rate of approximately 47%, engaged in agreement with a German financial body to receive senior financing of EUR 131.97 million at an annual interest rate of 4.6% for one year and for a period of up to 20 years, which will be provided in two withdrawals and used mainly to repay shareholder loans that were invested and will be invested for the construction of the Sabinar I and Sabinar II projects. The Sabinar projects are solar projects with a total capacity of about 238 megawatts in Spain, which include the Sabinar I projects, with a capacity of about 155 megawatts, which is connected to the electricity grid in Spain, while the sale of electricity from it has begun, and the Sabinar II project, with a capacity of about 83 megawatts, which is under construction.

On July 25, 2023, the first withdrawal was made in the amount of approximately EUR 80 million, minus commission payments and a deposit to debt service funds that were used for repayment of shareholder investments ("the net withdrawal amount") provided by the Company and the Noy Fund to finance the construction of the project. It is noted that the Company made use of approximately EUR 24.3 million from its share to be paid to the Noy Fund for the purchase of 12.5% of the rights in Noy Nofar Europa. In accordance with the provisions of the financing agreement, the withdrawal of the balance of the financing amount, in the amount of approximately EUR 52 million, will be made after and subject to the arrival of the Sabinar II project for commercial operation (COD) and its passing the acceptance tests as detailed in the financing agreement. The net withdrawal amount will be used to pay off the shareholder loans that the Company and Noy Fund provided to finance the establishment of the Sabinar project (the Company's share is about 52.5%).

B. Storage project in the UK

Further the Note 17(a)(14), in the Company's annual financial statements as of December 31, 2022, and Note 5(b), on February 21, 2023, Atlantic Green completed the transaction for the purchase of the holdings in the Cellarhead project after the approval of the planning committee (Planning Consent) for the project was received, and on March 31, 2023, the purchase of holdings in the Buxton project was completed. Following this, during the reporting period, the Buxton project company entered into construction, battery purchase, reinforcement, financing and optimization agreements in relation to the Buxton project.

On August 30, 2023, R&S Energy Limited, the corporation that owns the Buxton project (the "Borrower"), entered into optimization and financing agreements with companies from the Goldman Sachs Group ("GS") in connection with receiving senior project financing, Limited Recourse, in the amount of up to GBP 16.5 million and regulating the electricity trading activities of the Buxton project by GS. After the Report Date, on October 15, 2023, a withdrawal of the loan funds was made.

Note 6 - Material Events and Transactions in the Reporting Period (cont.):

C. Entering into an investment and loan agreement to increase holdings in Sunprime Holding SRL ("Sunprime")

Further to Note 17(a)(7), in the Company's annual financial statements as of December 31, 2022, on March 26, 2023, Andromeda, a corporation indirectly held by the Company at a rate of 52.5%, entered into investment and loan agreements with Sunprime, regarding the possibility of converting loans in the amount of up to EUR 22.5 million that it previously provided for Sunprime shares, such that after the conversion, the holding rate increased to 55%. Also, as part of the agreement, Andromeda committed to provide additional convertible loans in the amount of EUR 17.5 million, so that after the provision and conversion thereof, if converted, Andromeda's holdings will increase to 60% of Sunprime's share capital and the Company's rate of holdings will increase to 31.5% indirectly. The additional loan will be provided according to the remaining shareholders' demand, will bear interest at an annual rate of 9%, and will be repaid until five years have passed from the date of its provision, in a cash sweep mechanism, in semi-annual payments, under the conditions specified in the agreements. In addition, according to Andromeda's demands, the other shareholders of Sunprime will place a lien on their holdings in Sunprime or a bank guarantee to secure repayment of the Shareholder Loan. It should be noted that in parallel to the engagement in the investment and loan agreements, an amended shareholders' agreement was signed, which provides that as long as the other shareholders hold 35% or more, the resolutions in the Company's board of directors will be accepted with the consent of a director on behalf of Andromeda and a director on behalf of the other shareholders. Accordingly, Sunprime's results are presented in the Company's financial statements according to the equity method.

D. Meteo-Logic

In March 2023, the Company entered into and completed an investment and loan transaction with Meteo-Logic Ltd ("Meteo-Logic"). Meteo-Logic is an Israeli high-tech company that has developed a unique engine, based on artificial intelligence (AI), for automatic trading in energy assets traded on global exchanges - future contracts of electricity, gas and more.

To the best of the Company's knowledge, Meteo-Logic uses this data to predict electricity prices and open trading positions on the electricity exchange. As part of the investment deal, the Company invested a total of USD 3 million in Meteo-Logic against the allocation of shares at a rate of approximately 2.5% of Meteo-Logic's share capital, and also provided a loan of up to EUR 2.5 million for a period of two years.

E. Private placement of the Company's shares and the joining of the Harel Group to interested parties in the Company

On May 8, 2023, the Company completed a private placement of 1,892,655 ordinary shares at no par value of the Company (the "Allotted Shares"), to a number of classified investors (as this term is defined in the Securities Law, 5728-1967) which include the Harel Group and additional interested parties in the Company, against payment of consideration in the amount of NIS 78 per share, and in total, about NIS 147.6 million. The total shares allocated were on their allotment date about 5.33% of the issued and paid-up share capital of the Company, about 6.18% of the voting rights in the Company, about 5.21% of the issued capital of the Company in full dilution and about 6.02% of the voting rights in the Company in full dilution.

F. Private placement of Bonds (Series A) of the Company

On May 7, 2023, the Company completed a private placement to classified investors (hereinafter: the "Offerees") of 250,000,000 Bonds (Series A) par value NIS 1 each of the Company (hereinafter: the "Bonds (Series A)" or the "Bonds"), listed for trade at a price of 97.35 agurot for every NIS 1 of a Bond, for a total consideration of NIS 243,375,000 for all the mentioned Bonds (Series A), by way of expanding the existing series of Bonds (Series A) of the Company, listed for trade on the stock exchange, in such a way that the amount of Bonds (Series A) that will be in circulation, after the allotment, will amount to NIS 967,005,000 par value. For details regarding the terms of the Bonds, see Note 19 in the Company's consolidated Annual Financial Statements for December 31, 2022.

Note 6 - Material Events and Transactions in the Reporting Period (cont.):

G. Malfunction at a substation

During the running procedures of the Olmedilla and Sabinar I project, during the first quarter of 2023, a fire occurred in the substation of the projects, which necessitated a complete stoppage of the flow of electricity to the grid. As a result, nothing was sold until May 5, 2023. The substation was connected to the electricity grid and the Olmedilla and Sabinar projects flow and sell the electricity they produce to the grid.

During the first quarter and in accordance with the construction agreements with the contractor, as a result of the fire, Olmedilla and Sabinar recorded compensation receivable in the amount of approximately EUR 5.3 million, in the amount of the liquidated damages that the Project Companies are entitled to receive in accordance with the provisions of the construction agreements (EPC) from the construction contractor, due to a delay in the completion date of the PAC.

On July 20, Andromeda (the controlling shareholder of Olmedilla and Sabinar's project companies) entered into a settlement agreement with the construction contractor, according to which, in the first stage, the payments to the construction contractor will be reduced by EUR 1.5 million, Olmedilla and Sabinar will sue their insurer for compensation for the damages and loss of revenues caused by the aforementioned event, and if the amount received from the insurance company will be less than the total of EUR 5 million, Olmedilla and Sabinar and Andromeda will be entitled to claim the difference from the construction contractor (in such a case, the amount of EUR 1.5 million that was offset will be deducted). It should be noted that in accordance with these agreements, the project companies submitted a claim to receive compensation from the insurer in the amount of approximately EUR 12 million. After the balance sheet date, the project companies received a notification that until the claim filed against the insurer is clarified, an advance payment of EUR 2.5 million will be received for the indemnity claim filed against the insurer. The amount of the advance has not yet been received and is expected to be received in the account of the project companies by the end of 2023.

In light of the projects' insurance policy and based on an opinion the Partnership received from its legal advisors in Spain, according to which there is contractual justification for the project's companies to demand the liquidated damages by virtue of the construction agreements, and it is also virtually certain that such a claim will be accepted up to the amount of the difference between EUR 4 million and the amount that will be received from the insurance company, the Partnership's management estimates there is a 'de facto certainty' of receiving a sum not less than EUR 3.8 million from the insurer or the construction contractor (in addition to the sum of EUR 1.5 million already deducted from the contractor), i.e. a total of EUR 5.3 million. Accordingly, the Company recorded a provision in the aforementioned amount.

It should be noted that in accordance with the PPA agreements in which the project companies engaged, Telecor is entitled to receive compensation according to the difference between the amount of electricity that the Project Companies committed to sell during 12 months and the electricity actually sold and according to the difference between the price fixed in the PPA and the average price of electricity during that period. During the last period, the project companies reached an agreement in principle with Telecor, according to which the gap in electricity that was not delivered to Telecor during the first year will be sold at the end of the agreement period or from the Sabinar 2 project, and as of the Report Date, the parties are conducting negotiations regarding the amendment to the agreement. Accordingly, the Company's financial report does not include a provision for non-compliance with the minimum amount of electricity that the project companies committed to sell.

Note 6 - Material Events and Transactions in the Reporting Period (cont.):

H. Private placement of Bonds (Series A and C) of the Company

1. Convertible bonds - Series B

On July 20, 2023, the Company completed a private placement to classified investors (hereinafter: the "Offerees") of 407,550,000 convertible Bonds (Series B) par value NIS 1 each of the Company (hereinafter: the "Bonds (Series B)" or the "Bonds"), listed for trade at a price of ₪ agurot for every NIS 1 of a Bond, for a total consideration of NIS 401.8 million for all of the Bonds. The Bonds are convertible into ordinary shares without par value of the Company in such a way that every NIS 115.1 par value of the Bonds will be convertible into one ordinary share.

The Bonds (Series B) are repayable (principal) in two installments, which will be paid on June 30 of each of the years 2028 and 2029 and will each be at a rate of 50% of the nominal value of the Bond principal. The Bonds will bear fixed annual interest at a rate of 5% (hereinafter: the "Interest"). The interest on the unsettled balance of the Bond principal (Series B), as it will be from time to time, will be paid twice a year on December 31, 2023, and June 30 and December 31 of each of the years 2024 to 2028 (inclusive), when the last payment of the interest will be paid together with the last repayment of the principal on June 30, 2029. The principal of the Bonds (Series B) and interest for the same will not be linked to any index or currency. The effective interest of the Bonds amounted to approximately 7.46%. The measurement of the fair value of the liability component was carried out by discounting the future flows of the Bonds in accordance with the original settlement schedule at an appropriate discount rate according to the Company's rating at the time of the evaluation and the Bond's average lifespan. Accordingly, the capital component of the Bonds recognized on the purchase date amounted to approximately NIS 25,452 thousand, net of tax.

2. Bonds - Series C

On July 20, 2023, the Company completed a private placement to classified investors (hereinafter: the "Offerees") of 233,951,000 Bonds (Series C) par value NIS 1 each of the Company (hereinafter: the "Bonds (Series C)" or the "Bonds"), listed for trade at a price of ₪ agurot for every NIS 1 of a Bond, for a total consideration of NIS 233.95 million for all of the Bonds (Series C).

The Bonds (Series C) are repayable (principal) in six annual payments, with the first payment at the rate of 5% of the nominal value of the Bonds (Series C) to be paid on June 30, 2025, the next two payments at the rate of 10% of the nominal value, each of the Bonds (Series C) will be paid on June 30 of each of the years 2026 and 2027, an additional payment of 15% of the nominal value of the Bonds (Series C) will be paid on June 30, 2028 and the next two payments at a rate of 30% of the nominal value, each, of the Bonds (Series C) will be paid on June 30 of each of the years 2029 and 2030.

The Bonds (Series C) will bear fixed annual interest at a rate of 6.95% (hereinafter: the "Interest"). The interest on the unsettled balance of the Bond principal (Series C), as it will be from time to time, will be paid twice a year on December 31, 2023, and June 30 and December 31 of each of the years 2024 to 2029 (inclusive), when the last payment of the interest will be paid together with the last repayment of the principal on June 30, 2030. The principal of the Bonds (Series C) and interest for the same will not be linked to any index or currency.

Note 6 - Material Events and Transactions in the Reporting Period (cont.):

I. Nofar Noy Limited Partnership

On August 30, 2023, Noy Nofar Limited Partnership ("Noy Nofar Reservoirs") repaid the full loan provided to it by Noy Fund 3 for investment in infrastructure and energy ("Noy Fund") through a loan provided to it by the Company and also, the Company purchased all of its holdings from Noy Fund in Noy Nofar Reservoirs for an amount that is immaterial to the Company. With the completion of the aforementioned transaction, the Company became the limited partner and sole shareholder in the general partner of Noy Nofar Reservoirs.

Note 7 – Financial Instruments:

A. Fair value

For details regarding the valuation techniques and data used in level 2 and level 3 fair value measurements, see Note 33 to the Company's Annual Financial Statements for December 31, 2022.

B. Risk management policy:

The Company's activity expose it to various financial risks, such as a market risk, credit risk and liquidity risk. Risk management is performed by the Company's management. For additional information regarding risk management, see Note 33 of the Company's Annual Financial Statements as of December 31, 2022.

C. Financial instruments recognized in the Statement of Financial Position

1. Composition:

As of September 30, 2023 (unaudited)				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Non-current financial assets - fair value through profit and loss				
Financial assets (1)	-	-	11,123	11,123
Non-current financial assets - fair value through other comprehensive income				
Derivatives used as hedging instruments (2)	-	27,716	-	27,716
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,905)	(1,905)

For more details about measuring fair value, see Note 2(19) to the Company's Annual Financial Statements for December 31, 2022.

(1) For more details, see Note 6(d).

(2) The Company's consolidated corporation has a variable interest loan. In order to reduce exposure, the consolidated corporation entered into a hedging transaction whose net fair value as of September 30, 2023 is positive in the amount of NIS 27,716 thousand. The transaction is for a term of up to 14 years and includes the purchase of an IRS (Interest Rate Swap).

Note 7 - Financial instruments (cont.):

As of September 30, 2022 (unaudited)				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,981)	(1,981)

As of December 31, 2022 (audited)				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Non-current financial assets - fair value through other comprehensive income				
Derivatives used as hedging instruments	-	27,568	-	27,568
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,905)	(1,905)
Derivatives used for hedging transactions	-	(3,047)	-	(3,047)

2. Movement in financial instruments whose fair value measurement is classified at level 3:

On September 30, 2023, a dollar put option for hedging purposes expired (not an accounting hedge) from two banking corporations in the amount of USD 40 million. The results of the expiration of derivatives are approximately NIS 14,998 thousand, and a NIS 5,881 thousand loss in the period of nine and three months that ended on September 30, respectively.

Note 8 - Information on activity sectors:

A. Description of activity sectors

As of the Report Date, the Company has several activities that include three sectors, which constitute its strategic business units. These business units include areas of activity and are examined separately for the purpose of allocating resources and evaluating performance, among other things due to the fact that they may require different technologies and methods of operation.

Below is a concise description of the business activity in each of the Company's activity sectors:

Development of and investment in photovoltaic systems in Israel:

Engaging in the initiation, licensing, management and financing of photovoltaic systems for the production of electricity from solar energy in Israel, using photovoltaic technology, on roofs, water reservoirs and land, with the aim of holding them as long-term owners, including through joint corporations held together with a third party whose investment in them is presented in the Company's financial statements as an investment in companies according to the equity method.

Initiating and investing in renewable energy abroad:

Engaging in the initiation, licensing, management and financing of photovoltaic systems for the production of electricity from solar energy abroad, using photovoltaic technology, on roofs, land and energy facilities with the aim of holding them as long-term owners, including through joint corporations held together with a third party whose investment in them is presented in the Company's financial statements as an investment in companies according to the equity method.

Construction and operation of photovoltaic systems:

In the construction (EPC), and operation and maintenance (O&M) of photovoltaic systems, itself and through subcontractors. Within this field of activity, the Company is mainly engaged in the construction as well as the operation and maintenance of photovoltaic systems held by the Company in cooperation with third parties, through the joint project corporations, as part of the Company's activity in the field of development and investment, as well as in the construction and/or operation and maintenance of photovoltaic systems held in full by third parties.

The construction activity segment does not include income from the construction of photovoltaic systems for the Company's own use. The reports submitted to the Company's chief operational decision-maker, for the purpose of resource allocation and performance evaluation, reflect the Company's total revenues and its share of the revenues of the associates from electricity production, of all generating facilities held by the Company (directly and/or indirectly), by way of proportional consolidation, using the project EBITDA index, calculated as the aggregate total of the gross profit (revenues from electricity production minus operating and maintenance costs), neutralizing the depreciation of the systems, according to the amounts included in the financial statements of the project corporations.

A column of adjustments to the financial statement for external revenues includes the reversal of the Company's share of the revenues of the associate companies that were presented in the segments by way of relative consolidation.

A column of adjustments to the financial statement to sector results - EBITDA, includes the reversal of the Company's share of the results of the associate companies that were presented in the segments by way of relative consolidation, and the addition of depreciation expenses of the systems that were neutralized.

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 8 - Information on activity sectors (continued):

A. Description of activity sectors (continued)

A column of adjustments to the financial statement for external revenues includes the reversal of the Company's share of the revenues of the associate companies that were presented in the segments by way of relative consolidation.

A column of adjustments to the financial statement to sector results - EBITDA, includes the reversal of the Company's share of the results of the associate companies that were presented in the segments by way of relative consolidation, and the addition of depreciation expenses of the systems that were neutralized.

B. Composition:

For a period of nine months ending September 30, 2023

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy abroad			Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Initiation and investment Spain	Initiating and investment in Europe Other	Initiation and investment USA				
(Unaudited)								
NIS thousands								
Income from external	63,779	113,232	4,081	11,261	192,353	8,425	(64,381)	136,397
Inter-sector income	-	-	-	-	-	138,605	(1,227)	137,378
Total income and profits	63,779	113,232	4,081	11,261	192,353	147,030	(65,608)	273,775
Sector results - EBITDA	40,503	101,112	3,530	7,091	152,236	(17,957)	(51,608)	82,671
Expenses not allocated to sectors:								
Depreciation and amortization								58,396
Management and general expenses								48,173
Marketing and sale expenses								7,278
Other expenses								1,616
Other income								(1,467)
Net financing expenses								38,668
Loss for the period before tax								(69,993)

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 8 - Information on activity sectors (continued):

b. Composition (cont.):

For a period of nine months ending September 30, 2022

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy abroad			Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Initiation and investment Spain	Initiating and investment in Europe Other	Initiation and investment USA				
(Unaudited)								
NIS thousands								
Income from external	41,962	9,220	911	11,057	63,150	13,951	(34,414)	42,687
Inter-sector income	-	-	-	-	-	237,726	(1,069)	236,657
Total income and profits	41,962	9,220	911	11,057	63,150	251,677	(35,483)	279,344
Sector results - EBITDA	28,546	8,327	501	9,362	46,736	12,295	(24,708)	34,323
Expenses not allocated to sectors:								
Depreciation and amortization								9,790
Management and general expenses								25,593
Marketing and sale expenses								6,628
Other expenses								11,505
Net financing expenses								3,650
Loss for the period before tax								(22,843)

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 8 - Information on activity sectors (continued):

B. Composition (cont.):

For a period of three months ending September 30, 2023

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy abroad			Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Initiation and investment Spain	Initiating and investment in Europe Other	Initiation and investment USA				
(Unaudited)								
NIS thousands								
Income from external	28,375	49,808	323	5,564	84,070	1,102	(23,594)	61,578
Inter-sector income	-	-	-	-	-	38,901	(329)	38,572
Total income and profits	28,375	49,808	323	5,564	84,070	40,003	(23,923)	100,150
Sector results - EBITDA	18,524	43,221	271	4,050	66,066	(5,667)	(19,975)	40,424
Expenses not allocated to sectors:								
Depreciation and amortization								19,878
Management and general expenses								17,539
Marketing and sale expenses								1,998
Other expenses								219
Other income								(41)
Net financing expenses								8,873
Loss for the period before tax								(8,042)

Notes to the Condensed Consolidated Financial Statements as of September 30, 2023

Note 8 - Information on activity sectors (continued):

B. Composition (cont.):

For a period of three months ending on September 30, 2022

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy abroad			Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Initiation and investment Spain	Initiating and investment in Europe Other	Initiation and investment USA				
(Unaudited)								
NIS thousands								
Income from external	18,935	9,220	795	3,345	32,295	4,902	(18,041)	19,156
Inter-sector income	-	-	-	-	-	69,206	(389)	68,817
Total income and profits	18,935	9,220	795	3,345	32,295	74,108	(18,430)	87,973
Sector results - EBITDA	12,907	8,327	385	2,764	24,383	828	(13,828)	11,383
Expenses not allocated to sectors:								
Depreciation and amortization								3,451
Management and general expenses								8,407
Marketing and sale expenses								2,512
Other expenses								10,641
Net financing expenses								4,104
Loss for the period before tax								(17,732)

Note 8 - Information on activity sectors (continued):

b. Composition (cont.):

For the year ended December 31, 2022

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy abroad			Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Initiation and investment Spain	Initiating and investment in Europe Other	Initiation and investment USA				
NIS thousands								
Income from external	56,077	17,743	1,153	17,574	92,547	14,879	(51,758)	55,668
Inter-sector income	-	-	-	-	-	287,319	(1,419)	285,900
Total income and profits	56,077	17,743	1,153	17,574	92,547	302,198	(53,177)	341,568
Sector results - EBITDA	36,017	16,731	633	12,587	65,968	1,928	(34,922)	32,974
Expenses not allocated to sectors:								
Depreciation and amortization								14,696
Management and general expenses								37,050
Marketing and sale expenses								8,756
Other expenses								23,356
Other income								(209,948)
Net financing expenses								5,773
Profit for the period before tax								153,291

c. Seasonality:

The Company's revenues from electricity production depend to a large extent on the hours of sunshine and are therefore affected by seasonality, with the first quarter and the fourth quarter characterized by fewer hours of sunshine and as a result, lower revenues compared to the rest of the year.

Note 9 - Events after the date of the Statement of Financial Position:

A. Buxton Project

Further to Note 6(b) above, on October 12, 2023, there was a withdrawal of the loan funds. As stated above, the loan funds will be mainly used to finance the construction of the Buxton project and withdrawal of part of the shareholder loans provided for the project.

B. Storage project in Germany

On October 22, 2023, Nofar entered into an agreement to enter into a battery storage project in Germany (in the Saxony Anhalt province) with a permit to connect to the electricity grid with a total capacity of 104.5 megawatts, and a storage capacity of 209 megawatt hours (assuming the use of batteries with a storage capacity of two hours), which is nearing construction.

C. Krzywinski Project

On October 25, 2023, an operating permit was received for the Krzywinski project, which is the Company's first project in Poland, and electricity started flowing into the grid shortly thereafter. The Krzywinski project is a solar project in Poland with a capacity of 20 megawatts, held by the Company through Electrum Nofar Energy sp.zoo.

D. Ratesti project - engagement in a financing agreement

On November 23, 2023, Ratesti Plant Solar, LRS, a corporation held by the Company at a rate of 50%, which owns the Ratesti project - a solar project with a capacity of approximately 155 megawatts in Romania, successfully completed the electrification of the project and began the gradual flow of electricity into the grid. In addition, the corporation entered into an agreement in connection with receiving senior project financing, Limited Recourse, in the amount of up to EUR 60 million, which is intended to be used to pay off part of the shareholder's loan provided by the shareholders of the project company.



O.Y. Nofar Energy Ltd.

**Separate Interim Financial
Information
As of September 30, 2023
Unaudited**



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Special Review Report by the Auditor to the Shareholders of O.Y. Nofar Energy Ltd. as to Separate Interim Financial Information under Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

Preface

We have reviewed the separate interim financial information presented according to Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 of O.Y. Nofar Energy Ltd. (hereinafter: the "Company") as of September 30, 2023, and for a period of nine and three months that ended on the same date. The Board of Directors and Management are responsible for the preparation and presentation of this separate interim financial information in accordance with Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion regarding the interim separate financial information for these interim periods based on our review.

We did not review the data included in the separate interim financial information that refer to the balance for some of the investee entities and the Company's share of the business results of some of the investee entities. The financial information for the interim periods of the same entities was reviewed by other accountants, whose review reports were provided to us, and our conclusion, inasmuch as it relates to the financial information in respect of the same entities, is based on the review reports prepared by the other accountants.

Scope of the Review

We conducted our review in accordance with Review Standard No. 2410 (Israel) of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of separate interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytic and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach an assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of the other accountants, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, in accordance with Article 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Tel Aviv, November 29, 2023

Certified Public Accountants

Tel Aviv 03- 6386868	Jerusalem 02- 6546200	Haifa 04- 8680600	Be'er Sheva 077- 7784100/2	Bnei Brak 073- 7145300	Kiryat Shmona 077-5054906	Petach Tikva 077-7784180	Modiin Illit 08-9744111	Nazareth Illit 04-6555888	_ Eilat 08-6339911
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Main Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv, 6618001 E-mail: bdo@bdo.co.il Visit our website: www.bdo.co.il

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Amounts of assets, liabilities and capital attributed to the Company itself as a parent company

	As of September 30		As of December 31
	2023	2022	2022
	Unaudited	Unaudited	Audited
	NIS thousands		
Assets			
Current assets:			
Cash and cash equivalents	642,460	307,037	172,174
Shorts term deposits	1,174	662,524	498,761
Restricted use deposits	341	1,041	370
Customers	231,129	303,074	244,752
Accounts receivable	34,832	45,039	33,641
Inventory	67,802	43,221	51,680
Total current assets	977,738	1,361,936	1,001,378
Non-current assets:			
Balance for investee companies	2,322,345	1,023,010	1,718,530
Restricted use deposits	1,176	-	1,065
Financial assets	21,256	-	-
Right of use asset	66,622	45,212	54,232
Fixed assets	122,444	88,935	105,985
Long term deposits	38,557	41,440	35,533
Total non-current assets	2,572,400	1,198,597	1,915,345
Total assets	3,550,138	2,560,533	2,916,723

The additional material information attached is an integral part of the separate interim financial information.

Amounts of assets, liabilities and capital attributed to the Company itself as a parent company

	As of September 30		As of December 31
	2023	2022	2022
	Unaudited		Audited
NIS thousands			
Liabilities and equity			
Current liabilities:			
Short-term loans and current maturities for long-term loans from banks	594	284,090	285,592
Current maturities of lease liabilities	7,060	4,906	5,892
Suppliers and service providers	50,156	55,150	40,349
Accounts payable	22,088	17,767	32,337
Liability for deferred consideration in a business combination	-	-	109,244
Financial derivatives	1,905	5,022	4,952
Current maturities of liabilities in respect of bonds	126,750	75,222	121,370
Total current liabilities	208,553	442,157	599,736
Non-current liabilities:			
Long-term loans from banks	16,620	16,951	16,928
Liabilities for leases	59,957	41,233	49,313
Deferred taxes	44,450	18,736	18,141
Other liabilities	732	722	728
Bonds	1,382,675	652,305	613,863
Total non-current liabilities	1,504,434	729,947	698,973
Capital attributed to the Company itself as parent company:			
Share capital and premium	1,716,256	1,568,696	1,568,696
Loss balance	(129,228)	(246,295)	(68,533)
Capital reserves	250,123	66,028	117,851
Total capital attributed to the Company itself as parent company	1,837,151	1,388,429	1,618,014
Total liabilities and capital	3,550,138	2,560,533	2,916,723

The additional material information attached is an integral part of the separate interim financial information.

November 29, 2023

Date of approval of the financial statements for publication

Ofer Yannay
Chairman of the Board

Nadav Tenne
CEO

Noam Fisher
CFO

Amounts of income and expenses attributed to the Company itself as a parent company

	For nine month period ending on September 30		For three month period ending September 30		For year ending December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousands				
Income	158,394	257,954	45,428	77,116	311,019
Company's share in profit (loss) of investee companies, net	24,779	(9,275)	15,838	(1,289)	(10,493)
Total income and profits	183,173	248,679	61,266	75,827	300,526
Setup and operating costs	174,886	245,626	49,882	75,953	309,090
Marketing and sale expenses	5,910	5,467	1,931	2,019	7,653
Management and general expenses	20,919	12,105	7,201	3,879	18,552
Other expenses	127	11,505	127	10,641	23,190
Total expenses	201,842	274,703	59,141	92,492	358,485
Other income	1,467	-	41	-	209,885
Operating profit (loss)	(17,202)	(26,024)	2,166	(16,665)	151,926
Financing expenses	89,042	28,934	35,443	10,940	44,378
Financing income	33,167	30,608	17,047	9,701	42,283
Net financing expenses (income)	55,875	(1,674)	18,396	1,239	2,095
Profit (loss) before taxes on income	(73,077)	(24,350)	(16,230)	(17,904)	149,831
Income tax expenses (tax benefit)	(10,118)	(1,174)	2,236	(2,141)	(3,915)
Profit (loss) for period	(62,959)	(23,176)	(18,466)	(15,763)	153,746
Other comprehensive profit (loss) (after tax impact):					
Amounts that will be classified or reclassified to profit or loss if specific conditions are met:					
Adjustments from translation of financial statements for foreign operations	97,235	6,706	13,166	(19,687)	55,096
Adjustments from hedging transactions	(477)	7,367	(55)	5,047	-
	96,758	14,073	13,111	(14,640)	55,096
Items not reclassified later to profit and loss:					
Part of other comprehensive income of corporations accounted for using the equity method	6,690	(793)	1,511	(13,652)	10,134
Revaluation for fixed assets	4,824	1,805	67	(6,554)	653
	11,514	1,012	1,578	(20,206)	10,787
Total other comprehensive income	108,272	15,085	14,689	(34,846)	65,883
Total comprehensive income for period	45,313	(8,091)	(3,777)	(50,609)	219,629

The additional material information attached is an integral part of the separate interim financial information.

Amounts of cash flows attributed to the Company itself as a parent company

	For nine month period ending on September 30		For three month period ending September 30		For year ending December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousands				
Cash flow from current operations:					
Profit (loss) for period	(62,959)	(23,176)	(18,466)	(15,763)	153,746
Adjustments required to present cash flows from operating activities:					
Depreciation and amortization	6,290	5,168	2,193	1,876	7,305
Net financing expenses (income)	55,875	(1,674)	18,395	1,239	2,095
Company's share of losses (profits) of investee companies	(24,779)	9,275	(15,838)	1,289	10,493
Profit from increase to control of associate	(1,426)	-	-	-	(209,885)
Capital loss	-	-	-	-	(23)
Share-based payment expenses	4,441	3,869	863	1,773	5,734
	40,401	16,638	5,613	6,177	(184,281)
Changes in sections of assets and liabilities:					
Decrease (increase) in inventory	(16,123)	13,398	4,757	10,315	4,939
Decrease (increase) in customers	(34,048)	(85,122)	8,225	24,205	(164,397)
Decrease (increase) in receivables	1,148	(24,563)	(1,345)	(16,302)	(11,938)
Increase (decrease) in accounts payable	(7,353)	8,535	16,882	10,869	21,887
Increase (decrease) in suppliers and service providers	9,455	(4,945)	(7,113)	(14,956)	(25,359)
Change in deferred taxes	(10,108)	(1,174)	2,244	(2,141)	(3,910)
	(57,029)	(93,871)	23,650	11,990	(178,778)
Interest received in cash	27,638	1,588	24,762	1,277	7,500
Interest paid in cash	(26,364)	(7,763)	(18,141)	(2,036)	(13,826)
Net cash from (used in) operating activities	(78,313)	(106,584)	17,418	1,645	(215,639)

The additional material information attached is an integral part of the separate interim financial information.

Amounts of cash flows attributed to the Company itself as parent company

	For nine month period ending on September 30		For three month period ending September 30		For year ending December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousands				
Cash flows from investment activities:					
Investments in investee companies	(5,377)	(306,979)	(1,458)	(141,565)	(277,435)
Investment in subsidiaries	(542,168)	(161,591)	(176,420)	(89,413)	(354,165)
Investment return from a subsidiary	148,935	-	148,935	-	-
Acquisition of shares from non-controlling interests	(3,131)	-	(3,131)	-	-
Loan to a related company	-	-	-	-	(26,337)
Increase in restricted use deposits	(82)	(400)	(4)	(100)	(795)
Change in deposits	516,134	(535,339)	398,260	(595,024)	(364,074)
Investments in fixed assets	(13,380)	(12,152)	(4,910)	(7,330)	(22,009)
Consideration from exercise of fixed assets	-	-	-	-	134
Repayment of deferred consideration	(121,139)	-	(101,074)	-	-
Investment in financial assets	(20,943)	-	(306)	-	-
Net cash deriving from (used in) investing activities	(41,151)	(1,016,461)	259,892	(833,432)	(1,044,681)
Cash flows from financing activities:					
Issue of shares (less issuance expenses)	147,560	-	-	-	-
Short term credit from banks, net	(305,920)	257,588	(305,920)	283,440	260,807
Repayment of bonds	(104,825)	-	-	-	-
Issue of bonds, net	873,558	311,673	630,711	311,673	311,673
Repayment of lease liabilities	(5,507)	(2,010)	(1,950)	(694)	(5,068)
Receipt of long term loans from bank corporations	-	4,221	-	(217)	4,771
Repayment of long term loans from banks	(355)	-	(117)	-	(673)
Net cash arising from financing activities	604,511	571,472	322,724	594,202	571,510
Increase (decrease) in cash and cash equivalents	485,047	(551,573)	600,034	(237,585)	(688,810)
Balance of cash and cash equivalents at beginning of period	172,174	831,623	59,384	541,119	831,623
Net impact of changes in foreign exchange rates for cash and cash equivalents	(14,761)	26,987	(16,958)	3,503	29,361
Balance of cash and cash equivalents at end of period	642,460	307,037	642,460	307,037	172,174

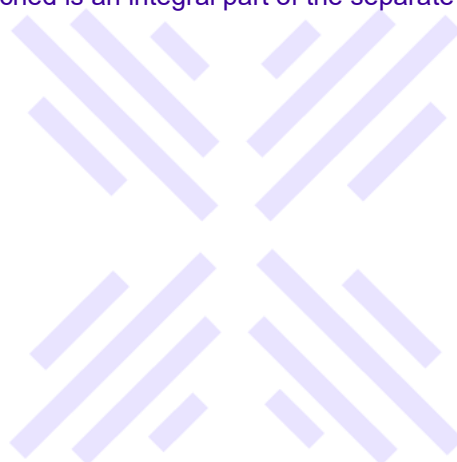
The additional material information attached is an integral part of the separate interim financial information.

Amounts of cash flows attributed to the Company itself as a parent company

Appendix A - Investment and non-cash transactions

	For nine month period ending on September 30		For three month period ending September 30		For year ending December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	NIS thousands				
Initial recognition of usufruct asset and liability in respect of a lease	14,047	18,192	3,336	2,445	29,319
Purchase of fixed assets against supplier credit	-	2,300	-	2,300	9,100
Liability for deferred consideration in a business combination	-	-	-	-	109,244

The additional material information attached is an integral part of the separate interim financial information.



Additional material information relating to the Company itself as a parent company as of September 30, 2023

Note 1 - Details of the separate financial information:

1.1. Principles of preparation of the separate financial information:

The separate interim financial information of O.Y. Nofar Energy Ltd. (hereinafter: the "Company") includes financial data from the condensed interim financial statements of the Company, attributed to the Company itself as a parent company, and prepared in accordance with the requirements of Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

The separate interim financial information should be reviewed together with the Company's separate financial information as of December 31, 2022 and the additional material information attached to it, as well as with the Company's condensed consolidated interim financial statements as of September 30, 2023.

The accounting policy applied in the separate financial information is the same as the accounting policy detailed in Note 2 to the Company's consolidated financial statements as of September 30, 2023, subject to the above in this section and the contents of Note 1.2 below.

1.2. The handling of inter-company transactions:

In the separate financial information, transactions between the Company and consolidated companies, which were eliminated in the consolidated financial statements, were recognized and measured. The recognition and measurement was done in accordance with the principles of recognition and measurement established in international financial reporting standards, such that these transactions were accounted for as transactions carried out with third parties. The statements included in the separate financial information present intercompany balances and income and expenses for intercompany transactions, which were eliminated in the consolidated financial statements, separately from the "balances for investee companies," from the "Company's share of losses (profits) of companies accounted for using the equity method, net," and from the "other comprehensive profit (loss) of corporations accounted for using the equity method, net," such that the capital attributed to the owners of the parent company, the profit (loss) for the period attributed to the owners of the parent company, and the total comprehensive profit (loss) for the period attributed to the owners of the parent company on the basis of the Company's consolidated statements are identical to the capital attributed to the Company itself as a parent company, the profit (loss) for the period attributed to the Company itself as a parent company, and the total comprehensive profit (loss) for the period attributed to the company itself as a parent company, respectively, on the basis of the separate financial information of the Company.

As part of the cash flow amounts attributed to the Company itself as a parent company, the net cash flows in respect of transactions with consolidated companies are shown as part of current activity, investment activity or financing activity, as relevant.

The above does not apply to transactions carried out by the Company with third parties in connection with consolidated companies.

Additional material information relating to the Company itself as a parent company as of September 30, 2023

Note 2 - Transactions and material balances with investee companies:

1. Balances of interested parties and affiliates

	As of September 30		As of December 31
	2023	2022	2022
	Unaudited	Unaudited	Audited
	NIS thousands		
Customers and income receivable	216,320	281,619	227,793
Investments in related corporations	2,322,161	129,156	1,711,912
Accounts receivable	2,401	-	1,253
Financial assets	21,255	-	-
Liability for deferred consideration in a business combination	-	-	109,244

2. Transactions with interested parties and affiliates

	For nine month period ending on September 30		For three month period ending on September 30		For year ending on December 31
	2023	2022	2023	2022	2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	NIS thousands				
Income	138,605	237,726	38,901	69,206	287,319
Financing expenses	11,895	323	3,162	111	-
Financing income	675	2,927	140	1,734	283

Pro Forma Condensed Interim Financial Statements as of September 30, 2022

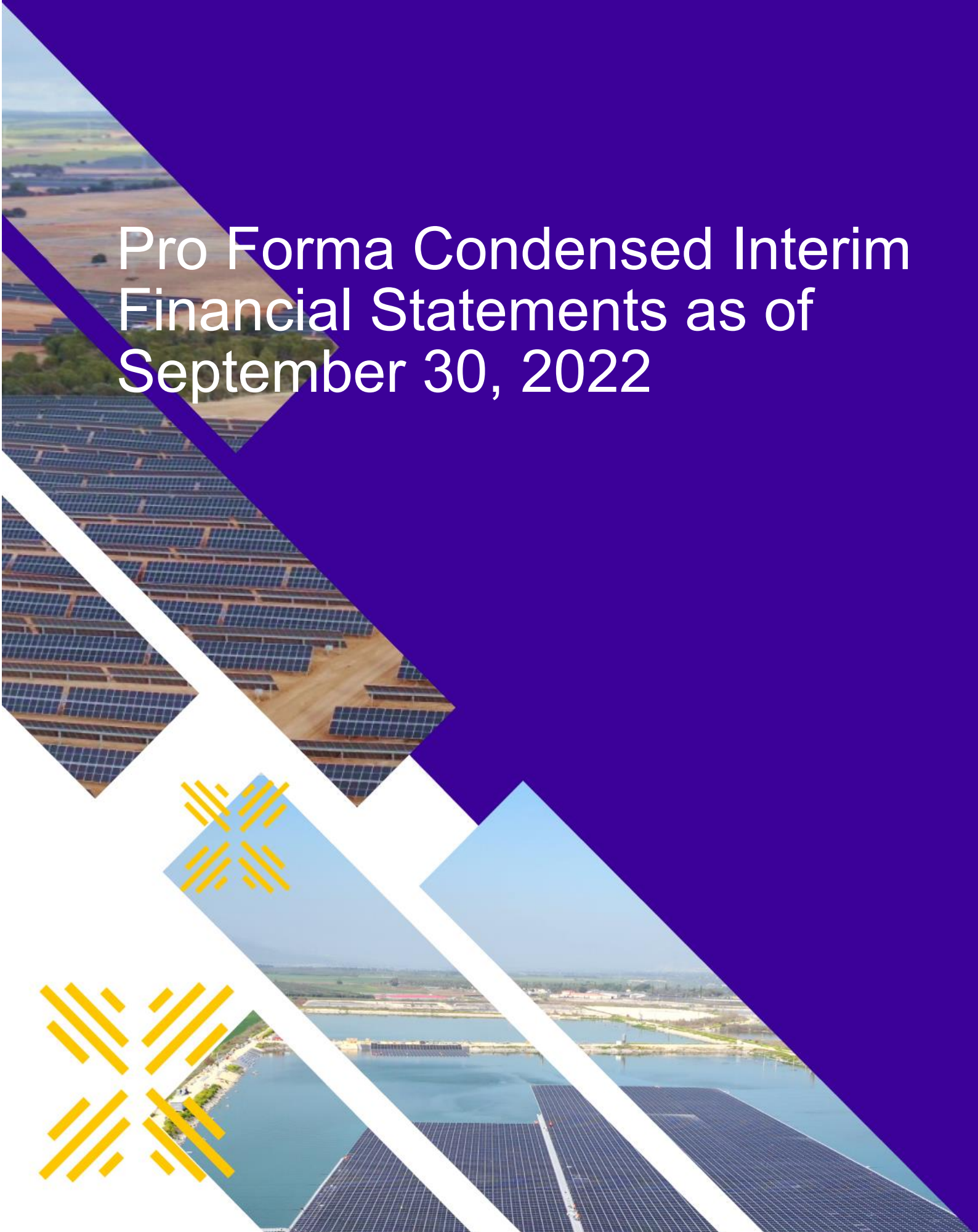


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Pro Forma Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Profit

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Notes to the Pro Forma Condensed Interim Financial Statements as of September 30, 2022

Auditor's Special Review Report to the Shareholders of O.Y. Nofar Energy Ltd. on Pro Forma Consolidated Interim Financial Statements for the period ended September 30, 2022

Preamble

We reviewed the attached pro forma financial information of O.Y. Nofar Energy Ltd. (hereinafter: the "Company"), which includes the pro forma condensed consolidated statement of profit or loss and other comprehensive income for the nine month period that ended on September 30, 2022. The board of directors and management are responsible for the preparation and presentation of pro forma financial information for this interim period, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting," subject to the provisions of Article 38b of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and the pro forma assumptions set forth in the pro forma financial information, and are responsible for the preparation of financial information for this interim period under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion regarding the pro forma financial information for this interim period, based on our review.

We did not review the condensed financial information for the condensed interim period of the consolidated entities whose revenues included in the consolidation constitute approximately 2.49% of the total pro forma consolidated revenues for the nine-month period that ended on the same date. The financial information for the condensed interim period of the same entities was reviewed by other accountants, whose review reports were provided to us, and our conclusion, inasmuch as it relates to the financial information in respect of the same entities, is based on the review reports prepared by the other accountants. Also, the information contained in the pro forma consolidated interim financial statements, which refers to the Group's share of the business results of companies treated according to the equity method, is based on financial statements reviewed by other auditors.

Scope of the Review

We conducted our review in accordance with Review Standard No. 2410 (Israel) of the Institute of Certified Public Accountants in Israel, "Review of Financial Information for Interim Periods Prepared by the Entity's Auditor." A review of pro forma interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytic and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach an assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and on the review reports provided by other auditors, nothing has come to our attention which would lead us to believe that the above pro forma financial information was not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting," subject to the provisions of Article 38b of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, and the pro forma assumptions set forth in the pro forma financial information.

In addition to the contents of the preceding paragraph, based on our review and on the review reports provided by other auditors, nothing has come to our attention which would lead us to believe that the above pro forma financial information does not fulfill, in all material respects, the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Tel Aviv, November 29, 2023

**Ziv Haft
Certified Public Accountants**

Tel Aviv 03- 6386868	Jerusalem 02- 6546200	Haifa 04- 8680600	Be'er Sheva 077- 7784100/2	Bnei Brak 073- 7145300	Kiryat Shmona 077-5054906	Petach Tikva 077-7784180	Modiin Illit 08-9744111	Nazareth Illit 04-6558888	Eilat 08-6339911
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Main Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv, 6618001 E-mail: bdo@bdo.co.il Visit our website: www.bdo.co.il

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Pro Forma Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Profit

	For nine months ending September 30, 2022		
	Actual data prior to pro forma event	Adjustments to pro forma data	Pro forma data
	NIS thousands		
Revenue from sale of electricity and construction	266,902	20,209	287,111
Company's share in profits (losses) of companies handled based on the equity method, net	7,960	3,183	11,143
Other income - tax partner	4,482	-	4,482
Total income and profits	279,344	23,392	302,736
Setup and operating costs	254,067	6,858	260,925
Marketing and sale expenses	6,628	-	6,628
Management and general expenses	26,337	2,322	28,659
Other expenses	11,505	-	11,505
Total expenses	298,537	9,180	307,717
Operating loss	(19,193)	14,212	(4,981)
Financing expenses	34,899	6,789	41,688
Financing income	31,249	4,394	35,643
Net financing expenses (income)	3,650	2,395	6,045
Loss before income tax	(22,843)	11,817	(11,026)
Income tax expenses (tax benefit)	4,444	(4,329)	115
Loss for the period	(27,287)	16,146	(11,141)
<u>Other comprehensive income (after the tax effect):</u>			
<u>Amounts that will be classified or reclassified to profit or loss if specific conditions are met</u>			
Adjustments resulting from the translation of financial statements of foreign activities	14,077	-	14,077
Adjustments arising from hedging transactions	7,367	18,291	25,658
<u>Items that will not subsequently be reclassified to profit or loss:</u>			
The share of other comprehensive profit (loss) of corporations treated according to the equity method	(793)	-	(793)
Revaluation for fixed assets	1,805	-	1,805
Total other comprehensive income	22,456	18,291	40,747
Total comprehensive income for the period	(4,831)	34,437	29,606
<u>Profit (loss) for the period attributed to:</u>			
Shareholders of the Company	(23,176)	10,760	(12,416)
Non-controlling interests	(4,111)	5,387	1,276
	(27,287)	16,146	(11,141)
<u>Total profit for the period attributed to:</u>			
Shareholders of the Company	(23,176)	19,882	(3,294)
Non-controlling interests	18,345	14,555	32,900
	(4,831)	34,437	29,606
Basic and diluted profit (loss) per share (in NIS) attributable to the owners of the Company	(0.69)	0.32	(0.37)

November 29, 2023

Date of approval of financial statements for publication

Ofer Yannay
Chairman of Board

Nadav Tenne
CEO

Noam Fisher
CFO

Pro Forma Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Profit

	For three months ending on September 30, 2022		
	Actual data prior to pro forma event	Adjustments to pro forma data	Pro forma data
	NIS thousands		
Revenue from sale of electricity and construction	82,058	20,145	102,203
Company's share in profits (losses) of companies handled based on the equity method, net	5,309	4,794	10,103
Other income - tax partner	606	-	606
Total income and profits	87,973	24,939	112,912
Setup and operating costs	79,705	6,858	86,563
Marketing and sale expenses	2,512	-	2,512
Management and general expenses	8,743	945	9,688
Other expenses	10,641	-	10,641
Total expenses	101,601	7,803	109,404
Operating profit (loss)	(13,628)	17,136	3,508
Financing expenses	13,053	3,736	16,789
Financing income	8,949	2,379	11,328
Net financing expenses	4,104	1,357	5,461
Profit (loss) before taxes on income	(17,732)	15,779	(1,953)
Income tax expenses (tax benefit)	(327)	1,045	718
Profit (loss) for period	(17,405)	14,734	(2,671)
Other comprehensive income (after the tax effect):	0	0	0
Amounts that will be classified or reclassified to profit or loss if specific conditions are met	0	0	0
Adjustments resulting from the translation of financial statements of foreign activities	(19,024)	(702)	(19,726)
Adjustments arising from hedging transactions	5,047	14,623	19,670
Items that will not subsequently be reclassified to profit or loss:	-	-	-
The share of other comprehensive profit (loss) of corporations treated according to the equity method	(13,652)	281	(13,371)
Revaluation for fixed assets)6,554(-	(6,554)
Total other comprehensive profit (loss)	(34,183)	14,202	(19,981)
Total comprehensive profit (loss) for the year	(51,588)	28,936	(22,652)
<u>Profit (loss) for the period attributed to:</u>			
Shareholders of the Company	(15,763)	10,445	(5,318)
Non-controlling interests	(1,642)	4,290	2,648
	(17,405)	14,734	(2,671)
<u>Comprehensive profit (loss) for the period attributed to:</u>			
Shareholders of the Company	(65,694)	18,558	(47,136)
Non-controlling interests	14,106	10,378	24,484
	(51,588)	28,936	(22,652)
Basic and diluted profit (loss) per share (in NIS) attributable to the owners of the Company	(0.47)	0.31	(0.16)

Pro Forma Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Profit

	Note	For the year ended December 31, 2022		
		Actual data prior to pro forma event	Adjustments to pro forma data	Pro forma data
		NIS thousands		
Revenue from sale of electricity and construction		324,568	47,600	372,168
Company's share in profits (losses) of companies handled based on the equity method, net		9,371	(14,788)	(5,417)
Other income - tax partner		7,629	-	7,629
Total income and profits		341,568	32,812	374,380
Setup and operating costs		322,304	18,437	340,741
Marketing and sale expenses		8,757	-	8,757
Management and general expenses		38,035	7,157	45,192
Other expenses		23,356	-	23,356
Total expenses		392,452	25,594	418,046
Other income	3	209,948	(209,885)	63
Operating profit (loss)		159,064	(202,667)	(43,603)
Financing expenses		52,457	8,229	60,686
Financing income		46,684	7,649	54,333
Net financing expenses		5,773	580	6,353
Profit (loss) before taxes on income		153,291	(203,247)	(49,956)
Income tax expenses (tax benefit)		4,783	(3,465)	1,318
Profit (loss) for the year		148,508	(199,782)	(51,274)
Other comprehensive income (after tax effect):				
Amounts that will be classified or reclassified to profit or loss if specific conditions are met				
Adjustments resulting from the translation of financial statements of foreign activities		62,062	3,005	65,067
Adjustments arising from hedging transactions		7,590	11,230	18,820
Disposal of adjustments arising from cash flow hedging transactions following gaining control of associate company		(7,590)	7,590	-
Items that will not subsequently be reclassified to profit or loss:				
Share of other comprehensive profit (loss) of corporations handled according to equity method		10,134	(1,202)	8,932
Revaluation for fixed assets		653		653
Total other comprehensive income		72,849	20,623	93,472
Total comprehensive profit (loss) for the year		221,357	(179,159)	42,198
Profit (loss) for the year attributed to:				
Shareholders of the Company		153,746	(207,753)	(54,007)
Non-controlling interests		(5,238)	7,971	2,733
		148,508	(199,782)	(51,274)
Total profit (loss) for the year attributed to:				
Shareholders of the Company		219,629	(198,555)	21,074
Non-controlling interests		1,728	19,396	21,124
		221,357	(179,159)	42,198
Basic and diluted profit (loss) per share (in NIS) attributable to the owners of the Company		4.57	(6.17)	(1.6)

Notes to the Pro Forma Condensed Interim Financial Statements as of September 30, 2022

Note 1 - General:

On December 28, 2022, Nofar O.Y (hereinafter: the “Company”) completed an additional purchase of 12.5% of the issued and paid-up share capital of Noy Nofar Europe partnership (hereinafter: the “Partnership”), giving the Company a weighted holding rate of 52.5%. In exchange for shares EUR 57 million. This purchase constitutes a pro forma event as defined in Article 1 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Note 2 - Significant Accounting Policies:

In accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970, pro forma consolidated condensed statements of profit or loss and other comprehensive income for the six-month period that ended on September 30, 2022.

The significant accounting policies, subject to the above and subject to the pro forma assumptions included in Note 3, which will be applied in the pro forma consolidated condensed interim financial statements are consistent with those applied in the preparation of the condensed interim financial statement of the Company as of September 30, 2023 and subject to the provisions of Article 38b of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Note 3 - The Pro Forma Assumptions:

In light of the contents of Note 1, these pro forma reports were presented in order to reflect the results of the Company’s operations, subject to Note 2 and subject to the following pro forma assumptions:

Assumptions related to the Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Profit

The Pro Forma Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Profit were presented in order to reflect the results of the actions of the Group in the case of the completion of the purchase transaction on January 1, 2020.

- As a result of the purchase of the additional rights in the Partnership and its first consolidation in the Company's books, the Company recognized an accounting profit from the revaluation of its existing investments in the Partnership rights prior to the purchase of the additional rights (40%) which reflects the fair value according to the purchase price. As part of the pro forma consolidated reports for 2022, the Company presented the profit from obtaining control in the results of 2020 in order to reflect the first obtaining of control in 2020. In the condensed consolidated interim reports of the Company, the profit is presented under the other income section in 2022. See also Note 27 in the Annual Consolidated Financial Statements for 2022.



Part D -

Quarterly Report of Effectiveness of Internal Control on Financial Reporting and Disclosure



Report of Internal Control on Financial Reporting and Disclosure:

(a) Quarterly Report of Effectiveness of Internal Control on Financial Reporting and Disclosure under Article 38c(a):

The management, under the supervision of the board of directors of O.Y. Nofar Energy Ltd. (hereinafter: the "**Corporation**") is responsible for the determination and existence of proper internal control of the Corporation's financial reporting and disclosure.

In this regard, the members of the management are:

1. Nadav Tenne, CEO;
2. Noam Fisher, CFO;
3. Ayana Wechsler, VP Legal;

Internal control of financial reporting and disclosure includes reviews and procedures existing in the Corporation, planned by the CEO and the most senior officer in the financial department or under their supervision or by a person who actually carries out the aforesaid roles, under the supervision of the Corporation's board of directors. This is intended to provide reasonable certainty with respect to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in reports that it published under the provisions of the law is collected, processed, summarized, and reported on the date and in the form set forth by law.

The internal control includes, inter alia, control and procedures that are planned to ensure that information that the Corporation is required to disclose as stated is accrued and transferred to the management of the Corporation, including the CEO and most senior office in the financial department or to a person who carries out the aforesaid positions in practice, in order to enable decisions to be made on the appropriate dates with respect to the disclosure requirements.

Due to its structural limitations, internal control of financial reporting and disclosure is not intended to supply absolute security that erroneous presentation or the withholding of information in the reports is prevented or discovered.

In the quarterly report regarding effectiveness of the internal control of financial reporting and disclosure that is attached to the quarterly report for a period ending on June 30, 2023 (hereinafter: the "**Recent Quarterly Report Regarding Internal Control**"), the internal control has been found to be effective.

By the date of the Report, the board of directors and management has not been made aware of any event or matter that may change the assessment of effectiveness of the internal control, as found in the Recent Quarterly Report Regarding Internal Control.

As of the date of the Report, based on the contents of the Recent Quarterly Report Regarding Internal Control, and based on information of which the management and board of directors has been made aware as stated above, the internal control is effective.

2. Managers' Declarations:

(a) Declaration of CEO under Article 38c(d)(1):

I, Nadav Tenne, declare that:

(1) I have examined the quarterly report of O.Y. Nofar Energy Ltd. (hereinafter: the "**Corporation**") for the third quarter of 2023 (hereinafter: the "**Reports**");

(2) To the best of my knowledge, the Reports do not include any incorrect representation of material fact and did not omit any representation of material fact that is essential in order for the representations included therein, in light of the circumstances in which the same representations are included, to not be misleading with respect to the period of the Reports;

(3) To the best of my knowledge, the financial statements and other financial information included in the Reports properly reflect, in all material respects, the financial state, results of operations, and cash flows of the Company as of the dates and for the periods to which the Reports relate;

(4) I have disclosed to the auditing accountant of the Corporation, the board of directors, and the audit committee of the Corporation's board of directors, based on my most updated estimation regarding the internal control of the financial reporting and disclosure:

(a) All of the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and the disclosure, which may reasonably detrimentally impact the ability of the Company to gather, process, summarize, or report financial information in a manner that may impose doubt as to the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and

(b) Any fraud, whether material or immaterial, in which the CEO or a party directly subject to him is involved or that involves other employees that have a significant role in the internal control of the financial reporting and disclosure;

(5) I, alone or together with others in the Company:

(a) I have determined procedures and controls, or ensured the determination and existence under my supervision of procedures and controls, which are intended to ensure that material information related to the Corporation, including its consolidated corporations as defined in the Securities Regulations (Annual Financial Reports), 5770-2010, is provided to me by others in the Corporation and the consolidated companies, particularly during the preparation of the reports; and

(b) I have determined controls and procedures, or ensured the determination and existence of controls and procedures under my supervision, that are intended to reasonably ensure the reliability of the financial reporting and the preparation of the financial reports in accordance with the provisions of the law, including in accordance with the generally accepted accounting rules.

(c) I have not been informed of any event or matter that occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this Report, which has the potential to change the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over the financial reporting and disclosure of the corporation.

The provisions above will not detract from my liability or the liability of any other person under any law.

29 November 2023

Nadav Tenne, CEO

(b) Declaration of the Most Senior Officer in the Financial Field under Article 938c(d)(2)

I, Noam Fisher, declare that:

(1) I have examined the interim financial statements and the other financial information included in the reports for the interim period of O.Y. Nofar Energy Ltd. (hereinafter: the "**Corporation**") for the third quarter of 2023 (hereinafter: the "**Reports**");

(2) To the best of my knowledge, the Interim Financial Reports and the other financial information included in the Reports for Interim Periods do not include any incorrect representation of material fact and did not omit any representation of material fact that is essential in order for the representations included therein, in light of the circumstances in which the same representations are included, to not be misleading with respect to the period of the Reports;

(3) To the best of my knowledge, the financial statements and other financial information included in the Reports properly reflect, from all material respects, the financial state, the results of the operations and the cash flows of the Company as of the dates and for the periods to which the Reports relate;

(4) I have disclosed to the auditing accountant of the Corporation, the board of directors and the audit committee of the Corporation's board of directors, based on my most updated estimation regarding the internal control of the financial reporting and disclosure:

(a) All of the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and the disclosure, insofar as it relates to the Interim Financial Reports and other financial information included in the Reports for the Interim Period, which may reasonably detrimentally impact the ability of the Corporation to gather, process, summarize, or report financial information in a manner that may impose doubt as to the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -

(b) Any fraud, whether material or immaterial, in which the CEO or a party directly subject to him is involved or that involves other employees that have a significant role in the internal control of the financial reporting and disclosure;

(5) I, alone or together with others in the Company:

(a) I have determined procedures and controls, or ensured the determination and existence under my supervision of procedures and controls, which are intended to ensure that material information related to the Corporation, including its consolidated corporations as defined in the Securities Regulations (Annual Financial Reports), 5770-2010, is provided to me by others in the Corporation and the consolidated companies, particularly during the preparation of the reports; and

(b) I have determined controls and procedures, or ensured the determination and existence of controls and procedures under my supervision, that are intended to reasonably ensure the reliability of the financial reporting and the preparation of the financial reports in accordance with the provisions of the law, including in accordance with the generally accepted accounting rules.

(c) I have not been informed of any event or matter that occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this Report, which pertains to the interim financial statements and any other financial information included in the Reports for the interim period, which has the potential to change, in my assessment, the conclusion of the Board of Directors and management regarding the effectiveness of the internal control over the financial reporting and disclosure of the Corporation.

The provisions above will not derogate from my liability or the liability of any other person under any law.

29 November 2023

Noam Fisher, CFO