



O.Y. Nofar Energy Ltd.

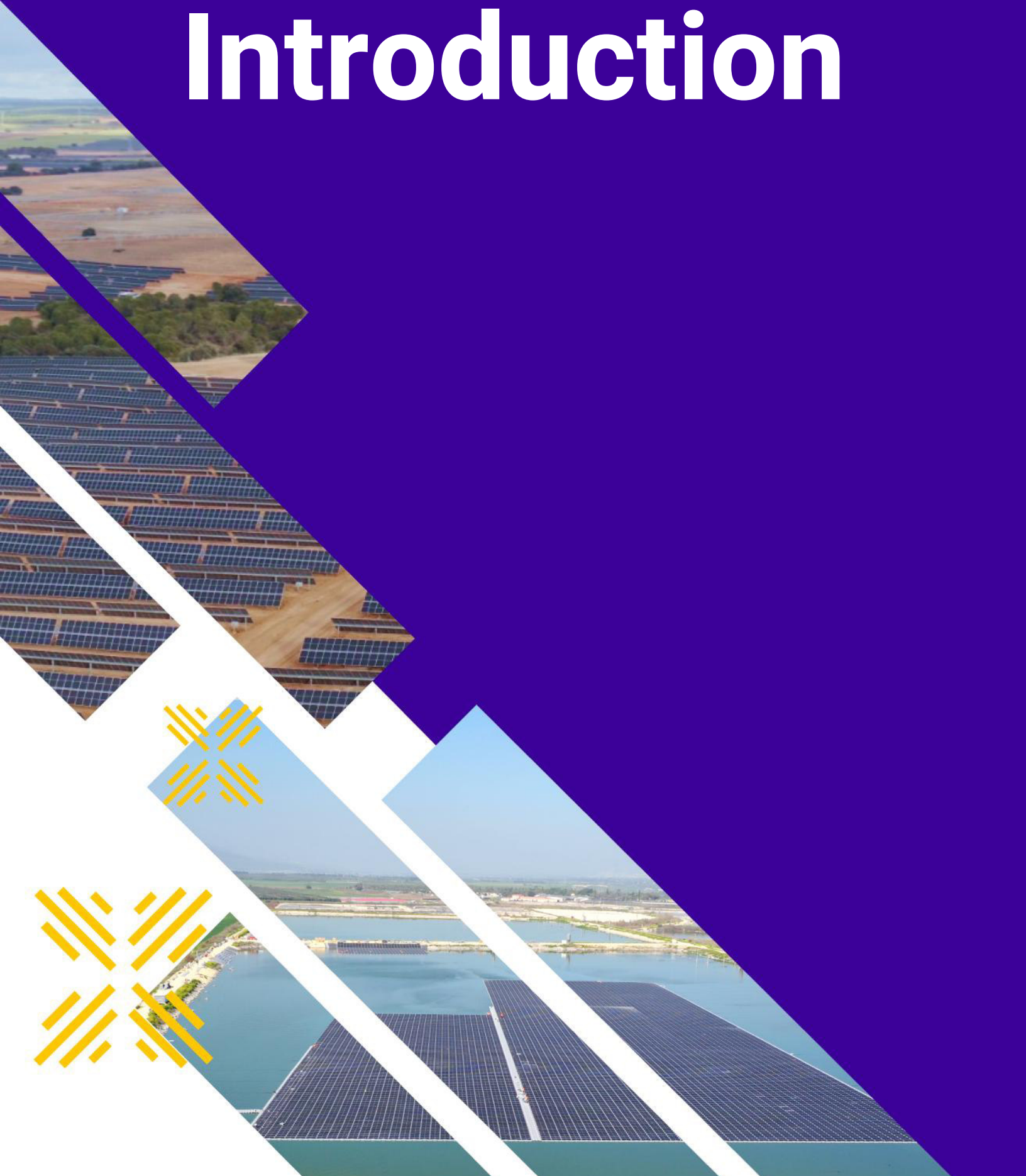
2024 Periodic Report



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Introduction



CEOs' Statement

Dear shareholders and partners,

During 2024, the Iron Swords War continued as Israel fought on many fronts. The memory of the heroic soldiers who fell is cherished in our hearts, and we pray for the speedy recovery of the wounded and the return of all of the hostages to their families.

Despite the many challenges and global geopolitical instability, Nofar employees have mobilized to continue the momentum of qualitative growth, while a significant proportion of the Company's employees

are serving intensively in the reserves. This extensive investment allowed us to maintain the characteristic pace of activity, flourishing across all areas of operation - with a sustained growth momentum, exceptional rates of establishment and connections, successful funding deals, fixing rates and revenues, and a sharp leap in project portfolios.

In 2024, the Company once again demonstrated a growth rate of at least 60% in revenue and EBITDA from the sale of electricity in projects. Beyond the impressive growth in financial data, the past year was characterized by an impressive surge in construction and connections, during which we increased the capacity of connected projects and those under construction and nearing construction to 2,428 megawatts and 2,127 megawatt hours, we carried out financial closings in the UK, Italy, Germany and Romania in a scope of approximately NIS 2 billion, we continued our policy of fixing revenues at high rates while fixing tariffs and revenues in projects in Germany, Italy, Israel, Romania and Poland, and we received an A3 rating with a stable outlook for the Company.

We conclude the year with great pride in our impressive achievements with expected cumulative revenues from electricity production in the first year of each project in the amount of over NIS 1.7 billion from connected projects and projects under construction and nearing construction, which are expected to generate high returns.¹

During 2025, we intend to accelerate the momentum of activity, complete construction of over 650 MW and 350 MWh, carry out significant financial closings, and maintain the growth rate with high and secure revenues.

These impressive achievements allow us to confidently increase the Company's plans for 2026, which reflect a projected EBITDA (the Company's effective share) of approximately NIS 800 million.¹

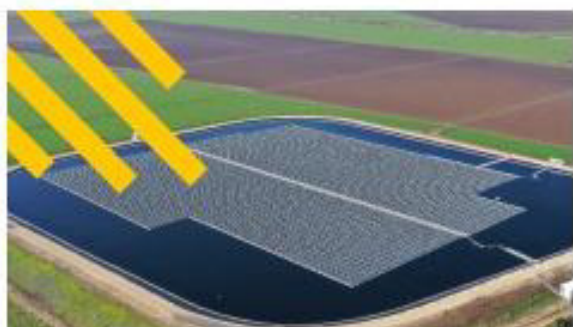
We would like to take the opportunity to thank you for your trust and partnership, and wish us all a good and successful year of activity!



Sincerely,
Nadav Tenne, Co-CEO of Nofar Energy
Shahar Gershon, Co-CEO of Nofar Energy

¹ This is forward-looking information as the term is defined in the Securities Law, which depends on factors beyond the Company's control, including the establishment of the systems at the supplies on the dates planned by the Company, that no changes in electricity rates and exchange rates will occur in relation to the Company's estimates, and so on.

Nofar in Numbers



NIS 2 billion

Financial Closings

Equity

NIS 1.63 billion

Attributed to shareholders

PV projects

Connected and ready to connect

(633) 1,271 MW

Storage projects

Connected, ready to connect, under construction and nearing construction

(1,862)* 2.127 MWh

PV projects

Under construction and nearing construction

(1,015)* 1,157 MW

Growth of

66% YoY

Revenue from sale of electricity

Financial data representative first year, Company's share-projects connected, ready to connect, under construction and nearing construction

$\frac{\text{EBITDA}}{\text{Construction cost}} = *15\%$

Expected aggregate revenues from the sale of electricity

NIS 1,749 million *

(NIS 1,292 million is the Company's effective share) in the first representative year of income-generating projects under construction and nearing construction



Based on the data contained in Section 1.4 of the Board of Directors' Report. This is forward-looking information as defined in the Securities Law, dependent on factors beyond the Company's control, including obtaining all required approvals and permits for the establishment of the systems, completing their acquisition, and establishing them within the planned timelines by the company, assuming no changes in electricity tariffs and the exchange rate relative to estimates by international consulting firms, etc. For details regarding the systems, their development/construction status, and estimates of revenues in the first year, see Section 1.4 in the Board of Directors' Report.

For their development/establishment and estimates regarding the revenues in a representative first year, see Section 1.4 of the Board of Directors' Report.

Part A

Description of the General
Development of the
Company's Business



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Chapter A - Description of the Company's Business for 2024

1. Part One - Description of the General Development of the Company's Business

1.1 Definitions

For the sake of convenience, hereunder are definitions of central terms appearing in this chapter:

Term	Description
"Enova Energy"	Enova Energy, Limited Partnership (formerly Nofar Milgam Energy, Limited Partnership), a corporation owned 50% by the Company, which is engaged in the production and sale of electricity, through renewable energies, energy storage systems and electricity supply in the public sector, as well as installing, supplying electricity, and operating charging stations for electric vehicles itself and through Milgam EV Edge.
"Regulation"	Regulatory regulations of the Electricity Authority to generate and sell electricity for the purpose of feeding it into the distribution grid, and for the benefit of the electricity consumers' self-use, as appropriate.
"Controlling Shareholder"	Mr. Ofer Yannay.
"Stock Exchange"	The Tel Aviv Stock Exchange Ltd.
"Annual Report for 2020"	The periodic report for 2020, which is published on the MAGNA system on March 30, 2021 (Reference No.: 2021-01-049992).
"Annual Report for 2021"	The periodic report for 2021, which is published on the MAGNA system on March 29, 2022 (Reference No.: 2022-01-031419).
"Annual Report for 2022"	The periodic report for 2022, which is published on the MAGNA system on March 30, 2023 (Reference No.: 2023-01-031099).
"The 2023 Annual Report"	The periodic report for 2023, which was published in the Magna system on March 31, 2024 (Reference No.: 2024-01-029416).
The "Company"	O.Y. Nofar Energy Ltd.
"EPC Agreement", "EPC" or "Construction Agreement"	Engineering, Procurement and Construction Agreement - a contracting agreement for licensing, design and construction of a facility for the production or storage of electricity and systems for charging vehicles, which regulates the relationship between the construction contractor, on the one hand, and the owners of the facility, on the other.
"O&M Agreement" "O&M" or "Operations Agreement"	Operation & Maintenance Agreement - a maintenance and operation agreement for an electricity production or storage facility, which regulates the relationship between the operator of the site, on the one hand, and the owners of the facility, on the other hand.

Term	Description
"Capacity", "System Capacity" or "Facility Capacity"	In relation to photovoltaic installations, unless otherwise specified, the panel suppliers (in DC ¹ terms). In relation to electricity storage systems, unless otherwise stated, the systems' capacities are in MWh.
"Project Company", "Project Corporation" or "Joint Project Corporation"	A corporation that is the direct owner of the electricity production system, the electricity storage and/or the charging station held by the Company directly or indirectly, alone or in collaboration with third parties, as the case may be.
The "Group Companies" or the "Group"	The Company and the corporations held by it directly and indirectly, including together with third parties.
"The Companies Law"	The Companies Law, 5759-1999.
The "Securities Law"	The Securities Law, 5728-1968.
"Electricity Sector Law"	Electricity Sector Law, 5756-1996.
"IEC" or "Electric Company"	Israel Electric Corporation Ltd.
"Water Reservoir", "Reservoirs" or "Reservoirs"	Water reservoirs and fish pools.
"Report Date"	March 30, 2025.
"Electricity Distributor(s)" or "Historical Electricity Distributor(s)"	A body such as local councils, villages, kibbutzim, moshavim, community settlements or other settlements, which owns rights in the land used for it as a place of consumption and owns rights in the electricity infrastructure it uses to distribute electricity to its residents. It carries out, without licenses, the activity of distribution and supply of electricity to domestic consumers who have personal meters in its distribution area.
"Meteo-Logic"	Meteo-Logic Ltd., a corporation held by the Company at a rate of about 5% that deals in electricity shortfalls, spot on natural gas and green certificates based on an AI-based algorithm that makes trading decisions based on weather forecasts, demand and supply.
"Milgam EV Edge"	Milgam EV Edge Limited Partnership, a corporation 48.75% owned by Enova Energy, which engages in the field of vehicle charging in the public sector.
"System Administrator"	The Company responsible for managing, planning and developing the electricity system.
"System", "Systems", "Project", "Projects," "Facility" or "Facilities"	Solar systems for producing electricity using photovoltaic technology, systems for storing electricity and systems for charging vehicles, as appropriate.

¹ The capacity in DC terms reflects the power of the installed panels, which are the power generation factor.

Term	Description
"System(s) in Commercial Operation" or "Project(s) in Commercial Operation"	Project(s) which, as of the last day of the Report Period, meet all of the following conditions: (a) the project is connected to the electricity grid and the electricity produced in it is fed into the electricity grid; (b) The project company is entitled to receipts on its behalf or has begun to recognize revenues on its behalf.
"System(s) Nearing Construction" or "Project(s) Nearing Construction"	Project(s) which, as of the publication date of the report, meet all of the following conditions: (a) a connection permit to the electricity grid was received for the project; (b) the Company intends to establish the project; (c) In the Company's estimation, the project will become a project under construction within 12 months from the Report Date.
"System(s) Under Construction" or "Project(s) Under Construction"	Project(s) which, as of the publication date of the report, meet all of the following conditions: (a) a connection permit to the electricity grid was received for the project; (b) A construction agreement and/or LNTP (Limited Notice to Proceed) and/or a planning and/or equipment procurement agreement has been signed in relation to the project and there is no impediment to continuing its construction; (d) Its establishment has not been completed.
"System(s) Under Licensing", "System(s) Under Advanced Development", "Project(s) Under License" or "Project(s) Under Advanced Development"	Project(s) for which, as of the date of publication of the report, all of the following conditions are met: (a) the project company has a permit to connect to the electricity grid or a statutory plan (Planning/zoning plan/building conditions, etc.) is approved for it; (b) in the Company's estimation, the project will mature into a project under construction or nearing construction and the Company is working to obtain the approvals required for its construction.
"System(s) Under Development" or "Project(s) Under Development"	Project(s) which, as of the date of publication of the report, meet all of the following conditions: (a) A request for connection to the electricity grid has been submitted for the project and/or the project company has exclusivity in relation to the land on which the project will be located and/or the project company has entered into a memorandum of principles and/or an option agreement and/or a lease agreement in relation to the land on which the project will be built; (b) the project is in the initiation and/or development stages; (c) in the Company's estimation, the project will mature into a licensed project or an advanced development project and the Company is working to obtain a connection permit to the electricity grid and/or to obtain a statutory plan (planning/zoning plan/building conditions, etc.) approved for it.
"Storage System", "Electricity Storage System", "Storage Project(s)" or "Electricity Storage Project(s)" or "BESS"	Battery Energy Storage Systems

Term	Description
"System(s) connected after the Report Date or ready to connect" or "Project(s) connected after the Report Date or ready to connect"	Project(s) which, as of the date of publication of the report, meet one of the following conditions: (a) after the end of the Report Period, the project became a commercially operated project; or (b) a project whose physical construction has been completed or for which a request has been submitted for the project to actually connect the project to the electricity grid, but the project has not yet become a project in commercial operation.
"Net Meter Systems"	Photovoltaic systems operating by virtue of a regulation of the Electricity Authority known as "net meter". ²
"Tariff Systems"	Photovoltaic systems that operate under tariff regulations ³ , with a fixed rate for the electricity produced by them and fed to the distribution grid for a specified period.
"Noy-Nofar Europe"	Noy-Nofar Renewable Energies Europe, Limited Partnership, which is 52.5% held by the Company and 47.5% by Noy Fund.
"Nofar Europe" or "Nofar Europe"	Nofar Europe BV, a corporation wholly owned by the Company, indirectly.
"Noy Fund"	Noy Fund 3 for Investment in Infrastructure and Energy, Limited Partnership, and Noy Fund 4 for Investment in Infrastructures and Energy, Limited Partnership. For details, see Section 3.3 of Chapter 3 of the Company's Prospectus, included in this report by way of reference.
"ILA"	Israel Lands Authority.
"Electricity Authority"	The Authority for Public Services - Electricity, which is a body responsible for regulating the electricity sector in Israel.
"Transmission Grid"	The system responsible for the transmission of the electricity produced in various production units at ultra-high voltage, to switching stations and substations ⁴ deployed around the world.
"Distribution Grid"	A system responsible for the distribution of electricity from the substations to the consumers through high voltage lines, low voltage lines and distribution transformers.
"Company Prospectus"	Supplementary Prospectus published by the Company on December 8, 2020, dated December 9, 2020, Reference No. 2020-01-133446.
"Andromeda"	Andromeda Solutions Korlátolt Felelősségű Társaság, a corporation held 100% by Noy-Nofar Europe.

² For details regarding the net meter arrangement, see Section 3.1.1.2 below.

³ For details regarding the tariff arrangement, see Section 3.1.1.2 below.

⁴ Substations and switching stations are facilities that connect electricity grids and in which a process of converting the electric voltage from extra high voltage (400 kV) to extra high voltage (161 kV) or from extra high voltage (161 kV) to high voltage (33 or 24 kV).

Term	Description
Atlantic Green""	Altantic Green UK Limited, a corporation held 75% by the Company and 25% by the Interland Group, which is engaged in the development of battery electricity storage projects in the UK.
"AC"	Alternating voltage, present in the electricity grid (the distribution grid and the transmission grid).
"Blue Sky" or "BSU"	Blue Sky Utility LLC and Blue Sky Utility Holding LLC, corporations engaged in the initiation of solar projects and storage projects mainly on commercial centers in the US, 67% indirectly held by the Company, including their subsidiaries.
"DC"	Direct voltage, present at the output from the solar panels. It should be noted that DC terms are used in the Report since the income from the sale of electricity is derived from the power of the panels which are at DC voltage.
Electrum Nofar""	Electrum Nofar Energy sp. Z oo, a corporation held 80% by Nofar Europe and 20% by Electrum SP. Z OO, which engages in initiating solar systems and wind projects in Poland, including its subsidiaries.
Nofar USA""	Nofar USA LLC, a corporation indirectly held 100% by the Company.
"Nofar Energy SRL"	Nofar Energy SRL, a corporation operating in Romania that is fully owned by the Company.
"Noventum"	Noventum Power Limited, a corporation held 80% by the Company and 20% by a third party, which is a private company, engaged in the development of solar and wind projects in the United Kingdom.
"Sunprime"	Sunprime Holdings SRL, which is 63.5% owned by Andromeda, including its subsidiaries.
"PPA"	Power Purchase Agreement - an agreement for the sale of electricity.

It should be noted that the term of the Description of the Corporation's Business is for a period that begins two years before January 1 of 2025 (not three), since five years have not yet passed since the Company became a reporting corporation and in the three years preceding the Report, the controlling shareholder was not convicted nor was he prohibited from serving as a director of a public company.

1.2 Activity of the Company and Description of the Development of its Business

1.2.1 General

The Company was incorporated as a private company in April 2011. In December 2020, the Company completed a public offering and listing for trade of its shares on the stock exchange. As of the same date, the Company has been a public company (as this term is defined in the Companies Law).

The Company is engaged, 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, Europe and the USA, as well as in the construction (EPC), operation and maintenance (O&M) in Israel of photovoltaic systems and storage systems and vehicle charging stations, mainly for corporations held by it, including in collaboration with third parties.

The Company's activity is based on creating collaborations with local developers abroad, kibbutzim or real estate companies in Israel, to establish a joint corporation which is held by the Company and the Partner (as defined below) in parts, as agreed by the parties. In Israel, the collaborations are with kibbutzim or real estate companies that own land or suitable sites for the establishment of the corporations, and abroad, the collaborations are mainly with local developers who have knowledge, experience and the ability to locate deals, establish the projects and execute them.

In addition, Israel, the Company is also an EPC contractor and maintenance contractor for most of the projects, and 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 contributes to the advancement of the systems that are 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.

1.2.2 Structure of the Company's activity

As of the Report Date, the Group's activity in the field of renewable energy is divided into three areas of activity:

1.2.2.1 Initiation and investment in Israel - The Company engages, on its own and through corporations held by it, in the activity of initiation and holding of systems for generating electricity from solar energy in Israel, on roofs, water reservoirs and land, and systems for storing electricity in batteries, with the aim of holding them for the long term (hereinafter: the "**Field of Initiation and Investment in Israel** ").

As of the Report Date, most of the activity in this area is carried out through associates, which own hundreds of solar systems and storage systems in the initiation, construction,

nearing construction and commercial operation, which produce and sell electricity to private consumers, electricity distributors or an electricity company.

For additional details regarding the Group's activity in the field of development and investment in Israel, see Section 3.1 below.

- 1.2.2.2 [Construction and operation in Israel](#) - The Group engages in construction (EPC), operation and maintenance (O&M) of solar systems and storage systems held by the Company in collaboration with third parties (through the joint project corporations) and systems held by the Company (directly and through wholly owned corporations) as part of the Company's activities in the Field of Initiation and Investment in Israel (hereinafter: the **"Field of Construction and Operation"**).

For additional details regarding the Group's activities in the field of construction and operation, see Section 3.2 below.

- 1.2.2.3 [Initiation and investment in renewable energies in Europe](#) - The group is engaged in the initiation, development, construction, financing, management, operation and maintenance of systems for generating electricity from solar energy, systems for generating electricity from wind energy and systems for storing electricity in batteries, with the aim of holding them for the long term in Spain, Italy, Romania, Germany, the United Kingdom, Poland, Serbia and Greece. In addition, the Company is currently examining entry into additional territories and projects.

For additional details regarding the Group's activity in the field of initiating and investing in renewable energies in Europe, see Section **Error! Reference source not found.** below.

- 1.2.2.4 [Others – Initiative and investment activity in renewable energies in the US that does not exceed a field of activity](#) – In addition, the Group has initiative and investment activity in renewable energies in the US that does not exceed a field of activity, which includes initiation, development, construction, financing, management, operation and maintenance of systems for generating electricity from solar energy, systems for generating electricity from wind energy and systems for storing electricity in batteries.

For additional details regarding the Group's activities in the US, see Section 3.4 below.

- 1.2.2.5 [Investments that do not amount to a field of activity](#) – In addition, the Group has a number of investments that do not amount to an overall field of activity, including holdings of 50% in Enova Energy (which also owns 48.75% of Milgam EV Edge) as well as a holdings of about 5% in Meteo-Logic.

For further details regarding the activities of Enova Energy and Meteorologic, see Section 0 below.

1.2.3 Development of activity of the Company and Group companies

For details regarding the development of the Company, see Section 1.5 in the Board of Directors' Report.

Below is a table that summarizes the projects held and promoted by the Group Companies, divided by country and project status, as of the Report Date:

Solar systems

	Accounting treatment	Israel		Spain	Italy	Romania ⁽⁴⁾		USA	Poland	UK	Serbia	Total
		Associated companies ⁽¹⁾	Subsidiaries ⁽²⁾	Subsidiaries ⁽³⁾	Associated companies ⁽³⁾	Associated companies	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	
Systems in commercial operation and ready to connect	Supply in MW	299.4	55.6	407.0	270.0	154.8	---	18.2	39.7	---	26.6	1,271.2
	Average holding rate (*)	29%	49%	48.3%	33.3%	50%	---	67%	90%	---	85%	45.42%
Systems under construction and nearing construction	Supply in MW	18.2	16.5	40.0	167.0	---	833.7	3.3	45.0	33.1	---	1,156.8
	Average holding rate (*)	39%	96%	47.3%	33.3%	---	95.0%	67%	100%	80%	---	82.56%
Systems in advanced development	Supply in MW	11.5	112.0	---	301.0	---	---	11.3	210.0	2420.2	---	3,026.8
	Average holding rate (*)	39%	100%	---	33.3%	---	---	67%	100%	80%	---	75.71%
Systems under development	Supply in MW	242.2	0.0	---	---	---	---	23.6	417.7	2,646.0	---	3,572.3
	Average holding rate (*)	100%	---	---	---	---	---	---	80%	80%	---	73.9%

Storage systems

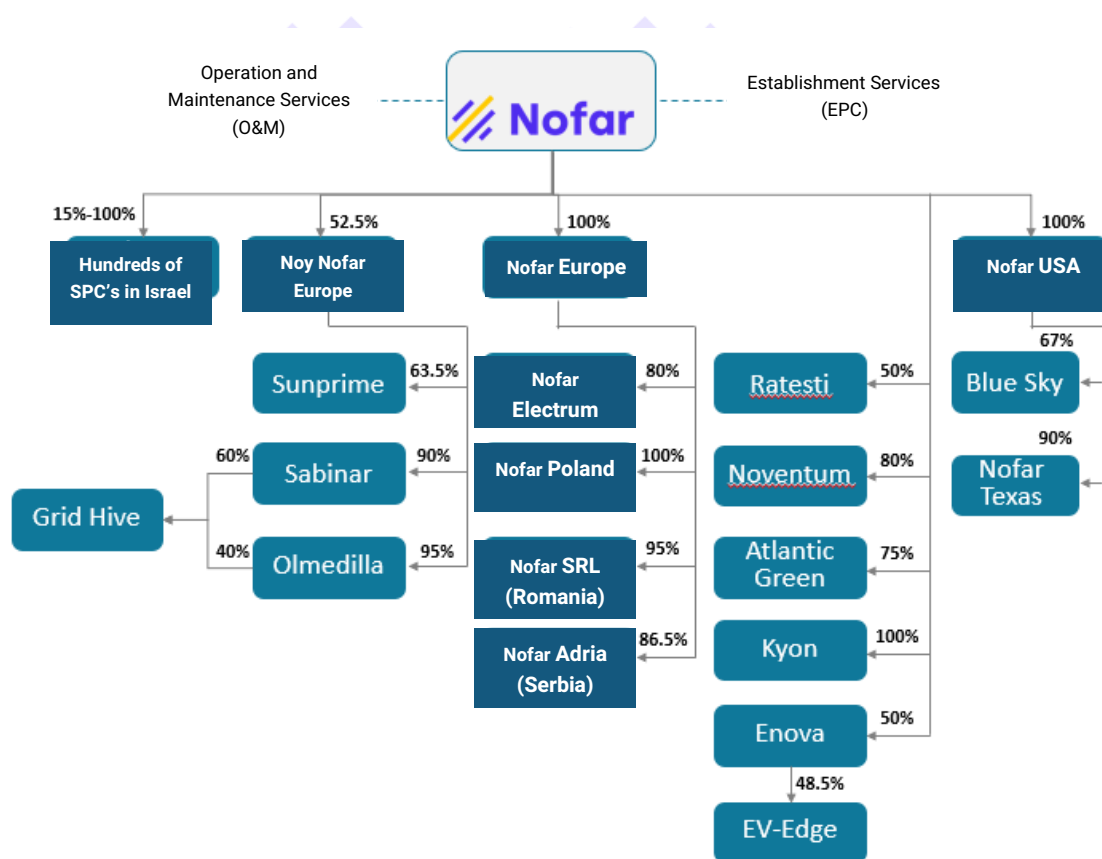
	Accounting treatment	Israel		UK ⁽⁴⁾	Spain	Poland	USA	Greece ⁽⁴⁾	Italy	Romania	Germany	Total
		Associated companies ⁽¹⁾	Subsidiaries ⁽²⁾	Subsidiaries	Subsidiaries	Subsidiaries ⁽³⁾	Subsidiaries	Subsidiaries	Associated companies	Subsidiaries	Subsidiaries	
Systems in commercial operation and ready to connect	Supply in MWh	113.1	---	60.0	---	---	2.0	---	---	---	---	175.2
	Average holding rate (*)	32.5%	---	100%	---	---	67.0%	---	---	---	---	54.8%
Systems under construction and nearing construction	Supply in MWh	131.8	10.4	624.0	---	---	460.0	---	396.9	120.0	209.0	1,952.1
	Average holding rate (*)	27.2%	100%	100%	---	---	90.0%	---	33.3%	95.0%	100%	78.6%
Systems in advanced development	Supply in MWh	130.0	---	260.0	---	---	560.0	---	1,038.0	---	---	3,448.8
	Average holding rate (*)	33%	---	100%	---	---	76.9%	---	33.3%	---	---	72.9%
Systems under development	Supply in MWh	---	60.0	---	---	3,094.0	380.0	1,356.0	786.4	200.0	---	5,816
	Average holding rate (*)	---	100%	---	---	80%	---	100%	33.3%	100.0%	---	73.8%

⁽⁴⁾ The holding rate is calculated according to the multiples method as a weighted average, indirectly, as of the Report Date in relation to the holding rates and system capacities.

- (1) The associates are the project corporations that own the systems. These corporations are incorporated as companies, cooperative agricultural associations, or limited partnerships. As of the Report Date, the Company owns dozens of corporations that own projects in the stages of development, licensing, in preparation for construction, construction or commercial operation.
- (2) Some of the systems are held by the Company and some through project corporations (limited liability company, cooperative agricultural association, or limited partnership) that are fully owned by the Company. It should be noted that in relation to some of these systems, the land owner has the right to purchase the rights in the project. For details, see Section 3.1.1 below.
- (3) The projects are held through Noy-Nofar Europe. The rest of the rights in Noy-Nofar Europe and its general partner (47.5%) are held by the Noy Fund.
- (4) The storage project in the United Kingdom (with a capacity of approximately 260 MWh) as well as the storage project in Greece (with an estimated capacity of about 1,344 megawatt hours) are projects for which the Company entered into a binding agreement for their purchase when they reached the Ready to Build stage, and at this time, their purchase has not yet been completed.

For additional details regarding the projects, see Section 1.4 of the Board of Directors' Report.

1.2.4 Main chart of the Group's holdings structure ⁽¹⁾



⁽¹⁾ The diagram is schematic, reflects the structure of holdings in the Company's investee corporations as of the Report Date, does not include a detailed description of holdings in relation to each project corporation and does not include inactive corporations or holding corporations.

1.3 Investments in the capital of the Company and transactions in its shares

Below are details regarding investments in the Company's capital and transactions with its shares that were carried out, outside the stock exchange in 2023 until the Report Date:

Identity of the investor	Manner of execution of the transaction	Transaction date ²⁵	Quantity of shares/securities allocated/sold	Price per share (in NIS)	The consideration received (in NIS thousands)	Company value derived from the consideration (in NIS millions)
Meitav Provident Funds and Pensions Ltd. ³	Private placement	May 8, 2023	320,500	78	24,999	2,772
Israel Shares Partnership - Phoenix Associates ⁶			128,205		9,999	
Mor Provident Funds and Pensions Ltd. ⁶			161,000		12,558	
Harel Insurance Company Ltd. - Members ⁶			1,217,950		95,000	
Harel Insurance Company Ltd. - Nostro ⁶			65,000		5,070	
Sale of shares by Mr. Ofer Yannay ⁴	Sale of the Company's shares	January 3, 2024	263,250	95	25,008	3,367
Sale of shares by Mr. Nadav Tenne ⁵	Sale of the Company's shares	January 3, 2024	263,250	95	25,008	
Sale of shares by Mr. Shahar Gershon ⁸	Sale of the Company's shares	January 3, 2024	263,250	95	25,008	

² The transaction date is the date of allocation or transfer of the shares to the investor.

³ For additional details, see immediate reports published by the Company on April 24, 2023 (Reference No.: 2023-01-044280), April 30, 2023 (Reference No.: 2023-01-046233) and May 8, 2023 (Reference No.: 2023-01-042004) which are included in this Report by way of reference.

⁴ For additional details, see the immediate report published by the Company on January 3, 2024 (Reference No.: 2024-01-001342), which is included in this Report by way of reference. It should be noted that as part of the sale transaction, Mr. Yannay granted an option to purchase up to 131,625 shares from him during the period from January 2, 2024 to January 1, 2025 at an exercise price of NIS 112 per share (subject to adjustments in the event of distribution of bonus shares, dividends and changes in capital), and on April 17, 2024, the Company published an immediate report (Reference No.: 2024-01-039004), in which it announced that it had been informed by Mr. Yannay that he had purchased the aforementioned options. In addition, Mr. Yanai committed that he will not sell shares of the company until June 30, 2024.

⁵ For additional details, see the immediate reports published by the Company on January 3, 2024 (Reference No.: 2024-01-001342 and 2024-01-001348), which are included in this Report by way of reference. It is noted that as part of the sale transaction, Messrs. Nadav Tenne, Noam Fisher, and Shahar Gershon granted an option to purchase from them up to 394,875 shares (in equal parts) (the "Option Shares") during the period from January 2, 2024, to January 1, 2025, at an exercise price of NIS 112 per share (subject to for adjustments in case of distribution of bonus shares, dividend and capital changes). It should be noted that the obligation to sell the Option Shares is jointly and severally. In addition, they have committed that until June 30, 2024, they will not sell shares of the Company (except due to the exercise of an option granted by Mr. Shahar Gershon to Meitav Investment House in relation to 213,268 shares). As stated above, as of the date of publication of the Report, the option had expired.

Identity of the investor	Manner of execution of the transaction	Transaction date ²⁵	Quantity of shares/securities allocated/sold	Price per share (in NIS)	The consideration received (in NIS thousands)	Company value derived from the consideration (in NIS millions)
Sale of shares by Noy Infrastructure and Energy GP Ltd. ⁶	Sale of the Company's shares	January 3-4, 2024	764,800	95	32,661	
Sale of shares by Mr. Noam Fisher ⁸	Sale of the Company's shares	January 2, 2024	263,250	95	25,008	
Sale of shares by Noy Infrastructure and Energy GP Ltd. ⁷	Sale of the Company's shares	January 4, 2024	421,000	95	39,995	
Trustee for Company employees ⁸	Allocation of options to employees and officers	June 5, 2024	204,625	---	---	---
Trustee for the Company's employees ⁹	Allocation of options to employees and officers	July 23, 2024	164,508	---	---	---
Trustee for the Company's employees ¹⁰	Allocation of options to employees and officers	February 10, 2025	18,130	---	---	---
Sale of shares by Noy Infrastructure and Energy GP Ltd. ¹¹	Sale of the Company's shares	February 20, 2025	2,788,584	85.05	237,169	3,022
Sale of shares by Mr. Noam Fisher ¹¹	Sale of the Company's shares	February 20, 2025	1,744,750	85.05	148,390	3,022

⁶ For additional details, see the immediate report published by the Company on January 3, 2024 (Reference No.: 2024-01-001342), which is included in this Report by way of reference.

⁷ For additional details, see the immediate report published by the Company on January 4, 2024 (Reference No.: 2024-01-002191), which is included in this Report by way of reference. It is noted that within the sale transaction, the Noy Fund granted an option to purchase from it up to 382,400 shares during the period from January 2, 2024, to January 1, 2025, at an exercise price of NIS 112 per share (subject to for adjustments in case of distribution of bonus shares, dividend the issue of rights, and capital changes). As stated above, as of the date of publication of the Report, the option had expired.

⁸ For additional details, see immediate reports dated May 30, 2024 (Reference No.: 2024-01-056994) and June 5, 2024 (Reference No.: 2024-01-058890), which is included in this Report by way of reference.

⁹ For additional details, see immediate reports dated July 23, 2024 (Reference No.: 2024-01-075729 and 2024-01-075744), which is included in this Report by way of reference.

¹⁰ For additional details, see the immediate report dated February 10, 2025 (Reference No.: 2025-01-009848), which is included in this Report by way of reference.

¹¹ For additional details, see the immediate report dated February 20, 2025 (Reference No.: 2025-01-012040), which is included in this Report by way of reference.

1.4 Distribution of Dividends

- 1.4.1 In the two years preceding the Report Date, no dividends were distributed in the Company.
- 1.4.2 As of December 31, 2024, the Company has a negative profit balance of approximately NIS 174,634 thousand. Therefore, the Company has no profit balance suitable for distribution.
- 1.4.3 Some of the contract documents of the Company with the banks include a prohibition on dividend distribution without the bank's approval (for details, see Section 4.5.1 below). In addition, the Company has commitments to comply with financial benchmarks (as specified in Section 4.5) that limit the Company's ability to distribute a dividend to its shareholders. Furthermore, under the deed of trust signed in connection with the issuance of the Company's bonds (Series A through D), the Company undertook that, until the final repayment of the bonds, any distribution shall be subject to the fulfillment of the conditions set forth in the deed of trust, including the following: Equity shall not fall below NIS 650 million for Series A bonds, NIS 1,100 million for Series B and C bonds, and NIS 1,200 million for Series D bonds; The ratio of solo equity to total solo balance sheet shall not be less than 40% for Series A through D; The ratio of consolidated equity to total consolidated balance sheet shall not be less than 16% for Series B and C bonds and not less than 18% for Series D bonds; The ratio of consolidated net financial debt to EBITDA shall not exceed 13 for Series A bonds and 12 for Series B through D bonds; The amount of the distribution shall not exceed 50% of the net profit generated by the Company starting from June 30, 2021 for Series A bonds, March 31, 2023 for Series B and C bonds, and June 30, 2024 for Series D bonds; No grounds exist for immediate repayment of the bonds; No warning signs exist; and The Company's Board of Directors has determined that there is no concern that the distribution would impair the Company's ability to repay the bonds.

In addition to the aforementioned, it should be noted that dividend distributions to the Company from corporations held with partners are subject to the consent of the partners (for details, see Section 3.1.1.1 below). Also, the financing agreements entered into by the Group Companies include obligations to meet financial standards that actually limit the Company's ability to distribute dividends, as well as various limitations in relation to dividend distribution and making payments to their shareholders, including to the Company (such as keeping appropriate deposits/reserves, meeting criteria, and limiting the amount of annual distributions).

With the exception of the above, and with the exception of the limitations established by law, no additional limitations apply to the distribution of dividends by the Company.

2. Part Two - Other Information

2.1. Financial Information regarding Areas of Activity

Below is the financial data of the Company, divided into areas of activity, for the years 2023 and 2024 (all of the data is included in NIS thousands). Unless explicitly stated otherwise, the data in the report are based on the Company's Financial Statements:

	2023						2024					
	Field of Initiation and Investment in Israel ⁽¹⁾	Field of Construction and Operation in Israel	Field of initiation and investment in Europe ⁽²⁾	Others - Development and investment activity in the US ⁽²⁾	Adjustments to the Financial Statements	Financial Statements	Field of Initiation and Investment in Israel ⁽¹⁾	Field of Construction and Operation in Israel	Field of initiation and investment in Europe ⁽²⁾	Others - Development and investment activity in the US ⁽²⁾	Adjustments to the Financial Statements	Financial Statements
Income from external	83,151	10,738	144,087	15,267	(69,731)	183,512	118,819	7,709	245,180	23,637	(178,675)	216,670
Inter-sector income	---	165,103	---	---	(4,254)	160,849	---	106,120	---	---	(2,615)	103,505
Total revenue	83,151	175,841	144,087	15,267	(73,985)	344,361	118,819	113,829	245,180	23,637	(181,290)	320,175
Fixed costs arising from external ⁽³⁾	---	17,256	---	---	---	17,256	---	14,319	---	---	---	14,319
Variable costs arising from externals ⁽³⁾	6,963	186,813	12,382	5,990	10,593	222,741	8,200	105,963	34,347	5,194	2,399	156,103
Fixed costs that constitute income of another field of activity ⁽³⁾	---	---	---	---	---	---	---	---	---	---	---	---
Variable costs that constitute income of another field of activity ⁽³⁾	26,444	---	1,773	---	(28,217)	---	47,037	---	8,142	---	(55,179)	---
Total costs	33,407	204,069	14,155	5,990	(17,624)	239,997	55,237	120,282	42,489	5,194	(52,780)	170,422
Profit from ordinary activity	49,744	(28,228)	129,931	9,277	(56,360)	104,364	63,582	(6,454)	202,691	18,443	(128,510)	149,752
Total assets ⁽⁴⁾	691,676	1,355,091	3,273,317	348,183	---	5,668,267	692,387	1,273,680	3,888,381	373,306	---	6,227,754
Total liabilities ⁽⁵⁾	126,701	787,754	1,721,343	261,348	---	2,897,146	225,271	504,488	2,765,427	321,779	---	3,816,965

⁽¹⁾ The results of the Field of Initiation and Investment in Israel reflect, among other things, the Company's share in the results of the activities of the various joint project corporations, according to the Company's indirect rate of holdings in each of them.

In relation to the systems whose operation began during the year of activity - the table includes actual results only, starting from the various dates of operation until the end of the calendar year. For the expected results of the Company's systems in commercial operation for a full year of operation, see Section 1.4 of the Board of Directors' Report.

⁽²⁾ It should be noted that in the 2023 annual report, the initiation and investment activity in Europe and the initiation and investment activity in the US were presented together as the overseas initiation and investment activity area. This area included the activities of the Group's companies abroad (Romania, Spain, Italy, Germany, the United Kingdom, the United States, Poland, Serbia and Greece). In the framework of the 2024 annual report, inter alia, in accordance with an organizational change in the Company, data for the European initiation and investment activity and the US initiation and investment activity (which does not amount to an area of activity) are presented separately, including in relation to data for 2023. It is noted

that until December 31, 2023, the Electrum Nofar activities were presented as part of the results section of associates accounted for according to the equity method. As of December 31, 2023, the results of Electrum Nofar are consolidated in the Company's Financial Statements.

⁽³⁾ Costs arising from external sources are direct costs only that include external works and materials only.

⁽⁴⁾ The total assets of the development and investment sector in Israel and abroad are calculated in accordance with investments in investee corporations that are accounted for according to the equity method, in addition to the value of photovoltaic systems included in the fixed assets section. The rest of the assets in the Company's balance sheet were classified in the Field of Construction and Operation in Israel.

⁽⁵⁾ The total liabilities of the Field of Initiation and Investment in Israel and Abroad are calculated in accordance with the liabilities of the Group Companies in respect of these activities. The rest of the liabilities in the Company's balance sheet were classified in the Field of Construction and Operation in Israel.

For the Board of Directors' explanations of the Company's financial data, see the report of the Company's Board of Directors attached in Part B of this Report.



2.2. General environment and effect of external factors on the Company's operations

Below is the Company's evaluations regarding trends, events and macro-economic environment developments of the Group, which to the best of the Company's knowledge and estimate, had or are expected to have a material effect on the business results or developments in the Group's activity or any of its fields of activity.

The contents of this section regarding the Company's estimates is forward-looking information, as this term is defined in the Securities Law, based on public publications, and as such, is uncertain.

2.2.1 General review

The second half of 2023 was characterized worldwide by a slowdown in the pace of interest rate increases. However, inflation levels in the main blocs remained higher than central bank targets, due to demand pressures in the service and industrial sectors. Economic activity in leading countries moderated, and weakness continued in the global industrial sector and world trade. This led the Central Bank to take monetary actions to minimize the damage to the economy.¹⁶

In 2024, recession fears have diminished, yet global GDP growth remains moderate. Developed economies, especially Europe, have slowed growth due to tight monetary policy, while emerging markets, especially in Asia, have shown resilience. The US, the world's largest economy, continued to show resilience to high interest rates and inflation – growing by almost 3% year-on-year, which boosted investor confidence. In China, the recovery from previous economic difficulties has been uneven, with mixed results following government stimulus. Below is a table showing the GDP growth rate in the G7 countries:¹⁷

GDP growth								
% change in real GDP					updated 23 Dec			
	% change on previous quarter				% change on a year ago			
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 23	Q1 24	Q2 24	Q3 24
UK	-0.3	0.7	0.4	0.0	-0.3	0.3	0.7	0.9
Eurozone	0.1	0.3	0.2	0.4	0.1	0.5	0.6	0.9
USA	0.8	0.4	0.7	0.8	3.2	2.9	3.0	2.7
Japan	0.2	-0.6	0.5	0.3	0.9	-0.9	-0.9	0.5
Germany	-0.4	0.2	-0.3	0.1	-0.2	-0.1	-0.2	-0.3
France	0.4	0.2	0.2	0.4	1.2	1.4	0.9	1.2
G7	0.4	0.3	0.5	0.5	1.9	1.5	1.6	1.6
OECD	0.4	0.4	0.4	0.4	1.7	1.7	1.6	1.7

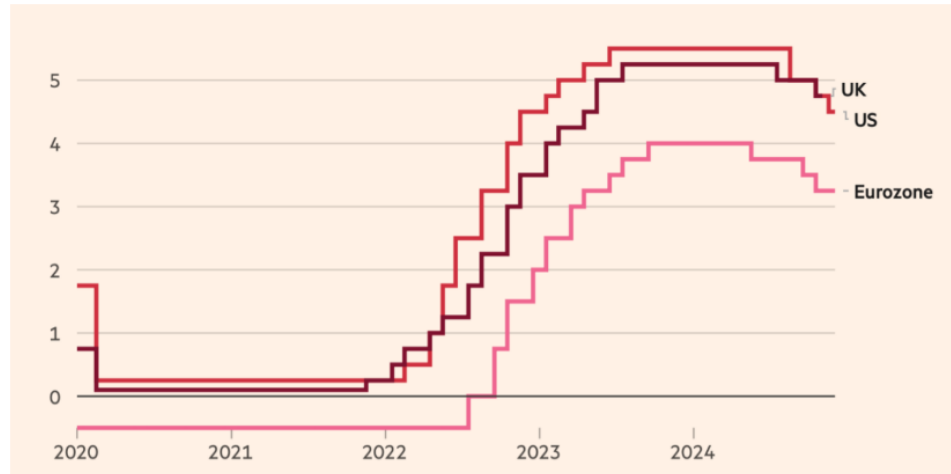
In terms of interest rates, after a period of aggressive interest rate hikes, 2024 marked a turning point for the world's central banks, including the US Federal Reserve (Fed), the Bank of England (BoE), and the European Central Bank (ECB). Towards the end of 2024, these banks began to cautiously lower interest rates, signaling a shift to a more accommodative monetary approach. The FED and ECB have each made three interest rate cuts, while the

¹⁶ Bank of Israel, "Monetary Policy Report, Second Half of 2023", January 2024.

¹⁷ British Parliament report, March 2025: <https://researchbriefings.files.parliament.uk/documents/SN02784/SN02784.pdf>

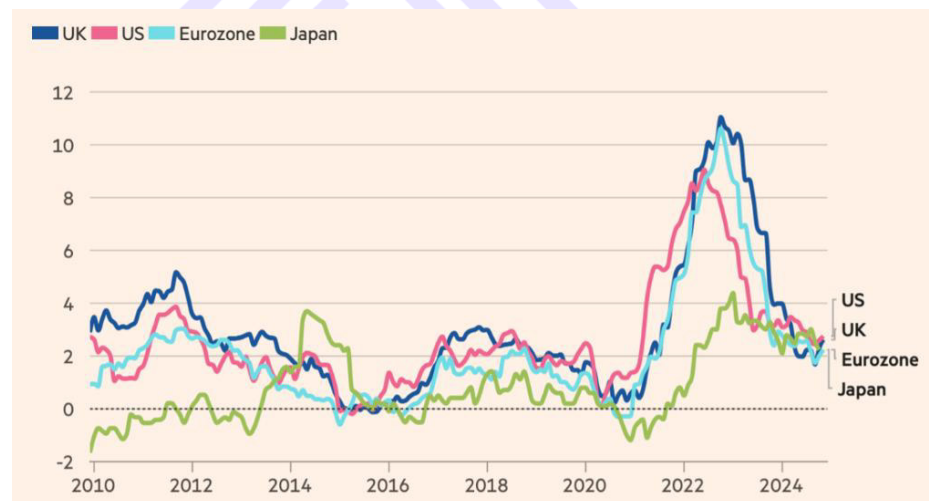
BoE has cut rates twice. These measures were a response to some decline in inflation and signs of slowing economic growth.

Below is a graph showing the change in interest rates in the US, UK, and the European region between 2020 and 2024:¹⁸



In terms of global inflation, after reaching its highest level in the last decade in 2023, inflation began to decline rapidly in 2024. In the first half of 2024, inflation approached the 2% target set by central banks, but in the second half of the year there was a slight increase again. Despite this, central banks began to lower interest rates out of confidence that inflation would continue to decline. However, it later became clear that inflation remained "sticky", which made the interest rate cut cycle slower and more uncertain than expected.

Below is a graph showing the change in inflation in the US, UK, Europe and Japan from 2010 to 2024:¹⁹



In Israel - At the beginning of January 2024, the Bank of Israel decided to lower the interest

¹⁸ See: <https://www.ft.com/content/088d3368-bb8b-4ff3-9df7-a7680d4d81b2>

¹⁹ See: <https://simplyethical.com/blog/2024-year-in-review/>

rate from 4.75% to 4.5%, and since then there has been no change in the interest rate. The Bank of Israel's decisions to leave the interest rate unchanged were accompanied by the inflation rate, which increased at the beginning of 2025 to 3.8% compared to 3.2% in December 2024. The Bank of Israel justifies the decision to leave the interest rate unchanged, contrary to the global trend, by saying that the war is still ongoing, despite the ceasefire.²⁰

2.2.2 The Global Energy Economy²¹

The escalating conflict in the Middle East and the ongoing war that began with the Russian invasion of Ukraine in early 2022 have caused sharp volatility in electricity prices and are believed to have highlighted the energy supply risks facing the world.

Some of the immediate effects of rising electricity prices in Europe, which resulted from the Russian invasion of Ukraine, faded in 2023 and more sharply in 2024. However, the risk of further future impacts remains very high.

Additionally, the year 2024 is shaping up to be a turning point in the immediate term uncertainty in the global energy economy, regarding government policies and industrial strategies among countries around the world. Countries representing about half of global energy demand held elections in 2024, with energy and climate issues prominent on election platforms for voters hit by high fuel and electricity prices and floods and heat waves. This issue became particularly prominent in the US with the inauguration of Donald Trump as president.

In addition, other factors that do not directly stem from geopolitical considerations have also contributed to uncertainty regarding the energy sector, including the entry of renewable energies, energy mobility issues and liquefied natural gas (LNG), as well as the development of artificial intelligence (AI) and other innovative technologies that are expected to affect electricity demand.

Despite the above changes, the energy produced from renewable technologies is increasing every year. For example, in 2023, the electricity produced from renewable energies increased by a total of over 560 gigawatts (GW). However, the deployment is far from uniform across technologies and countries.

Investment flows into renewable projects are estimated to be approaching \$2 trillion each year, almost double the combined amount spent on new oil, gas and coal supplies. However, despite record deployment of renewable energy in recent years, around two-thirds of global energy in 2023 was supplied by fossil fuels, pushing energy-related CO2 emissions to another record high.

²⁰ <https://www.themarket.com/news/2025-02-24/ty-article/00000195-374f-d5d4-adf7-f7eff2b70000>

²¹ See: "World Energy Outlook 2024", International Energy Association (IEA) October 2024.

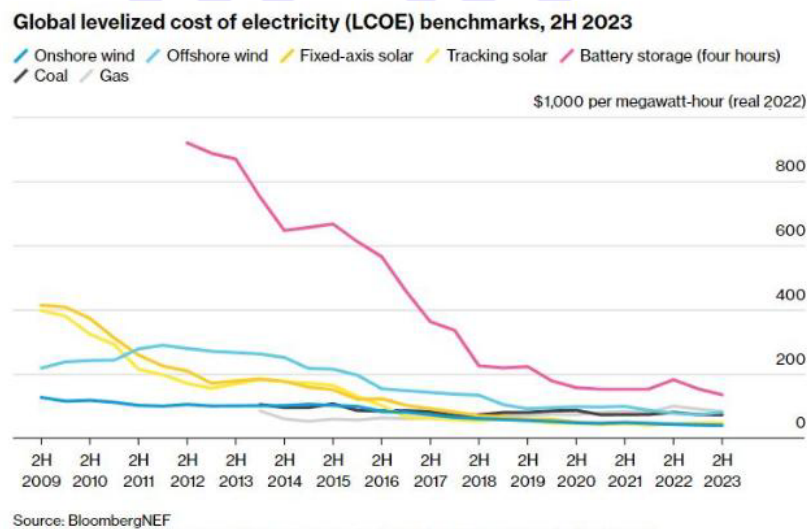
2.2.3 Transition to renewable energies

The weight of renewable energies from all the energies that the world consumes has been rising consistently in recent years.

One of the main reasons for this change is the global consensus that a change in the way energy is created is critical for dealing with the climate crisis and reducing greenhouse gas emissions. This consensus is reflected in the fact that more than 140 countries around the world have adopted plans to reduce greenhouse gas emissions and switch to renewable energies.²² The adoption of these programs led to government support for the development of renewable energies both in terms of regulatory support as well as in terms of economic benefits to encourage developers to invest and develop the industry in recent years.

The global energy crisis that intensified during 2022 further accelerated the global transition to renewable energies. Many countries, and in particular countries on the European continent that depended on natural gas from Russia until the outbreak of the crisis, have brought to the agenda the importance of the independence and energy security of each country. The significant decrease in the price of setting up renewable energy systems in the last decade, in particular wind energy and solar energy systems, has led to the fact that electricity from renewables is the cheapest option in most regions of the world. In this context, it can be noted that according to the publications, there was a decrease of about 68% in the cost of kWh of wind energy (onshore) and a decrease of about 88% in the price of kWh of solar energy between the years 2010 and 2021.²³

In the following diagram, which shows the average price for producing a megawatt of electricity (Levelized cost of electricity, LCOE) over time, it can be seen that the decrease in the cost of green electricity is reflected even more clearly in the field of storage²⁴:



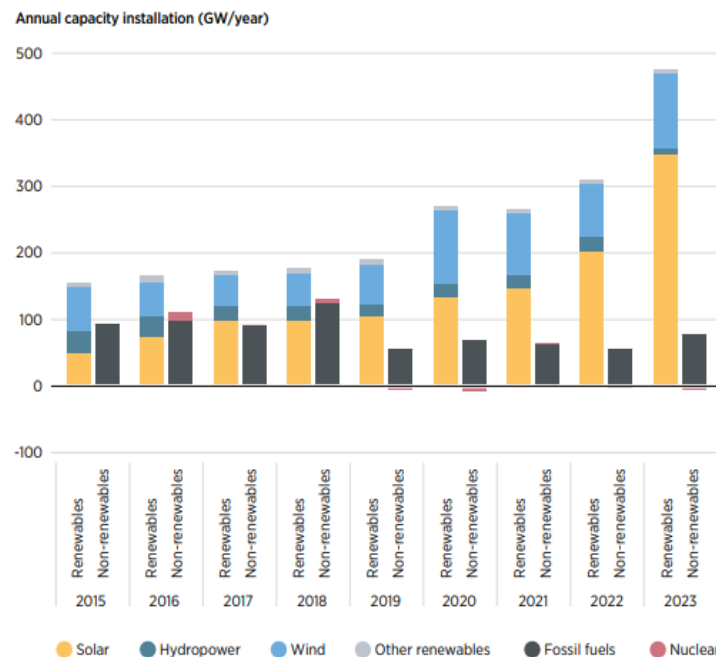
²² See International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook", June 2021.

²³ International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook 2023", March 2023.

²⁴ "2H 2023 LCOE Update: An Uneven Recovery", Bloomberg BNEF, December 2023.

The decline in the costs of establishing renewable energies, combined with the global consensus on the need to transition to renewable energies, and the aspiration of countries to achieve energy independence, led to a 290% increase in the capacity of renewable energy production facilities between 2015 and 2023, compared to a decrease in the capacity of fossil fuel-based energy production facilities.

Below is a chart showing the total additional capacity of renewable energies between 2015 and 2023:²⁵



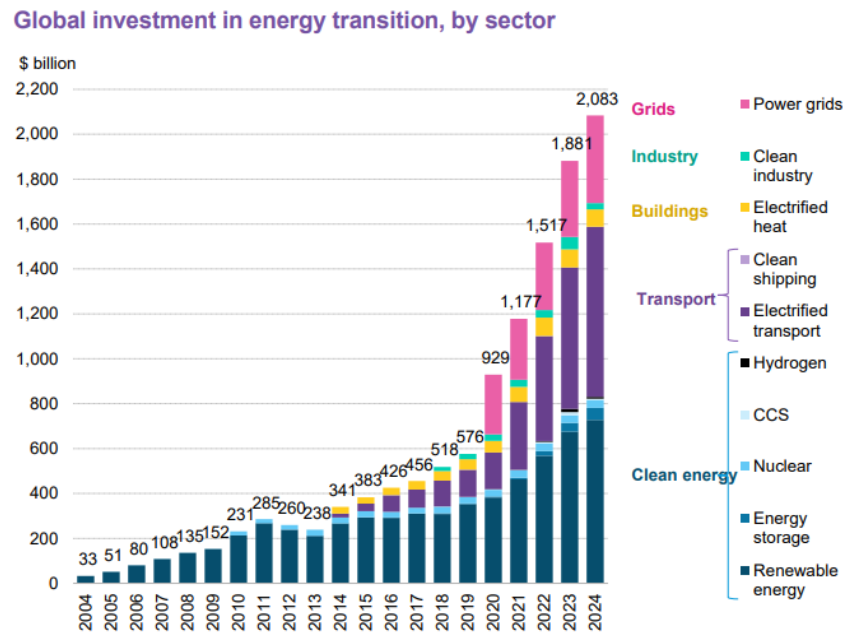
Among renewable technologies, the installed capacity of photovoltaic generation has grown the fastest, with a 7-fold increase from 2015 to 2023. At the end of 2023, the cumulative revised capacity of photovoltaic generation reached approximately 1,500 GW, of which 350 GW were added in 2023 alone.

The transition to the use of renewable energies requires extensive investments for the purpose of establishing these systems as well as for the purpose of upgrading the electricity infrastructures required for the transmission of electricity from these systems. In this regard, it should be noted that in 2024, approximately USD 2.1 trillion were invested in ventures with low carbon emissions, such as: renewable energies, storage, hydrogen, vehicle charging, including significant fundraising in the capital market (in IPOs, secondary fundraising, SPAC mergers) by high tech companies in the field of climate (Climate-Tech).²⁶

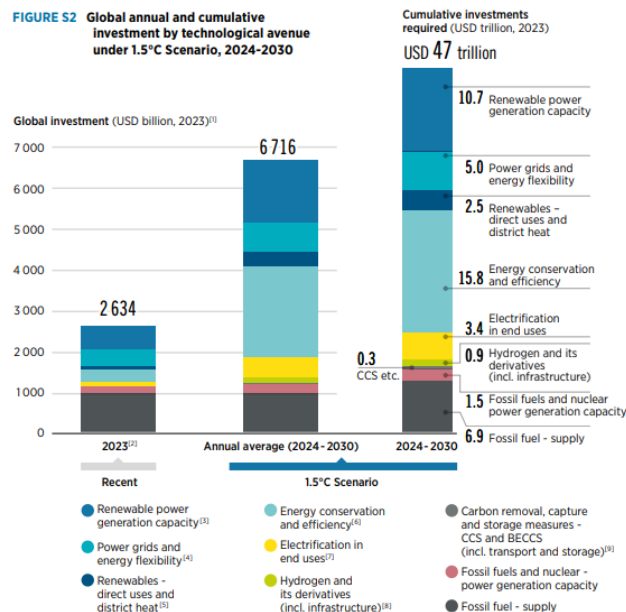
²⁵ International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook 2024", November 2024.

²⁶ See: Bloomberg BNEF "Energy Transition Investment Trends 2023", January 2023;
<https://assets.bbhub.io/professional/sites/24/energy-transition-investment-trends-2023.pdf>.

Below is a chart showing the level of global investment in projects in the field of transition to low-emission energy, by sector, from 2004 to 2024²⁷:



According to estimates, in order to reach the Net Zero scenario by 2050, a cumulative investment of approximately \$47 trillion will be required between 2024 and 2050, with most of it estimated to be allocated to renewable production technologies:²⁸



²⁷ Bloomberg BNEF "Energy Transition Investment Trends 2025", January 2025.

²⁸ International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook 2024", November 2024.

2.2.4 Climate

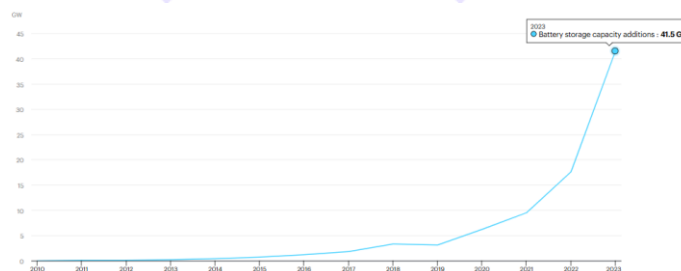
The outputs of the solar installations (and, as a result, the profitability of the photovoltaic systems) are mainly influenced by the levels of solar radiation and the temperature and atmospheric pressure conditions. Therefore, in the summer months, when the radiation is relatively high and there is not a lot of cloud cover, the output of the solar installations increases, and vice versa.

Excessive cloudiness, sand, humidity, temperatures significantly different from the annual average and weather conditions that are not optimal may reduce the electricity output produced. In addition, environmental events that cannot be predicted, such as floods, sandstorms and earthquakes, may cause the shutdown and destruction of the systems that have been established, thus damaging the project's operating period and their profitability. The variation in the climate in the different countries causes variation in the annual production hours between the countries.

2.2.5 Development of the field of electricity storage

The increasing scope of use of renewable energies requires the use of complementary systems - flexible energy supply facilities that will provide security in the electricity supply alongside grid stabilization capabilities for the electricity grid. Accordingly, in recent years there has been sharp growth in the volume of electricity storage facilities worldwide, which is doubling year after year. According to publications, the volume of battery energy storage systems (BESS) installed by the end of 2023 was approximately 42 GW, an increase of more than double compared to 2022.

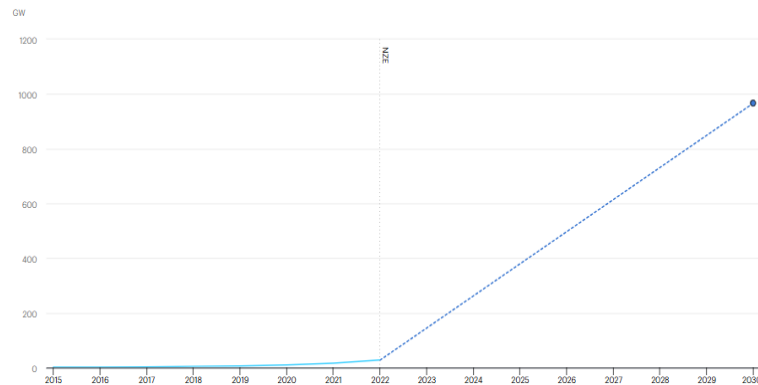
Below is a chart showing the scope of new annual installations of storage systems in the years 2010-2023:²⁹



The continued growth of renewable energies and the goals of reducing greenhouse gas emissions will require extensive investment and continued development of the electricity storage sector. In this regard, according to estimates, by 2030, the installation of storage systems with a cumulative capacity of 970 gigawatts of connection will be required, as can

²⁹ See batteries-and-secure-energy-transitions, International Energy Agency (IEA), April 2024.

be seen in the following graph:³⁰



In this context, many countries, and in particular the USA and the European Union, include "standalone" energy storage projects (which are not attached to an energy production project) under regulation that encourages renewable energy projects. In particular, in the US, under the Inflation Reduction Act, a tax credit clause (ITC) for standalone storage projects is included, and furthermore, the European Union has published a series of tenders to encourage energy storage³¹. For details regarding the regulation supporting renewable and storage projects in the various countries, see Sections **Error! Reference source not found.** and 3.3.1.5 below.

The most common technology on the market is lithium batteries. In this context, it is important to note that the last two years have been characterized by sharp changes in lithium prices, which grew by more than 120% during the year 2022 due to the growing demand for lithium batteries used to store electricity and drive electric vehicles³², decreased by approximately 81% from the beginning of 2023 (in relation to the record price recorded on November 17, 2022), continued to decrease until mid-2024, and stabilized, as can be seen in the following graph, which shows the fluctuation of lithium prices from 2019 until March



³⁰ Renewable Energy Progress Tracker International Energy Agency (IEA), October 2024.

³¹ July 2023, Grid-Scale Storage: Tracking Progress 2023, International Energy Agency (IEA), July 2023.

³² "Why did the price of lithium jump by more than 120% since the beginning of the year?", Calcalist, November 2022

2025³³:

2.2.6 Change to interest rates

During the Report Period, there was a decrease in the interest rates carried by some of the loans taken by the Group companies, which are linked to the base interest rate. There was also a decrease in the interest rates set by the central banks, which are used as a basis for determining the interest rates taken by the Group Companies.

These changes impact the financing costs of variable interest loans carried by the Group Companies and also affect the financing costs of projects in the initiation and construction stages for which financing has not yet been taken. According to estimates, during the coming year, the decline in interest rates abroad will continue, while in Israel the interest rate is expected to remain relatively stable with a moderate decline. Naturally, a change in interest rates affects the profitability of projects and their ability to finance them.

For details regarding changes in interest rates during the year, see Section **Error! Reference source not found.** above.

2.2.7 Change to exchange rates

The revenues of the group companies as developers in Israel are in NIS, the construction price of the projects in Israel is denominated in NIS, and a substantial part of the Company's funding sources is in NIS. On the other hand, some of the components of the systems are purchased in foreign currency (mainly dollars, US, euros and sterling) and the Company's investment activities abroad are carried out in foreign currency (euro, dollar, sterling, zloty, krone, lei, etc.). In addition, the revenues of the Group's overseas companies are in foreign currency. Accordingly, fluctuations in the exchange rates of the relevant currencies may affect both the scope of the Company's financing sources in foreign currency, the Company's results, and the rates of return on capital generated by the Company's overseas projects. In addition, in light of the fact that some of the Company's assets are in foreign currency, changes in exchange rates have an impact on the Company's balance sheet and profit and loss statement.

The year 2024 was characterized by high volatility in exchange rates. Continuing the trend that began at the end of 2023, from January to February 2024 the shekel strengthened against the dollar by 1.2% and against the euro by about 3.1%. From March to July of that year, there was a change in trend, and the shekel weakened against the dollar by 5.1% and by 5% against the euro. Starting in October, amid expectations for a settlement in the north, there was a sharp increase in the shekel, and on an annual basis, it weakened against the dollar by only about 0.6%, but strengthened by 5.4% against the euro.³⁴ As mentioned above,

³³ Trading Economics, Lithium, as of March 9, 2025.

³⁴ See: "Statistical overview 2024" of the Bank of Israel.

these changes have an impact on the value of the assets in foreign currency on the Company's balance sheet, the value of its liabilities and the scope of the Company's sources of financing.

2.2.8 Changes in inflation

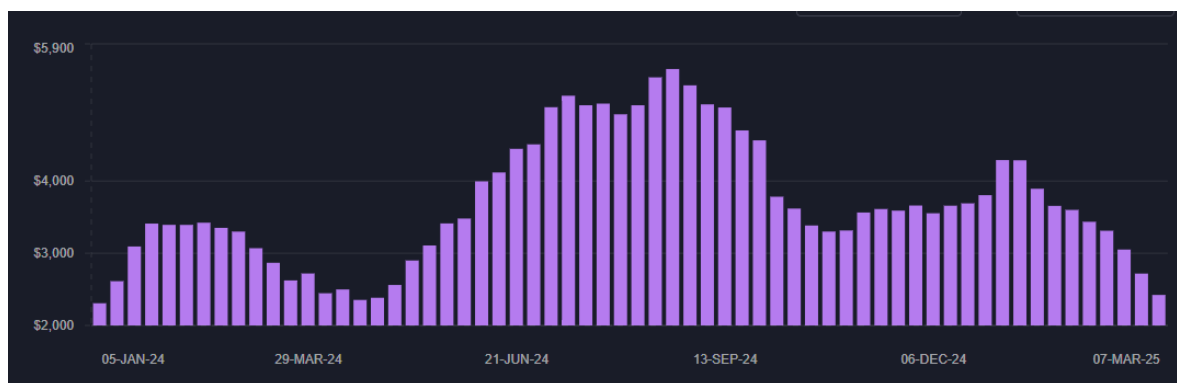
The Bonds (Series A) that the Company issued are linked to the consumer price index. Also, some of the loans taken by the Group Companies are linked to the Israeli consumer price index. Accordingly, an increase in inflation causes an increase in the Company's financing expenses. In addition, an increase in the inflation rate in Israel and the other countries in which the Group operates affects the costs of establishing and operating the projects, as well as the Company's financing costs.

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 changes in electricity prices are one of the causes of an increase in inflation, as well as 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). For details regarding changes in inflation that have occurred in recent years, see Section **Error! Reference source not found.** above.

2.2.9 Sea freight prices

During the Report Period, there were significant changes in global shipping prices. In particular, from the beginning of 2022 to October 2023, there was a drop of almost 90% in the FBX index that measures global ocean freight prices. Since October 2023, the described downward trend stopped and the index began to be more volatile, so the global transportation price index climbed between October 2023 and February 2024 and since then began to decrease again. During 2024, maritime transportation prices experienced great volatility, with prices at their peak increasing by 117% compared to the beginning of the year, and as of the Report Date, prices had returned to the price levels of early 2024, as can be seen in the graph below:³⁵

³⁵ Website of Freightos <https://app.terminal.freightos.com/fbx>.



In addition, the Houthi attacks in the Red Sea region led to an increase in marine insurance prices and an extension of the duration of shipping goods (in light of the need to make detours), which affects both the costs of building the projects and compliance with the schedules for their construction.

Global shipping prices and the availability of sea shipping routes affect the cost of transporting the equipment needed to establish the Company's projects and the schedules for the construction of the projects, and therefore is an element that may affect the Company's ability to carry out projects that have not yet been established and that the equipment necessary to establish them is not in the Company's possession as of the Report Date.

2.2.10 Iron Swords War

On October 7, 2023, the "Iron Swords" war began, which is still going at present. The war may have macroeconomic consequences, including an effect on an increase in the consumer price index as a result of a shortage of workers or a shortage of various products, the weakening of the shekel against foreign currencies, an increase in interest rates (or the avoidance of lowering interest rates) as part of a restrictive monetary policy or consequences as a result of the downgrading of Israel's credit rating. At the same time, as of the Report Date, it appears that these indices are stable or have moderated.

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 and the North 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. In addition, the war caused delays in the construction of projects in various areas of the country, due to restrictions on access to these sites. 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, an increase in the interest rate, difficulty in raising capital and debt, etc. In addition, the continued disruptions in the shipping routes in the Red Sea may cause delays in the delivery dates of parts of the eastern regions and an increase in the prices of sea transportation.

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.

2.2.11 Regulation

As a general rule, activity in the field of electricity and energy is an activity that is regulated and supervised by the relevant regulatory bodies in each country. Various legislative and regulatory processes in the countries where the Company operates have a significant impact on the Company's activities and results. In recent years, there has been a trend of developing incentives for renewable energies by the regulators in various markets, which affect the projects under development and the competition in the Company's business environment. Changes in regulation, changes in the policies of the governments and regulators or their approach in the interpretation of the regulation may have different effects on the Group's projects or projects that the Group intends to develop as well as on the viability of establishing new projects. Regulatory arrangements may also affect electricity supply activity and competition, including electricity prices.

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 estimates may not materialize, in whole or in part, or may materialize differently, including materially, than expected, among other things, as a result of suboptimal assumptions and analyses, developments that cannot be fully assessed in connection with the crisis, its duration and intensity, in connection with the war, its duration, intensity and effects, or the materialization of all or part of the risk factors detailed in Section 4.14 below.

3. Part Three - Description of Corporation's Businesses by Area of Activity

3.1 Field of Initiation and Investment in Israel

3.1.1 General information on the field of activity

3.1.1.1 General

The Group's activity in the field of activity is based on a business strategy in which the Company enters into agreements with kibbutzim, industrial companies and real estate-intensive business entities (above and below: the "**Partner**"), to establish a joint-purpose corporation with the Partner, established for the needs of the project, which is (or will be) the owner of electricity generation systems and/or a storage system, as applicable, established on the Partner's premises (hereinafter respectively: the "**Joint Project Corporation**" and the "**Founders' Agreement**"). The Company brings to the Joint Project Corporation the knowledge, expertise, experience, as well as the ability to initiate, manage, plan and set up the systems, while the Partner provides the Joint Project Corporation the roofs, water reservoirs, buildings or land on which the systems are erected.

Also, sometimes the Company turns to property owners with the proposal that the Company rent the roofs they own from them, build systems on them and sell them and/or the relevant electricity distributor the electricity produced by these systems. In such cases, the Company is the sole owner of the systems. However, in some of these contracts the property owners have the right to acquire rights in the project corporations of the systems established in their territory.

The Joint Project Corporation works to establish solar systems and/or storage systems, as appropriate, in the Partner's territories (hereinafter: the "**Area of Activity**"), and is held by the Company with final indirect holdings, at a rate of between 15% and 100% (where the average holding rate as of the Report Date is about 32% with final indirect holdings³⁶). The remaining holdings in the Joint Project Corporation are held by the Partner (or Partners) who owns the roof, the water reservoir, the structure or the land on which the system is built.

The sole activity of the Joint Project Corporation is to initiate, obtain financing, set up and maintain the system (or systems) of the type and size agreed upon between the Company and the Partner.

The type (or types) of the system, as well as the regulation (or regulations), by virtue of which (or by their authority) the systems are established and operate, are determined

³⁶ Calculated according to the system suppliers at the various stages and the holding rates of the Company, directly and indirectly, in the project corporations and the corporations through which the project corporations are held (the multiples method).

by the Company and the Partner, in a way that will allow optimal utilization of the roofs, reservoirs, buildings and vacant land, the Partner's electricity consumption and use of the regulation (or the regulations) by virtue of which it will be possible to receive the highest weighted rate for the electricity produced in the system.

The actual construction of the projects is carried out, usually³⁷, through the Company, which enters into a construction agreement (EPC) with the Joint Project Corporation against payment of consideration as specified in Section 3.2 below.

The financing of the project in Israel is carried out, for the most part, through senior bank financing (and sometimes through financing from the partners) at a rate of about 80%-90% of the cost of setting up the solar system, provided (as applicable) against a lien on the full assets and rights of the Joint Project Corporation (with the exception of the rights in the real estate), company guarantees of the partners in the Joint Project Corporation (the Company and the Partner), usually in accordance with their share³⁸, while relying, among other things, on the commitment of the IEC, the historical electricity distributor, the consumer (or consumers) in whose territory the system or relevant regulation is established, to purchase all or part of the electricity produced in the system, some at known and fixed rates in advance and for a long period of time, and some in accordance with the tariff rates applicable to the relevant consumer. The balance of the project's financing (at a rate of approximately 10-20%) is provided through equity³⁹ by the Company and the Partner (usually according to the share of the parties' holdings in the joint project company and sometimes the Company is required to provide the full equity or equity at a higher rate than the share of its holdings). It should be noted that in recent years, the Company has provided the necessary financing for the establishment of the systems, at times against an interest rate agreed upon between it and the Partner, when the taking of the financing is carried out by the joint project corporation, led by the Company, usually after the construction is completed.

The electricity produced in the systems is sold to the registered consumer where the system is installed or the electricity distributor in the system area in accordance with the rate that the partner (or the consumer, as far as rental transactions are concerned) pays (or could have paid) to IEC or another private electricity supplier⁴⁰, and for

³⁷ In relatively few cases, the establishment of the projects and their operation for the Joint Project Corporation is carried out by third parties other than the Company and/or corporations under its control.

³⁸ Part of the financing is guaranteed by the Company's guarantee to the extent derived from multiplying the proportion of the Company's holdings in the Joint Project Corporations by 1.3 and part of the financing is guaranteed by the Company's guarantee for the full financing.

³⁹ In relation to most joint project corporations, the equity capital is nominated as equity, investment or shareholder loans. As of December 31, 2023 and December 31, 2024, the investment balance amounted to approximately NIS 381 million and approximately NIS 402.1 million, respectively.

⁴⁰ At times, minus a certain discount.

electricity fed into the electricity grid, in accordance with the rate paid by IEC by virtue of the various regulations.

The storage systems established by the Joint Project Corporation are established for three main purposes - the establishment of additional solar systems in areas characterized by network congestion (which without the storage systems cannot be established), generating profits from the differences in electricity prices between the hours of the day (charging the storage systems during the hours when the rates are low and discharging the electricity during where the rates are high), providing backup and support services, and the supply of electricity in hours in which the flow of electricity from the grid is stopped (electrical interruptions, times of crisis, etc.) and supporting the activity of the virtual electricity supplier (will allow the virtual electricity supplier to make a profit from electricity supply during peak hours).^{41,42} In addition, the Company estimates that in the coming years it will be possible to use storage systems to provide tolling services to virtual suppliers, and with the expansion of the use of systems for generating electricity from renewable energies, it will also be possible to provide grid stabilization and backup services for the electricity grid through these systems.⁴³

(a) Procedure for establishing photovoltaic systems

The process of setting up photovoltaic systems is subject to instructions, laws, regulations and arrangements of various kinds, which must be thoroughly understood in order to obtain the approvals and permits required for their establishment, as is the case regarding the period of time involved in receiving them and the profitability of the various projects.

The beginning of the process of setting up a photovoltaic system is the identification of roofs, water reservoirs or land, on which the various systems can be built, and the signing of an appropriate agreement, which gives the Joint Project Corporation the right to use the land, roofs or water reservoir on which the systems are planned to be built.⁴⁴ In this context, it should be noted that most of the systems in commercial operation, under construction and nearing construction of the Group Companies are systems on roofs

⁴¹ See Decision No. 63704 of the Electricity Authority and its amendment in Decision No. 64603 of the Electricity Authority on the subject of a market model for production and storage facilities connected or integrated into the distribution grid.

⁴² See Decision No. 63609 of the Electricity Authority - Update of demand hour files.

⁴³ Based on services and revenues of battery storage systems in various European countries in whose territory network stabilization and backup services are provided to the system administrator, among other things, through storage systems. It should be emphasized that the Company's estimates regarding future income of storage systems is forward-looking information, as this term is defined in the Securities Law, based on income and objectives of use of the storage systems in a number of countries in Europe. These estimates may not materialize due to various factors beyond the Company's control, in particular the determination of different regulations and the use of alternative solutions.

⁴⁴ It should be noted that in relation to the systems built on top of water reservoirs and land, the corporation that owns the system is required to sign a lease agreement with the ILA in relation to the reservoir or the land on which the system is planned to be built.

and reservoirs. Most of the Company's ground systems in Israel are mainly in development stages.

After that, it is required to promote a licensing procedure - for systems built on top of water reservoirs and roofs - and a planning procedure - for ground systems - in a way that allows the establishment of the system. In general, the licensing process required to establish photovoltaic systems on roofs and reservoirs is a relatively simple and quick process, and for systems on roofs, it usually does not involve obtaining a building permit.⁴⁵ On the other hand, the procedures for planning the ground systems and the storage systems is a longer and more complex procedure, which involves obtaining building permits, and sometimes also approving a plan that includes changing the land's designation.

At the same time as promoting the licensing procedures (for systems on roofs and reservoirs) or the planning procedures (for ground systems) and obtaining the construction permit (if required), the Company works to register the system (or systems) in the relevant regulation and maintain a quota, opening a connection file at the Electric Company, technical coordination by the IEC, and submitting a request to receive an answer from the electricity distributor regarding the possibility of connecting the system to the electricity grid.

To the extent that the system promoted by the Company was registered in a tariff regulation,⁴⁶ it is necessary to complete the establishment of the system and its integration into the distribution grid within 360 calendar days from the date of receiving the approval from the Electricity Company to maintain a quota for the system. To the extent that the system promoted by the Company was registered for regulation by virtue of competitive procedures⁴⁷, it is required to complete the establishment of the system and its integration into the distribution grid by the dates set in the competitive procedure. To the extent that the system is established by virtue of market regulation⁴⁸, it is required to complete the establishment of the system by the closing date specified in the connection agreement.

In this context, it is important to clarify that, in view of the limitations of the electricity grid, sometimes, in an area where several electricity producers (including renewable

⁴⁵ Setting up a system on roofs with a power of up to 700 kilowatts per building is exempt from obtaining a building permit. Establishing a system on a building with a power exceeding 700 kilowatts, or on water reservoirs and on land to the extent of 10% to 30% (depending on the location of the land) of the land intended for industrial or engineering use is subject to obtaining a building permit from the local planning institution. The establishment of systems with larger capacities or on land for other purposes is subject to a change of designation and approval of a dedicated zoning permit for the facility being promoted. Also, the establishment of storage systems is subject to obtaining a construction permit.

⁴⁶ For details regarding tariff regulations, see Section 3.1.1.2 below.

⁴⁷ For information about the competitive processes regulations, see Section 3.1.1.2 below.

⁴⁸ For details regarding tariff regulations, see Section 3.1.1.2 below.

energy facilities) operate, mainly in the north or south of the country, the IEC provides a positive partial answer or a negative partial answer, which limits or does not allow the connection of the system to the electricity grid, since the grid in these areas is fully occupied. Accordingly, in the Company's estimation, obtaining approval from the electricity distributor is a significant milestone in regards to the establishment of photovoltaic systems and storage systems in Israel, such that its non-receipt may cause a significant delay in the procedures for establishing the system, and at times to prevent the possibility of establishment until the development of the electricity grid in the area intended for the system is completed.⁴⁹

After receiving the approvals and permits required for the establishment of the system, the Group Companies work, in most cases through the Company, for the actual establishment of the system.

(b) Provisions of the Founders Agreement⁵⁰.

The founders' agreements regulate the relations between the parties as partners in the joint project corporation that owns the photovoltaic systems.

As part of the agreements, it is stipulated that the parties will establish a joint corporation (mostly, as an agricultural cooperative society and sometimes as a limited company or as a limited partnership) for the purpose of initiating, establishing, operating and maintaining the systems (hereinafter: the **"Joint Activity"**), which will be owned by the Joint Project Corporation.

In some of the agreements, the Company holds all the rights in the Joint Activity, when the partner is granted an option to purchase part of the rights in the Joint Activity (up to 75%) for a fixed period at a predetermined price.⁵¹ In addition, some of these agreements include an option for the partner to purchase the Company's full rights in the joint project corporation at a predetermined price or formula.⁵²

Most of the agreements stipulate that the Company will perform the construction (EPC)

⁴⁹ Given the fact that, as detailed below, the installation works of the systems are carried out after receiving all the approvals and permits required for the installation of the system (including receiving an answer from the electricity distributor), the main expenses involved in the installation of the systems are paid after receiving the answer from the distributor. Accordingly, the amounts that the Company invests in Israel for the purpose of promoting the systems before receiving an answer from the electricity distributor are not material in relation to the cost of setting up the systems. For details regarding the amounts invested until December 31, 2024, in relation to systems under licensing and development, see Section 1.4 of the Board of Directors' Report.

⁵⁰ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various projects.

⁵¹ In most agreements, the price is calculated according to the cost of building the project. However, in some agreements, the partner has the right to acquire rights in the project according to the cost of establishing the project, a value determined by an appraiser or a price agreed between the parties, according to the partner's choice.

⁵² The price is calculated according to the cost of constructing the project, the remaining contractual cash flow from the project, a value to be determined by an appraiser or a price to be agreed between the parties.

and operation and maintenance (O&M) of the systems.⁵³ In addition, there is an obligation of the partner to grant the Joint Project Corporation the right of use or permission in the buildings, reservoirs or land on which the systems will be established for a period of up to 24 years and 11 months.

Some of the agreements include a commitment by the Company to obtain the necessary financing for the establishment of the system at a rate as set forth in the agreement (usually between 70% and 90%), sometimes also at an interest rate that does not exceed that stipulated in the agreement. For the most part, the agreements stipulate that the investment of funds that will be required (including the provision of equity, collateral, guarantees, etc.) for the purpose of receiving bank financing and financing the activities of the Joint Project Corporation (hereinafter: the **"Required Funds"**) will be provided by the parties, each according to its share in the Joint Project Corporation, as shareholder loans (hereinafter: the **"Shareholder Loans"**). In the aforementioned case, some of the founders' agreements include provisions regarding agreed compensation in the event that a party does not provide its share (right to provide an excess shareholder's loan and sometimes also a right to convert the excess shareholder's loan to equity according to an agreed company value). In some of the agreements, it is stipulated that the Company will provide the required equity and collateral (in whole or in part) for the partner's share as well, in some of the agreements it is stipulated that the Company will bear the gap between the financing actually obtained and the financing conditions stipulated in the Agreement (both in relation to the financing rate and in relation to the cost of financing) and in some of the agreements (mainly in relation to the establishment the storage systems), it was determined that the Company will provide the necessary financing for the establishment of the system, until bank financing is obtained. The provision of financing by the Company is sometimes done in the form of an interest-bearing shareholder loan at the rate specified in the agreement and sometimes in the form of a capital investment. The shareholder loans are repaid according to the decision of the Board of Directors of the joint project corporation to the parties, *pari passu*, taking into account the cash flow of the joint project corporation, subject to the law and the parties' agreements.

In some agreements, the partner has the right to receive an excess payment before the repayment of Shareholder Loans and distributing dividends. Distribution of dividends is carried out with the agreement of the parties from the free cash flow of the Joint Project Corporation after the payment of the relevant payments of the financing and the repayment of the Shareholder Loans in full. In each distribution of dividends, each of the parties is entitled to its proportional share of the distributable profits according to the proportion of

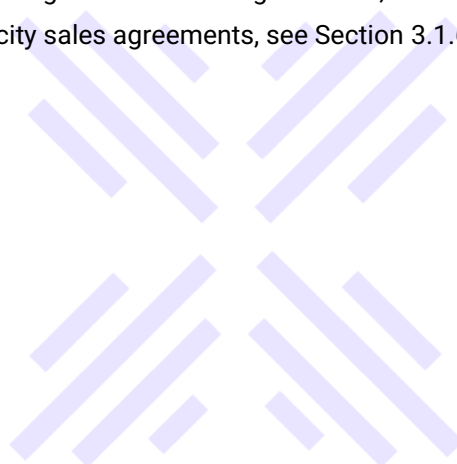
⁵³ In a small part of the founders' agreements, the Company is granted the right of first refusal to perform the construction and maintenance works in accordance with price offers from third parties, and in a minority of the agreements it is stipulated that these works will be performed by a third party.

its holdings in the Joint Project Corporation.⁵⁴

In some agreements, additional mechanisms were established in connection with the transfer of the rights of the partners in the Joint Project Corporation, such as: right of first refusal, tag along right or forced sale in case of sale of holdings to a third party. Also, in most agreements, there is a restriction on the sale, transfer, check and lien of the holdings, rights and obligations in the Joint Project Corporation to a third party, without the unanimous consent of the parties.

Most of the agreements include additional provisions regarding the management of the Joint Project Corporation⁵⁵, decisions requiring approval by a special majority⁵⁶, signature rights in the Joint Project Corporation, bookkeeping⁵⁷, liability for damages, confidentiality insurance, dispute resolution mechanism and more. Also, some of the agreements include provisions regarding the early termination of the Joint Project Corporation's activities in the cases specified in the agreement⁵⁸.

For details regarding authorization agreements, see Section 3.1.11 below. For details regarding electricity sales agreements, see Section 3.1.6.2 below.



⁵⁴ As of the Report Date, the Company received dividends from the project corporations in immaterial amounts.

⁵⁵ Usually, the Company has the right to appoint one board member, and the partner has the right to appoint between two and three years, depending on the share of the parties' holdings.

⁵⁶ Most decisions of the Joint Project Corporation will be passed by a simple majority, with the exception of decisions on certain matters that are subject to unanimous agreement, such as: entering into transactions with interested parties, raising financing from members of the Joint Project Corporation, making investments, taking credit, receiving loans, guarantees and collateral or providing loans guarantees and pledges, creating a pledge, lien or assignment, capital injection, addition of new partners, change of signature rights, amendment to articles of association, sale of assets, decision regarding distribution of profits, liquidation, etc.

⁵⁷ Usually by the partner against payment of a consideration that reflects acceptable market prices.

⁵⁸ Such as: failure to receive a ILA approval in the time period specified in the agreement; failure to receive the approvals that allow the start of the works to establish the systems in the time period specified in the agreement; failure to obtain financing to the satisfaction of the parties; cancellation of the regulation by virtue of which the system will be established or a substantial change in its instructions; failure to connect the system in the period of time fixed in the agreement; appointment of a person in charge of the Joint Project Corporation, etc.

3.1.1.2 Regulations in the photovoltaic field

The electricity production activity using photovoltaic installations is regulated in the Electricity Sector Law, as well as in the regulations, instructions and decisions of the Electricity Authority. These regulations determine the installed capacity in relation to which a quota allocation can be obtained, the procedures for setting up the systems, the manner in which it is possible to compete for winning the aforementioned quotas, the tariff to which the winners will be entitled, and the other conditions that the winners must meet in order to obtain a commercial operation permit or a production and supply license.⁵⁹

Below is a table detailing the various regulations under which the systems owned by the Group Companies in Israel operate:

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop ⁶⁰ installations and reservoirs ⁶¹) ⁶² (Procedure No. 1; and Procedure No. 3; "Competitive Procedures" or "Tender Arrangement")	Regulation for distributed renewable energy electricity generation using the net meter method ("Net Meter Arrangement") ⁶³	Default regulation ⁶⁴	Winning quota ⁶⁵	Storage systems ⁶⁶	Market regulation
Location of the facilities	Roofs	Roofs and reservoirs	Land, roofs and reservoirs	Land, roofs and reservoirs	Land, roofs and reservoirs	Land	Ground, roofs, reservoirs and storage

⁵⁹ In accordance with the provisions of the Electricity Sector Law, among other things, electricity generation with a capacity not exceeding 16 megawatts intended for sale to a person who does not have an essential service provider license or to a consumer in the land division on which the system is installed who is the holder, owner or lessee for generations in the land division is exempt from obtaining a production license and a supply license. However, facilities with a power exceeding 5 megawatts (AC) require receipt of a business license. It should be noted that in accordance with the decision of the Electricity Authority of April 30, 2020, electricity storage using a storage facility with an installed capacity not exceeding 16 megawatts is exempt from obtaining a storage license. As of the Report Date, the project corporations are exempt from receiving a production or supply license.

⁶⁰ "Building" - As the term building is defined in the Planning and Construction Law, 5725-1965, including a fuel storage farm and a parking lot in an open area that were legally built; "Roof" means - top cover or floating cover, side cover or wall.

⁶¹ "Reservoir" means - a legally established water reservoir, fish pool or wastewater reservoir.

⁶² See the Electricity Authority's decision from meeting No. 538 of March 22, 2018, Decision No. 10 (1248) - Principles for a competitive procedure for determining a tariff for electricity production using photovoltaic technology for rooftop installations.

⁶³ See the Electricity Authority's decision from meeting No. 389 of December 25, 2012, Decision No. 10 - Arrangement for decentralized electricity production with renewable energy - using the "net meter" method, as amended from time to time.

⁶⁴ See Electricity Authority Resolution No. 538 of meeting No. 538 of March 22, 2018, Resolution No. 9 (1247) - Production of electricity with photovoltaic technology instead of consumption - default.

⁶⁵ See Resolution No. 4 (57204) of the Electrical Authority - Tariff determination and eligibility conditions for the tariff for photovoltaic installations on roofs and water reservoirs that are not included in the quota of the winner in competitive procedures.

⁶⁶ See Standards 24a, 47a 175 and 176 in the Electricity Authority's standards book (October 2023).

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop ⁶⁰ installations and reservoirs" ⁶¹) ⁶² (Procedure No. 1; and Procedure No. 3; "Competitive Procedures" or "Tender Arrangement")	Regulation for distributed renewable energy electricity generation using the net meter method ("Net Meter Arrangement") ⁶³	Default regulation ⁶⁴	Winning quota ⁶⁵	Storage systems ⁶⁶	Market regulation
Possibility of registration for the regulation	Possible	---	---	---	---	N/A	Possible
Tariff range as of the Report Date (agorot/kWh)	<p>Systems registered from 2009 to 2018 - between 272.21 agorot and 41.3 agorot, index-linked.</p> <p>As of 2018: systems up to 15 kW - 48 agorot; Systems between 15 and 200 kW registered until December 31, 2020 and systems between 15 and 100 kW registered by December 31, 2022 - 45 agorot.</p> <p>As of March 1, 2021, the distribution of the facility tariff according to steps: first 15 kilowatts - 48 agorot; the remaining capacity between 16-100 kW - 41 agorot; the remaining power between 101-300 kW - 24.5 agorot; the remaining capacity between 301-630 kWh - 18.91 agorot.</p> <p>It is clarified that as of 2018, the rates are not linked to any index.</p>	<p>20.97-26.75 agorot</p> <p>100% kinked to the consumer price index</p>	<p>Based on the time of use tariffs with a minimum rate of 41.2 agorot per kWh for systems up to 630 kWh and 37.08 agorot per kWh for systems over 630 kWh (not linked) for a period of up to 25 years from the date of operation of the facility.</p> <p>In addition to the protection tariff for net meter facilities, there is a possibility of selling the accumulated credit to the distributor at a sophisticated (uniform) time of use tariff for a period of 10 years.⁶⁷</p>	16 agorot, linked to the index	<p>20.18 agorot for land facilities</p> <p>25.90 agorot for roof installations and reservoirs</p>	<p>Based on the time of use tariffs (charging during the low hours and discharging during the peak hours); prevention of curtailment of the electricity produced by solar systems in the historical distributor; the loans initiated according to the initiated loans tariff (for the year 2024 - between NIS 3 and 9 per kWh).</p>	Determined in negotiations between the electricity producer and the virtual supplier

⁶⁷ Resolution No. 64402 of the Electricity Authority "Adjustments in the regulations in the production segment following the update of the demand hour files".

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop ⁶⁰ installations and reservoirs ^{61")⁶² (Procedure No. 1; and Procedure No. 3; "Competitive Procedures" or "Tender Arrangement")}	Regulation for distributed renewable energy electricity generation using the net meter method ("Net Meter Arrangement") ⁶³	Default regulation ⁶⁴	Winning quota ⁶⁵	Storage systems ⁶⁶	Market regulation
Accounting method	The offerors can decide, up to the date of the engagement with IEC, whether the accounting method is for the electricity produced in the system (which is sold in full to IEC) or for the electricity sold to IEC, when the remainder of the electricity is self-used.	The offerors can decide, up to the date of the engagement with IEC, whether the accounting method is for the electricity produced in the system (which is sold in full to IEC) or for the electricity sold to IEC, when the remainder of the electricity is self-used. ⁶⁸	At the end of a billing period, a calculation is made between the volume of electricity consumption and the volume of electricity production, based on the same rate. If there is a positive difference, the positive credit is retained for the consumer for a period of two years, and in the case of a negative difference, the consumer pays the difference between the electricity consumption and the amount of production. The consumer may choose to transfer the tariff credit to IEC, against payment of a fixed amount. In addition, the manufacturer is required to pay backup and balancing costs for the electricity it produces and consumes.	In respect of the electricity sold to the IEC, when the remainder of the electricity is self-used	The offerors can decide, up to the date of the engagement with IEC, whether the accounting method is for the electricity produced in the system (which is sold in full to IEC) or for the electricity sold to IEC, when the remainder of the electricity is self-used.	---	---
Bid bond amount	---	NIS 50 per kilowatt offered	---	---	---	---	---
Construction guarantee amount	---	NIS 150 per kilowatt offered	---	---	NIS 300 per kilowatt for ground installations and NIS 150 per kilowatt for rooftop installations	---	---

⁶⁸ It should be noted that for the electricity consumed by self-use, the offeror is required to pay system costs to IEC for services provided by its in its role as system administrator.

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop ⁶⁰ installations and reservoirs" ⁶¹) ⁶² (Procedure No. 1; and Procedure No. 3; "Competitive Procedures" or "Tender Arrangement")	Regulation for distributed renewable energy electricity generation using the net meter method ("Net Meter Arrangement") ⁶³	Default regulation ⁶⁴	Winning quota ⁶⁵	Storage systems ⁶⁶	Market regulation
Conditions for forfeiture	---	A delay in commercial operation entitles the Electricity Authority to confiscate the construction guarantee proportionally up to absolute confiscation. There is a possibility to extend the construction period up to three times in five months against the posting of an additional guarantee in the amount of NIS 150 per kilowatt.	---	---	See note above.	---	---
Rate period	25 years from the date the system was connected to the grid	25 years from the date of commercial operation	Regarding systems that received an allocation until January 2018 - without a time limit. Regarding systems that received an allocation starting from January 2018 - a period of 25 years from the date the system was connected to the grid	23 years from the date the system was connected to the electricity grid	Ground facilities - 23 years from the date of commercial operation. Installations on roofs and reservoirs - 25 years from the date of commercial operation	---	In accordance with the agreements between the electricity producer and the virtual supplier
Manner of determination of the winning tariff	Fixed price depending on the registration date of the regulation and system size	Determined by the 'second uniform price' (clearing price) method, according to which all offerors who won the competitive procedure are paid a uniform rate equal to the amount of the first bid that did not win the tender.	Based on the time of use tariffs	Price set in the regulation		---	Determined in negotiations between the electricity producer and the virtual supplier
The offerors' commitment in relation to the systems that will be established	The applications submitted include systems on specific sites detailed in the application.	The offerors are not obliged to specify the projects that are the subject of their bid, but they are responsible for setting up systems with the total capacity they won in accordance with the deadlines set in the competitive procedure.	The applications submitted include systems on specific sites detailed in the application.	There is no obligation to specify the projects that are the subject of the application, however, it is the submitter's responsibility to establish systems with the total power that is the subject of the application		---	---

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop ⁶⁰ installations and reservoirs ⁶¹) ⁶² (Procedure No. 1; and Procedure No. 3; "Competitive Procedures" or "Tender Arrangement")	Regulation for distributed renewable energy electricity generation using the net meter method ("Net Meter Arrangement") ⁶³	Default regulation ⁶⁴	Winning quota ⁶⁵	Storage systems ⁶⁶	Market regulation
Manner of sale of the electricity by the Company	Regarding electricity sold to customers or electricity distributors in the area of the system (the "Consumer") - the consumer pays to the joint project corporation the payment for the electricity produced in the system in accordance with the rate established in the regulation, and at the same time, receives payment at the same rate from the IEC. With regard to systems that sell electricity to private households - payment is accepted according to the regulation.	The customer on whose territory the system was established and where the system is registered pays the Joint Project Corporation the payment for the electricity produced in the system in accordance with the time of use tariff (sometimes minus a certain discount) and at the same time, an accounting is done between the consumer and the IEC regarding the tariff credit for electricity generated in the system and not consumed on the customer's premises.		Regarding electricity sold to customers or electricity distributors in the area of the system (the "Consumer") - the consumer pays to the joint project corporation the payment for the electricity produced in the system in accordance with the rate established in the regulation, and at the same time, receives payment at the same rate from the IEC. With regard to systems that sell electricity to private households - payment is accepted according to the regulation.		The electricity is sold to the historic distributor according to the time of use tariffs during the discharge hours and is used for independent consumption. Starting in 2024, it will be possible to sell the electricity within the framework of the market regulation. ⁶⁹	The electricity is sold under the conditions as specified in the electricity sale agreement between the electricity producer and the virtual supplier

⁶⁹ The market regulation is intended to regulate the activity of the production facilities in the distribution grid, and in particular their possibility to sell electricity directly to suppliers. According to the market regulation rules, production facilities that are included in regulations or other competitive procedures are given the option to switch to the track of selling electricity at SMP rates (half-hourly marginal price) for feeding electricity into the grid, and starting January 1, 2024, the option is given to sell energy from the production facility directly to suppliers. For more details, see Electricity Authority Decision No. 63704 - Market model for production and storage facilities connected or integrated into the distribution grid.

The complex regulations that exist in Israel, as detailed above, of course have consequences for the way the Company plans the project, examining the feasibility of entering into a partnership within the joint project corporation, the scope of the required financing, etc.

3.1.1.2.1 Designated tenders

In addition to the regulations detailed above, specific tenders are published from time to time for the provision of availability services or the construction of photovoltaic systems for electricity production at the initiative of the Electricity Authority, the Israel Land Authority, or the Accountant General. The terms of the tenders are different from each other. In tenders for the provision of availability services, the tender price was for an availability rate. In agreements for the construction of photo-voltaic tenders, in some tenders, the tender is made in relation to the price of the cost of the land on which the facilities will be installed, while guaranteeing a fixed rate to the winners of the tender, while in other tenders the land is provided for the use of the winners free of charge, when the tender in this case is on the proposed rate.

3.1.1.2.2 Systems held by the Group in the field of activity

For details regarding the systems owned by the Group Companies, see Section 1.4 of the Board of Directors' Report.

3.1.1.3 Developments in the field of activity and changes to scope of activities in the field and profitability

The electricity market in Israel is in the process of changing from a centralized interface of an exclusive and central electricity producer under the control of the state (IEC), to a competitive market, which includes a variety of producers and a variety of sales mechanisms.

Over the past few years, the authorities in Israel have been working intensively to increase the amounts of electricity produced from renewable energy, and mainly from photovoltaic energy, by easing regulation, increasing quotas for the establishment of renewable energy-based facilities and storage systems, opening the electricity sales market to competition, regulating the market,⁷⁰ etc. However, as of the present date, there is still a shortage of space in the electric grid that prevents or delays the development and construction of new projects.

As for the profitability rates in the field, following the competition that characterizes the market in Israel, the gradual reduction of incentives for developers, and the decrease in

⁷⁰ See footnote 69 above.

electricity rates in Israel and the change in the time of use tariffs in Israel⁷¹, there has been a significant increase in the scope of competition in the field. Accordingly, in the Company's estimation, there will be an erosion in the profitability of the solar projects in Israel.

As part of the Company's activity to deal with the erosion in the profitability of solar projects, the Company focuses on initiating projects by virtue of a tariff regulation or initiating projects for self-consumption - which are characterized by rates that are higher than the rates determined within the framework of the competitive procedures. In addition, the fact that the Company is the construction contractor for most of these projects, reduces the construction costs of the projects. Also, as part of the Company's dealings with the change in time of use tariff rates, the Company is working to initiate electricity storage projects in batteries, which charge electricity from the grid, or the electricity produced in the solar systems during hours when electricity rates are low and discharge them to the grid during hours when electricity rates are higher. The use of these systems reduces the erosion of the returns of the systems based on self-consumption due to the change in the time of use tariff rates, by moving the peak hours to the hours when solar systems are not active and enables the establishment of additional tariff systems (which are systems characterized by high profitability).

It can be noted that following developments in 2024, a regulation came into effect that allows the supply of electricity by virtual suppliers to private consumers as well (market regulation) and criterion 175/176 that allows the addition of storage facilities to existing solar installations. The entry into force of market regulation has led to an increase in demand for private electricity, especially during peak hours, a change that the Company estimates may create opportunities with regard to solar and storage activities. In parallel with these regulations, the Company began entering into agreements to establish BTM facilities in private consumer yards (factories), similar to the agreements it entered into with kibbutzim.

In parallel to these projects, the Company entered additional segments, which include the establishment of a grid of charging stations for electric vehicles, the establishment of a system for electricity supply, etc. In this framework, the Company, together with Milgam Ltd., established Enova Energy, which owns 48.75% of the rights in Milgam EV

⁷¹ It should be noted that in December 2022, the Electricity Authority published Decision No. 64402 "Adjustments in the regulations in the production segment following the update of the demand hour files" which applied several changes following the update of the time of use hours, mainly concerning the systems under the "net meter" regulation, within which it established a minimum rate of 41.2 agorot per kWh for systems up to 630 kWh and 37.08 agorot per kWh for systems over 630 kWh. The protection rate is not linked to the index and will be given for a period of up to 15 years from the date of operation of the facility. It should be noted that in addition to the protection tariff set forth above, the regulation for net meter facilities allows for the possibility of selling the accumulated credit to the distributor at a sophisticated (uniform) time of use tariff for a period of 10 years. Beyond that, the decision allows low voltage facilities in the net meter series to switch to a tariff system valid until December 31, 2023.

- EDG, and is also involved in establishing a national grid of charging stations and opening the field of electricity supply, using the information and experience available in the Company (in the energy field) and Milgam (in the B2C field).

It is emphasized that the estimations of the Company regarding the profitability of the area of activity constitutes forward-looking information, as this term is defined in the Securities Law, based on the provisions of the law and the micro-economic conditions in the market at present. These estimates may not be realized due to factors beyond the Company's control, such as a change in legal provisions, or a change in the costs of setting up the systems.

3.1.1.4 Technological changes that could have a significant impact on the field of activity

The electricity output from facilities built with photovoltaic technology directly depends on the conditions of solar radiation. Therefore, complementary technologies are required for these systems, in order for them to be able to supply and back up the electricity grid at times when the natural resources are not available or do not supply the amount of electricity required for the grid (for example: there is a need for storage projects and "peaking" power plants⁷², which will back up the grid at night and during where there was a decrease in solar radiation).

The use of renewable energy (solar systems, wind systems, hydro systems, etc.) is characterized by volatility in the electricity supply, which results from changes and volatility in weather conditions. For example, solar systems generate electricity only during the day, when there is sunshine. In addition, cloudiness during the day causes a temporary decrease in system output. Also, the suppliers of wind power generation farms depend, among other things, on the strength of the wind at any given moment. Thus, changes in wind energy during the day cause fluctuations in electricity supplies - this is in contrast to systems for generating electricity from non-renewable energies which are characterized by stability and the ability to plan in advance. Accordingly, the increasing scope of use of renewable energies requires the use of complementary systems - flexible generation supply facilities that will provide security in the electricity supply alongside grid stabilization capabilities for the electricity grid.

One of the flexible energy supply facilities is a battery electricity storage project. To the best of the Company's knowledge, the battery projects allow a backup for electricity supply during hours when renewable energy systems do not operate (or operate partially), thus guaranteeing a stable supply of electricity in accordance with market requirements (such as following damage to the electricity production systems), and

⁷² Peaking power plants are power plants that are usually operated for a short number of hours a day, when there is a mismatch between the demand and the existing supply of electricity.

also allow stabilization of the electricity supply, during times when there is a temporary decrease in the electricity supply (for example due to temporary cloudiness which causes a decrease in the output of solar systems, a temporary decrease in the gust of wind which causes a temporary decrease in the output of wind farms, interruptions in conventional electricity production, etc.). Also, battery projects enable the provision of system services to the transmission system - including frequency stabilization and response to additional incidents of damage to the electricity supply or its stability. During the last few years, there has been a significant decrease in the costs of electricity storage systems, in a way that increases the viability of using these systems. Accordingly, over the past few years, the Company has been establishing additional storage systems in Israel as well as working to initiate and locate storage systems in additional policies around the world.

In parallel with the use of lithium batteries, during the last few years, various developers are working to develop battery projects with different technologies, which allow the storage of electricity for long periods from lithium batteries, as a variety of hydrogen projects. The Company follows the development of the new technologies and examines the possibility of initiating projects using them.

Also, in 2024, the Company began examining the establishment of projects in areas with integrated agriculture (agro-voltaic). Furthermore, the Company began examining the establishment of microgrids in kibbutz courtyards as part of a need that arose following the outbreak of the war for continuous electricity supply during times of grid outages.

It should be emphasized that the Company's estimates regarding the use of storage technology include forward-looking information, as this term is defined in the Securities Law, which depends on factors beyond the Company's control, and in particular changes in the cost of purchasing these systems and their contribution to the profitability of the projects and approvals that will be required for their use.

In addition, in recent years, many resources have been invested by the manufacturers of the collectors, in an attempt to optimize and develop the technology of the solar collectors, so that they increase the utilization of the photovoltaic cells and enable more efficient electricity production over a similar (or smaller) area. These developments make it possible to produce a larger amount of electricity in a given area and also make it possible to increase the capacities of the existing systems by replacing the existing collectors with smaller, cheaper collectors with larger capacities. According to forecasts, the average utilization of photovoltaic cells is expected to increase from a level of 15% in 2010, to 23% in 2023 and to 32% by 2032.⁷³

⁷³ See: <https://isolaralliance.org/uploads/docs/89dd61fd0137a8789f047aac775c99.pdf>

Also, in recent years there have also been changes in the technologies of converters, which significantly reduced the costs of converting the solar energy produced through the collectors to the electricity fed into the grid and significantly increased the efficiency of the converters.

In addition, to the best of the Company's knowledge, many companies are investing in the development of products for automatic washing of the collectors and systems. The integration of these systems may reduce the maintenance costs of the facilities and increase their productivity.

In the Company's estimation, the completion of the development of the technological solutions detailed above, as well as other technological breakthroughs that will lead to the fact that it will be possible to increase the scope of production per hour and per square meter, and in particular the use of storage technologies, will facilitate the establishment of systems for the production of electricity with renewable energy, and accordingly may contribute significantly to the development and expansion of the Company's field of activity.

3.1.1.5 Critical success factors in the field of activity and changes therein

The Company estimates that the critical success factors in the field of activity are:

- 3.1.1.5.1** The ability to locate and access land reserves, roofs or water reservoirs, with economic viability and engineering and environmental feasibility, which allow the establishment of photovoltaic systems. The Company has over a hundred partnerships with kibbutzim and real estate companies, site owners suitable for setting up solar systems and storage systems.
- 3.1.1.5.2** Know-how, which enables the initiation, planning and establishment of projects, and which helps the correct and economic planning of the projects, in a way that allows the party that owns them, on the one hand - to be competitive, and on the other hand - to act so that the projects are profitable.
- 3.1.1.5.3** Knowledge and creativity that help present solutions for connecting photovoltaic systems to the electricity grid, even in areas where the electricity grid is not sufficiently developed.
- 3.1.1.5.4** The ability to build (EPC) and maintain (O&M) independent photovoltaic systems improves the profitability of the projects, leaves the profits of the construction and maintenance in the hands of the Group Companies, and contributes to the shortening of the schedules for the construction of the projects, optimal planning and the use of high-quality parts suitable for the characteristics of the projects.
- 3.1.1.5.5** Financial stability and the ability to raise the necessary funding, for the

purpose of setting up the systems with low capital.

3.1.1.5.6 Publication of quotas and competitive procedures, by the regulator and the relevant authorities.

3.1.1.5.7 Free space in the network that allows the initiation, establishment and connection of a system to the electricity grid.

3.1.1.5.8 The ability to promote regulatory procedures, coordination between the various authorities and reducing bureaucratic barriers required for the establishment of the system and connection to the electricity grid.

3.1.1.5.9 Professionalism and efficiency in the field of initiation, which enable the completion of the projects on time and the maximum output of electricity according to the conditions of the area, the technical data, and the other constraints in each project.

3.1.1.5.10 Ability to meet the schedules established in accordance with the various regulations.

3.1.1.5.11 Ability to characterize and manage high-quality and efficient operation and maintenance in order to maintain efficient production performance during the operation period.

3.1.1.6 Changes in suppliers and raw materials in the field of activity

See Section 3.2.9 below.

3.1.1.7 Main entry and exit barriers of the area of activity and changes therein

3.1.1.7.1 Entry barriers

- Locating lands, roofs and reservoirs suitable for setting up systems, paying attention to the set of regulatory, planning and engineering constraints and conditions. It should be noted that in light of the characteristics of the State of Israel and its size as well as the delays in the development of the electricity grid, there has been a decrease in the amount of land and reservoirs available for the establishment of the systems.
- Accessibility to funding sources and the existence of capital required for the purpose of financing the initiation, providing guarantees and setting up the project.
- Supporting regulation that enables the establishment of profitable projects and the sale of the electricity produced or stored in them.
- Recognition and expertise in the various regulatory provisions applicable to the field of activity and the ability to comply with them, in schedules that allow the formation of a business and competitive plan for the purpose of completing all the

licensing (or planning) procedures and the regulatory processes required for the purpose of establishing a project in a quick and efficient manner, dealing with and winning competitive procedures.

- Availability of the electricity grid located near the system location. As mentioned, this is a significant barrier to entry.
- A positive reputation among owners of land, roofs, water reservoirs, and holders of capital in order to cooperate with the Company in initiating the construction and maintenance of photovoltaic projects.

3.1.1.7.2 Exit barriers

- The Company's ability to release itself from its obligations by virtue of joint venture agreements with business partners.
- Reliance on long-term financing agreements, since when selling the project, the buyer is not necessarily interested in a bank loan, when early repayment of the loan sometimes involves significant costs.
- Regarding the sale of the rights in the system - compliance by the buyer of the control of the projects with the conditions stipulated in the financing agreements and the joint ventures on the matter, and regarding systems that will operate according to a license - with the conditions of the license as well.
- In relation to projects established within the framework of competitive procedures
 - forfeiture of guarantees due to non-completion of the establishment of the system and the loss of the quota.
- Loss of the full sums invested in projects whose development was stopped.

3.1.1.8 Alternatives to the products in the field of activity and changes therein

The main alternative sources for generating electricity from photovoltaic installations are systems for generating electricity from other renewable energies (thermo-solar systems, wind turbines, biogas facilities, etc.); systems for generating electricity based on fossil fuels (such as natural gas, coal, fuel oil and diesel); systems based on nuclear energy. The alternative sources for electricity storage systems in batteries are peaking power plants and electricity storage systems using other technologies. A replacement for electric vehicle charging systems are gas stations, designed for gasoline, diesel or gas powered vehicles. The continued awareness of the importance of preserving the quality of the environment increases the use of electricity sources from renewable energy and the transition to electric vehicles, as well as the willingness of the various developers to develop alternative sources of production.

As of the Report Date, the essential advantages inherent in the production of electricity

using renewable energy in general, and photovoltaic energy in particular, are guaranteed availability of the energy source and great accessibility to it, the absence of greenhouse gas emissions, and the safety and ease of operation of the renewable energy facilities (the cost and complexity of their construction is also substantially lower than the cost and complexity of establishing conventional power plants). On the other hand, it is possible to generate electricity using photovoltaic systems only during the daytime (although there are solutions for energy storage which, as stated above, were and are being established by the Company).

3.1.2 The structure of the competition in the field of activity and the changes therein

See Section 3.2.7 below.

3.1.3 Products and services

As stated above, within the scope of the activity, the Group engages in the initiation, licensing, management of financing procedures, development, and possession of solar systems and electricity storage systems, and the sale of the electricity produced in these systems to the IEC, historical electricity distributors in the territory of which the systems are located, to partners with it in the project corporations (the corporation that owns the system) or to the owners of the buildings on which the systems are installed, in accordance with the various regulations as well as in the establishment of systems for charging vehicles and in the supply of electricity to consumers. For details, see Section 1.4 of the Board of Directors Report.

Taking into account the types and scopes of the projects that are in the advanced stages of construction and initiation as well as the regulatory changes as detailed above, in the Company's estimation, in the coming years it is expected that there will be an increase in the scope of the total income of the Group Companies from the sale of electricity. However, in light of the insufficient development of the electricity grid, the increase in competition in the market and the negative answers received by the Group Companies, the Company estimates that in the coming years there will be a decrease in the scope of the Company's projects which are in the stages of development and construction in Israel.

The Company's estimations regarding the increase in the income of the Group companies is forward-looking information, as this term is defined in the Securities Law, whose realization is uncertain and is not under the exclusive control of the Group companies. The aforementioned estimates are based on the Company's plans regarding the dates of the construction of the various systems, and may not be realized due to factors beyond the Company's control, such as: delays in receiving the approvals necessary for the establishment of the systems, delays in the establishment, continuation of the Iron Swords war, changes in the provisions of the law and/or regulations, defects in the system, changes in the weather, receiving negative answers from an electricity distributor, the acceleration of development processes of the Electricity Authority, which will allow a connection of projects in significant scopes to the grid, the existence of one or

more of the risk factors listed in Section 4.14 below, etc.

3.1.4 Segmentation of income from products and services

For details regarding the companies' revenues in the field of activity, see Section 1.4 of the Board of Directors' Report as well as Note 31 of the Company's Financial Statements.

Below is the segmentation of the Company's revenues in the field of activity, for the years 2023 and 2024, in relation to services with similar economic, business or performance characteristics in the field of activity in which the proportion of the Company's revenues from each of the main ones constitutes 10% or more of the Company's total revenues:

	Revenues in the year 2023 (NIS thousands)	% of the Company's income	Revenue in 2024 (NIS thousands)	% of the Company's income
PV systems	73,572	21%	90,376	28%
Other	9,579	3%	28,443	9%
Total revenue	83,151	---	118,819	---

3.1.5 New Products

Following the Electricity Authority's decision⁷⁴ to open the electricity supply segment to distribution and make the electricity market in Israel a competitive and efficient decentralized one, as well as the possibility of virtual suppliers supplying electricity to private consumers, the Company is witnessing an increase in demand for storage systems that can supply electricity during peak hours. Accordingly, the Company is working to initiate and develop storage systems (not behind the meter), using the knowledge and experience it has gained in the construction, procurement, operation and financing of storage projects in the UK and Germany, in parallel with the development of agro-voltaic projects.

The information detailed in this section, including the Company's plans, is "forward-looking information" as the term is defined in the Securities Law, based on the information, forecasts and data in the Company's possession as of the date of this report and on the Company's current assessments and plans. These estimates and plans may not be realized, or may be realized in part, due to various variables that are not within the exclusive control of the Company, including prevention or delays in receiving regulatory approvals, planning requirements, operational problems in the Electric Company's infrastructure, cessation of negotiations conducted by the Company, receipt of responses from third parties, changes in the economy in general and in the electricity economy in particular, etc. Accordingly, the information as stated may not be realized and/or may be realized in a manner different from that described above.

⁷⁴ Electricity Authority Decision No. 63704 - Market model for production and storage facilities connected or integrated in the distribution grid.

3.1.6 Customers

As of the Report Date, the customers of the Group Companies are, mainly, the consumers (partners in the Joint Project Corporations or owners of the properties on which the photovoltaic systems are installed), electricity distributors that purchase the electricity produced in the systems located on their space from the Joint Project Corporations, the system administrator, and the IEC.

Regarding electricity produced in the systems of the Joint Project Corporations and consumed by these customers, the rate that is paid for it is the same as the rate that the customer would have paid to the IEC or a private electricity producer, as the case may be, sometimes minus a certain discount.

Regarding electricity fed into the electricity grid - the feed-in rate to the grid is paid to the Joint Project Corporation in accordance with the relevant regulation (by the IEC or the historic electricity distributor in the area where the project is located).

As of the Report Date, there is no electricity consumer whose revenues accounted for 10% or more of the total revenues of the Group Companies.

3.1.6.1 Manner of engagement with private consumers and electricity distributors⁷⁵

The Joint Project Corporations usually enter into agreements for the sale of electricity with the electricity consumers from the system or the electricity distributors in the area where the system is located. These agreements include the rates to be paid to the Group Companies, payment dates, etc.

With regard to systems installed under the net-meter system or another system based on self-consumption, the consumer undertakes to pay the Joint Project Corporation a monthly payment according to the electricity consumption from the systems installed on its premises, according to the meters installed on its premises and the time of use tariff rates that were actually paid by the consumer to the IEC or to a private electricity producer, sometimes with the deduction of a certain discount, and sometimes according to the lowest alternative rate in all the demand hour clusters where the consumer could have purchased the electricity from the IEC and/or from any other party.

Regarding systems established by virtue of tariff regulations, the Joint Project Corporation is paid a payment according to the feed-in tariff of the systems in the relevant regulation.

In some of the agreements, it is stated that the validity of the agreement is 24 years

⁷⁵ The provisions listed below include the main provisions applicable to most agreements. Naturally, there is a certain difference between the various agreements.

from the date of commercial operation and that it will enter into force from the date of successful compliance with the facility tests as required by the standards and the integration of the facilities into the grid by the distributor. In addition, some of the agreements include grounds for termination of the agreement (such as: legal obstacle, violation of material provisions of the agreement, the existence of legally established grounds for stopping or disconnecting the electricity supply, causing disturbances in the grid by the systems, preventing free access to the equipment of the Joint Project Corporation by the consumer, etc.) and warranty, insurance and indemnity clauses.

Additionally, as stated above, following the entry into force of the market model, the Company will be able to enter into electricity sales or tolling agreements with virtual electricity suppliers. These agreements, if signed, will be for a period and under conditions determined between the Company and the relevant supplier.

In addition, part of the electricity produced by the Group Companies is sold directly to IEC, which, in accordance with the terms of the relevant regulations, enters into long-term agreements with the Joint Project Corporations (between 20 and 25 years, depending on the terms of the relevant regulations). The contract with IEC is by virtue of a generic agreement relevant to that regulation, in accordance with the rates established by the Electricity Authority within the framework of the relevant regulation, and in relation to projects by virtue of the regulation of competitive procedures, in accordance with the rate determined or to be determined in the relevant competitive procedure (for details regarding the relevant rates, see Section 3.1.1.2 above).

3.1.6.2 Manner of engagement with IEC

The engagement with IEC in the agreement for the sale of electricity is regulated by criteria of the electricity sector, and is determined by the Electricity Authority and the relevant regulations published by the Electricity Authority based on the criteria. The contract is made by virtue of an agreement known as a 'power purchase agreement'. This is a standard-form contract, applicable to all electricity producers according to the different types of regulations, according to which, subject to compliance with the conditions and milestones detailed in the agreement, IEC will purchase the electricity produced by the electricity producer. The aforementioned agreement obligates IEC to purchase the full energy produced (or the full energy agreed to be sold to IEC), during the period defined in the regulation and at the rate determined in a competitive procedure or upon receipt of the tariff approval from the Electricity Authority, as the case may be. On the other hand, the producer is required to pay IEC a fixed or variable fee depending on the electricity production for backup costs, balancing, use of the electricity grid, operational energy losses, electricity consumption, meter reading, etc. IEC is entitled to suspend the purchase of electricity for a certain period if conditions defined in the agreement are met, and is also entitled to terminate the agreement in the

event of a legal impediment to the purchase of electricity.

The agreement includes, among other things, instructions regarding the system's compliance with technical requirements, a switch to connection to the electricity grid, as well as instructions regarding operation, maintenance and amendment of the facility by the manufacturer at any time during the term of the agreement.

In the purchase agreement with tariff regulations and competitive procedures, the manufacturer undertakes to take out all the required insurance policies according to the Electricity Sector Regulations (Conditions and Procedures for Granting a License and Obligations of a Licensee), 5757-1997, mainly liability insurances to cover the liability of the licensee under any law, employers' liability insurance to cover the licensee's liability towards his employees, and insurance for the licensee's assets, property, equipment and inventory used in the activity.

In accordance with the terms of the relevant regulations, the engagement is long-term (between 20 and 25 years depending on the terms of the relevant regulations).

3.1.7 Marketing and distribution

The marketing activity of the Group mainly includes business development and focuses on entering into agreements with the partners, owners of vacant land, roofs or reservoirs, for the establishment of photovoltaic systems, mainly within the framework of the Joint Project Corporations, and expanding the projects within them by leveraging the relationships with the partners. The marketing activity is carried out by the employees of the Group Companies and includes meetings with potential partners, meetings with existing partners in order to try and locate additional collaborations, publications on social networks, etc.

In the Company's estimation, it has no dependence on any of its marketing channels, and no substantial cost is expected as a result of the need to replace them.

3.1.8 Competition

3.1.8.1 In the Company's estimation, the field of activity is a very competitive field, characterized by a large number of competitors, mainly due to the fact that the players in the market compete for reservoir lands, and vacant roofs, free space in the electricity grid, and at times, also quotas (as part of competitive procedures or by virtue of tariff regulations). Accordingly, in the Company's estimation, the main competition in the market is on the supply of land, roofs and reservoirs.

In addition, in light of the fact that failure to meet the timetable for reaching commercial operation may result in the forfeiture of the construction guarantees and ultimately also in the cancellation of the winning bid in the competitive process or the cancellation of the connection approval, competition is also expressed in the ability to meet all the conditions required for commercial operation, including obtaining construction permits

and additional statutory approvals, etc.

To the best of the Company's knowledge, as of the Report Date, dozens of competitors are operating in Israel in the photovoltaic field. The most prominent of these entities are EDF-Renewables Israel, Shikun and Binui Renewable Energy Ltd., Enlight Renewable Energy Ltd., Energix Renewable Energy Ltd., Solaer Israel Ltd., Tera Light Ltd., Doral Renewable Energy Group Ltd., Meshek Energy - Renewable Energies Ltd., the Helios Fund, and Solegreen Ltd.

- 3.1.8.2** Given the amount of electricity produced in Israel in photovoltaic fixtures in general and the amount of electricity produced by the Group Companies in particular, in the Company's estimation as of the Report Date, the share of the Group Companies in the field of activity is not material.

In the Company's estimation, the Company's good and long-standing relationships with kibbutzim, industrial plants and real estate companies, which own land, roofs and water reservoirs and which are significant electricity consumers, its experience in project initiation, in the construction and maintenance of photovoltaic projects, all allow it to offer its partners a comprehensive solution within the concept of a 'One Stop Shop' and its familiarity with the various legal and regulatory provisions assist the Company in dealing with the competition.

- 3.1.8.3** As for the negative factors that may harm the Company's competitive position - in the Company's estimation, the fact that the initiative activity in the field is subject to significant regulation (obtaining permits from planning institutions, the existence of regulations and quotas, etc.), and the ability to connect to the electricity grid (on which other competitors compete), as well as delays in the electric grid challenge the Company's ability to carry out projects advanced by it - both due to planning limitations, and due to the exhaustion of regulations and quotas by the other companies in the market, and mainly due to the inability to connect the projects to the electricity grid.

3.1.9 Seasonality

Naturally, the ability of the photovoltaic systems to produce electricity depends to a great extent on the level of solar radiation and the conditions of temperature, wind and atmospheric pressure in which the solar collectors are located. As a result of changes that apply to these factors throughout the year, there is a certain variation in the systems' outputs between the months of the year. Thus, in Israel, the winter months are characterized by a lower productivity compared to the other months of the year, when, as a rule, the productivity of the systems is higher in the months of May to September.

Below is a breakdown of the system's revenue by quarter⁷⁶:

	Q1	Q2	Q3	Q4
2023	19%	30%	32%	19%
2024	19%	29%	33%	19%

3.1.10 Production capacity

Regarding the Company's assessments regarding the Company's production capacity and the projects under construction, in preparation for construction and initiation, see Section 1.4 of the Board of Directors' Report.

3.1.11 Fixed assets, land and facilities

As mentioned above, the systems owned by the Group Companies are established on rooftops and reservoirs which in most cases are owned by the Company's partners in the Joint Project Corporations, when the Joint Project Corporation is given permission to use them. However, some of the agreements relate to roofs owned by private individuals, municipalities and local authorities, who rent the roofs to the Joint Project Corporations.

For details regarding the solar systems which are also substantial fixed assets of the Group Companies, see Section 1.5 of the Board of Directors' Report.

[The following describes the main provisions of the authorization agreements⁷⁷:](#)

The authorization agreements are between the Joint Project Corporation (and in the case of systems fully owned by the Company - sometimes between the Company) and the owner of the rights in the land in which the systems are to be built (hereinafter in this section: the "**Holder**").

For the most part, the period of use begins on the date of handing over possession of the leased property and ends 24 years and 11 months from the date of handing over possession of the leased property, the connection to the electricity grid, the signing of the lease agreement, the start of operations, the notification of winning the tender by virtue of which the systems were established, obtaining a production license, signing an agreement with the IEC or the start of electricity production, as the case may be.

Also, some agreements give the property owner (mainly local authorities) the right to order the dismantling of the system and its reassembly in favor of construction work on the roof.

For the use of the leased property, the Joint Project Corporation undertakes to pay the Holder a usage fee that varies from leased space to leased space. The usage fees range from a fixed

⁷⁶ In view of the fact that during the years 2022 and 2023, the Company set up and connected systems during the year, the segmentation of the Company's revenues divided by quarters does not show the potential variation in the Company's revenues in the field of activity divided by quarters. Accordingly, the table includes a breakdown of the systems' outputs divided by quarters.

⁷⁷ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

annual payment, a fixed payment per 1 kilowatt installed, a fixed payment per square meter or a fixed percentage of the Joint Project Corporation's revenues, sometimes according to the higher or according to the holder's choice, and sometimes also free of charge. In some agreements, the Holder is also entitled to a one-time payment in a fixed amount or a fixed amount for each system. In some of the agreements (mainly systems established on local authorities' facilities) there is an obligation to provide a bank guarantee for the entire term of the agreement.

In most of the agreements in which the systems are fully owned by the Company, the Holder undertakes to purchase from the Company the entire amount of energy produced in the systems, according to the electricity meter, at the applicable time of use tariff rate for the customer, assuming that it is agreed by the parties in the relevant tariff regulation.

In projects where there is no overlap between the owner of the leased rights and the registered electricity consumer, a separate agreement is signed with the relevant consumer, which regulates the terms of electricity purchase by the lessee.

As part of the agreements, it is stipulated that the leased property will be handed over to the Joint Project Corporation, in its as is condition, when the Joint Project Corporation will carry out, at its own responsibility and expense, all the necessary adjustments and operations for the licensing, construction, operation, running and maintenance of the systems in the leased area, including their connection to the electricity grid and regulation of activity the production of electricity, and will act on its own responsibility and at its own expense to obtain all the permits, approvals and licenses required for the establishment, connection, operation and maintenance of the systems, and will bear the costs of production and supply of electricity to the distribution grid and insurances for the entire contract period.

The Joint Project Corporation undertakes to act in accordance with the provisions of any law in relation to the leased property and its use, and to indemnify the Holder for any damage, spoilage, loss, harm or injury caused to it or anyone on its behalf due to the use of the leased property and as a result of an act or omission of the Joint Project Corporation.

Some of the agreements include a right for the holder to cancel the agreement, by giving advance notice, in cases such as: a breach or a material breach that has not been corrected, insolvency proceedings, failure to provide a guarantee, criminal proceedings, failure to pay payments in full and on time, transfer of rights contrary to the agreement, to the extent that the holder needs the premises for the purpose of construction of an additional floor for rent or in the case of shading which substantially reduces the output. In some agreements, early termination that is not due to a breach is conditional upon the payment of liquidated damages. Also, in some agreements, the holder has the right to terminate the rental agreement at its discretion, in the vast majority of cases against the payment of compensation calculated on the basis of a formula set forth in the

agreement.⁷⁸

Usually, at the end of the contract period, the Joint Project Corporation must clear the systems from the leased area and return it to the condition it was in at the start of the lease in good and proper condition. Sometimes it is determined that the ownership of the systems and the rights arising from them passes to the Holder (for consideration, not for consideration, and sometimes only for symbolic consideration). Also, in some of the agreements there is an option for the holder to take ownership of the facilities at the end of the agreement period and/or after the termination of the agreement, and in some of them there is an option for the property owner to choose to purchase the system according to its value or to continue operating the system in partnership when the profits will be divided between the parties 50% - 50%.

In some of the agreements it is stipulated that the Joint Project Corporation may terminate the agreement at any time, for any reason and without giving reasons, by giving written notice to the holder. Other agreements specify events and circumstances that give the other party the right to terminate the agreement.⁷⁹

Most of the rights of the joint corporations by virtue of the lease agreements are pledged in favor of the banking corporation that provided financing against the pledge of rights in the project.

The total rent paid by the joint project corporations in 2023 and 2024 amounted to NIS 21,840 and 24,225 thousand, respectively.

3.1.12 Raw materials, equipment and suppliers

As mentioned above, the construction activity (EPC) as well as the operation and maintenance (O&M) of most of the systems held by the Group Companies are carried out through the Company, as part of the field of construction and maintenance activities. For details regarding the terms of the construction agreements, the operation and maintenance agreements, as well as the raw materials and suppliers used by the Group Companies for the construction of the photovoltaic systems, see Sections 3.2.2 and 3.2.9 below, respectively.

3.2 The Field of Construction and Operation in Israel of photovoltaic systems, storage systems and vehicle charging systems

⁷⁸ Such as a payment in the amount of the expected receipts from the IEC until the end of the agreement period when they are capitalized according to the formula established in the agreement, the cost of construction of the system, the cost of construction minus amounts received up to that date, the cost of paying off the balance of the debt to the bank plus the cost of dismantling the system, etc.

⁷⁹ Such as: failure to complete the construction of the systems by the date specified in the construction agreement, failure to obtain the permits required for the construction of the systems, lack of economic viability for the construction of the systems, failure to close the financial loan or the lack of economic viability of its terms, reduction of the rate paid for the electricity produced in the systems, a technical failure that does not allow the operation of the systems, a decision to dissolve the joint corporation, the conversion of the agreement without the Holders' consent, a material breach of the agreement, irreparable safety, environmental or health reasons, the Holder's decision to change the land's purpose or increase the building rights (for this matter, subject to the payment of compensation), expropriation of areas of the land, etc.

3.2.1 General information on the field of activity

3.2.1.1 Structure of the field of activity and changes therein

The field of activity is based on two types of activity:

- (a) Construction (EPC) of photovoltaic systems, storage systems and vehicle charging systems by the Group, itself and through subcontractors for the developers of the system.

This is a contracting agreement for the planning, licensing, procurement and construction of the system until the successful connection to the distribution grid, on a turn-key basis, which regulates the relationship between the Group as the construction contractor of the system and the owner (developer) of the system. This activity is mainly combined with the activity of initiation and investment in Israel in such a way that, as of the Report Date, the main activity (if not all) of setting up the systems is carried out for developers and owners who are the joint project corporations held by the Company in cooperation with its partners.

Also, an immaterial part of this field of activity includes the establishment, operation and maintenance of systems that are fully owned by third parties (who are not the joint project corporations)⁸⁰ and part including construction and maintenance of systems that are owned by the Company and corporations under its control.

- (b) Operation and maintenance (O&M) of systems by the Group, itself and through subcontractors, for the owners of the rights in the system.

This activity is carried out by virtue of the operating agreement for the operation and ongoing maintenance of systems whose construction has been completed and which are in commercial operation. This agreement regulates the relationship between the Company as a provider of operation and maintenance services of the system and the owner of the rights in the system.

As a rule, operation and maintenance services are ancillary to the establishment of the systems by the Group as part of an overall response to the establishment and support of the system. Also, most of the aforementioned services are provided to the systems held by the corporations of the joint project in the field of initiation and investment in Israel, while an insignificant part of the aforementioned services are provided to the systems held by third parties

⁸⁰ This activity is also carried out with the aim that in the future the owners of these systems will cooperate with the Company to establish systems that will be held jointly by the Company and these third parties.

(including systems established by third parties). As of the Report Date, the Group has operating agreements in relation to systems in commercial operation and ready to connect with a total scope of approximately 338 megawatts.

For more details about the establishment of the systems and the operation and maintenance services and the characteristics of the contract in the EPC agreement and the operation agreement, see Section 3.2.2 below.

3.2.1.2 Restrictions, legislation, regulations and special circumstances applicable to the field of activity

As part of the construction activity, the Group is required to comply with the requirements and characteristics of the established system, in accordance with the various regulatory constraints applicable to the system, as the case may be, by virtue of the terms of the relevant regulation, the conditions of the various building permits and licensing applicable to the systems, as relevant, including as detailed in Section 4.9 below, and under the constraints of schedules required for setting up the systems, if any.

For details regarding the subordination of the activity, if relevant, to regulation in the field of licensing, planning and construction, engineering and contracting works and electrical works and safety at work, see Section 4.9 below.

3.2.1.3 Changes to scope of activities in the field and profitability

As mentioned above, most of the construction and maintenance activities are carried out for the Group Companies (the Joint Project Corporations). Accordingly, the decline in the volume of new construction projects in Israel led to a decline in the operating segment's revenues in 2023 and 2024, with estimates indicating that this trend is expected to continue in 2025. However, following the structural change carried out in the Group, as well as the entry of a new CEO into the Group's operations in Israel, the Company estimates that starting in 2026, a further change in this trend is expected.⁸¹

In addition, following the increase in the volume of electricity storage systems and charging stations that the Group Companies initiate in Israel, during recent years, there has been an increase in the Company's income from the establishment of electricity storage systems and charging stations.

⁸¹ It should be emphasized that the Company's estimates regarding the increase in the scope of the field of activity are forward-looking information that depends on various factors that are not under the Company's control, in particular receiving positive responses from some with respect to the projects that have been submitted and/or for which the Group intends to submit a connection request, reaching agreements with the landowners with whom it is negotiating, receiving the approvals and permits required to begin construction of these projects, and that there will be no changes in revenue streams with respect to the Company's estimates.

As for the profitability rates of the field, it should be noted that in recent years there has been a decrease in the profitability of the field, in view of the increase in competition, which obliges the Company to share with its partners the profits of the construction and maintenance activities.

3.2.1.4 **The developments in the markets of the area of operations or changes to the customer characteristics**

Following the expansion of electricity generation activity through individual producers as part of a legislative and regulatory reform, in recent years the supply of private producers who produce and transmit electricity in Israel to the distribution network through photovoltaic systems and storage systems has increased as an alternative to generating conventional electricity in Israel, which of course impacts the Company's share. In addition, following the increase in electric vehicles in Israel as well as the expectation of continued growth, there has been an increase in the demand for charging stations for electric vehicles, which led to an increase in the Company's revenues from the construction of these projects. For details regarding the Company's assessments regarding changes in the volume and mix of revenues, see Section 3.2.1.3 above.

3.2.1.5 **Technological changes that may have a material impact on the segment**

Technological changes in the field of renewable energy as specified in Section **Error! Reference source not found.** above, may increase the demand for services for the establishment, upgrading and maintenance of photovoltaic systems and storage systems. In addition, technological changes in the field of vehicle charging, as well as increasing the driving range of electric vehicles, may lead to an increase in demand for charging stations, which will bring with it an increase in the company's income from the establishment of charging stations, which will bring about an increase in the Company's revenues from the establishment of charging systems.

3.2.1.6 **Critical success factors in the field of activity and changes therein**

The Company estimates that the critical success factors in the field of activity are:

- 3.2.1.6.1 Know-how, reputation and experience in the field, which enable the establishment of projects according to the customer's needs, while maintaining competitive prices alongside striving for profitability. However, as mentioned above, the increase in competition in the field of activity resulted in the erosion of the profitability of this activity.
- 3.2.1.6.2 Financial strength in combination with optimal conditions for receiving external financing and advances from the work client, for the purpose of setting up the systems at a low cost.
- 3.2.1.6.3 Supporting regulations that allow the establishment of additional systems.

3.2.1.6.4 Professionalism and efficiency in the field of planning, licensing, procurement and construction, which will ensure the completion of the projects on time and with maximum output in accordance with the field conditions, the technical data, and the other constraints in each project, paying attention to the needs of the work client.

3.2.1.6.5 Personnel with knowledge and experience in the field of activity.

3.2.1.6.6 The ability to monitor and control, in real time, and ongoing maintenance at a high level, in order to locate and quickly correct deficiencies and malfunctions in the performance of the systems, and to optimize the production, supply and charging of electricity during the operating period, in accordance with the needs of the work customer.

3.2.1.7 **Changes in suppliers and raw materials in the field of activity**

See Section 3.2.9 below.

3.2.1.8 **Main entry and exit barriers of the area of activity and changes therein**

3.2.1.8.1 **Entry barriers**

- Knowledge, expertise and experience - The activity of setting up and maintaining the systems involves accumulated knowledge, expertise and proven experience in terms of professional planning and licensing capabilities, the ability to perform engineering and electrical work, knowledge of the relevant suppliers for the various components, as well as compliance with constraints for the establishment and maintenance of the systems, in accordance with the regulation and requirements of the work customer, which require training and nurturing of the Group's human capital.
- Licensing - Construction and maintenance activities involve licensing, classifications, and authorizations in relation to the various works, as detailed in Section 3.2.1.2 above and Section 4.9 below.
- Access to funding sources/financial stability - The execution of the construction works involves the procurement of raw materials and the employment of workers and professional subcontractors in substantial financial volumes throughout the period of the construction of the systems and the provision of performance and inspection guarantees in favor of the work customer.

3.2.1.8.2 **Exit barriers**

The Company's ability to release itself from the construction agreements and the operating agreements. In this context, it should be noted that as detailed in Section 3.2.2 below, the construction agreements include, among

other things, a commitment to provide warranty for relatively long periods of up to 10 years for some of the system components, and contractual sanctions, such as the forfeiture of performance guarantees and inspection guarantees, as well as compensation arrangements in the event of a violation.

3.2.1.9 Alternatives to the products in the field of activity and changes therein

See Section 3.1.1.8 above.

3.2.1.10 The structure of the competition in the field of activity and the changes therein

See Section 3.2.7 below.

3.2.2 Products and services

As mentioned above, the field of activity includes two types of activity:

3.2.2.1 Construction activity (EPC) of photovoltaic systems, electricity storage systems and vehicle charging systems by the Group, itself and through subcontractors, based on a contracting agreement for the design, licensing, procurement and construction of the system on a turn-key basis.

The construction agreement regulates the relationship between the Company as the construction contractor of the system and the developer at the construction sites of the system who acquires rights in the system. The aforementioned developers may be third parties, the joint project corporations with partners (or the Company itself in relation to projects held by the Company itself and/or through corporations under its control). The construction activity mainly includes the following elements:

- (a) **Construction planning and licensing works** - Preparation of engineering and electrical plans, blueprints, environmental and hydrological documents, building permit applications, etc. Complex licensing processes (such as approvals of the ILA, planning and construction committees, firefighting authorities, Water Authority, Ministry of Health, Ministry of Agriculture (in relation to fish ponds), the Antiquities Authority (in relation to vehicle charging systems) etc.) are done in cooperation between the developer and the Company as a contractor.

The planning of the systems is done with an emphasis on long-term energy utilization efficiency of the system based on procurement and integration of high quality products and advanced technology. The planning includes, among other things, maintenance planning of the system, and sometimes in relation to solar systems. also the integration of an automatic washing system of the solar panels.

- (b) **Procurement of equipment and construction works** - The construction works include infrastructure preparation (preparation and upgrading as needed of

physical infrastructures, including the execution of evacuation works, sealing, strengthening of roofs and buildings, excavations and upgrading of electrical infrastructures, as needed), installation and synchronization of all system components purchased, in accordance with the required characteristics, and their successful connection to the grid. This activity also includes replacement and/or upgrading of existing systems. The execution of the works is in accordance with plans approved by the developer.

The main characteristics of the construction agreements in relation to the above construction services will be described below⁸²:

- (1) The Company is responsible in some of the engagements for obtaining all the approvals and permits, including the IEC approval, for the purpose of setting up the system and sometimes also for obtaining the necessary financing for the setting up of the system, within the time period specified in the agreement. Usually, the Company provides interim financing until the financing is received. As for photovoltaic systems, the construction period that the Company is obligated to meet is usually within a range of up to 12 months from the date of approval of the construction plan in relation to systems installed on roofs and reservoirs and up to 12 months from the date of receiving the building permit. Failure to meet the schedules for the construction of the system may give the developer grounds to terminate the construction agreement. In the aforementioned case, the Company alone bears all the costs incurred by it.
- (2) The Company is obligated to purchase, at its own expense, construction work insurance policies that include third-party liability coverage and employers' liability insurance as well as product liability and professional liability insurance policies for periods that vary from agreement to agreement, not less than 6 years after the completion of the construction of the system, all at the fixed amounts in each of the agreements.
- (3) The consideration that the Company is entitled to receive is fixed, derived from the capacity of the established system or derived from the cost of the construction plus an agreed margin, according to the circumstances. The proceeds are paid to the Company in accordance with the milestones stipulated in the agreements (usually for solar systems - up to 10% is paid as an advance, between 70% and 90% is paid during the construction works

⁸² The provisions listed below include the main provisions applicable to most agreements. Naturally, there is a certain difference between the various agreements.

(divided into a number of milestones that include the completion of the planning, ordering of main equipment, arrival of the construction, installation of infrastructure and the establishment of the construction, installation of the equipment and successful completion of the system tests), and the remainder of the consideration is paid when the system is connected to the electricity grid, the completion of the running tests, the passage of one month from the system connection date or receipt of a facility receipt certificate, as applicable; and for storage systems - usually 50% of the cost of the storage system at the time of its order and the balance throughout the construction period until the date of commercial operation; and for vehicle charging systems - usually 30% at the time of signing the agreement and 70% at the time of completion of the construction and operation of the system).

- (4) In most cases, the Company gives the solar systems a warranty for the quality of the system construction work (inspection warranty) for a period of 2 to 5 years, a warranty for the solar panels for a period of 10-12 years, a product warranty for a period of 20 to 25 years, a warranty for converters and constructions for a period of 5 to 10 years, system product warranty and system performance warranty. Sometimes, providing the warranty for a period longer than the aforementioned inspection period is subject to entering into a maintenance agreement with the Company. The possession of the system for all the risks involved, with the exception of the aforementioned liability, passes to the work customer upon completion of construction and connection of the system to the electricity grid. Regarding vehicle charging systems, the Company provides an inspection warranty for a period of 12 months from the date of completion of the installation work, after which the warranty for the charging stations will be in accordance with the terms of the relevant manufacturer's warranty.
- (5) The construction agreements for the solar systems include technical specifications and estimated power of the system. Most of the time, the Company commits to a minimum output of the system during the quality warranty period, subject to entering into a maintenance agreement. Also, sometimes the Company's warranty for said output is for longer periods (until the end of the maintenance agreement or 25 years, as detailed in Section 3.2.2.2 below).
- (6) Some of the agreements include a commitment by the Company to pay agreed compensation for a delay in the delivery of the system, calculated according to the number of days of the delay or the guaranteed daily output of the system, as the case may be, as well as for insufficient performance of

the system during the warranty period.

- (7) In most of the construction agreements for the solar systems, the Company undertakes to provide the customer with performance guarantees in the amount of 5% to 10% of the proceeds of the construction services and quality/testing guarantees in the amount of 5% to 10% of the proceeds of the construction services during the warranty periods (usually for two years and sometimes for longer periods but no more than the warranty period). In some of the agreements, the Company undertakes, in case of defects affecting the output of the systems, to extend the validity of the quality warranty.
- (8) In most of the construction agreements, there is a limitation of the Company's liability according to the construction agreement up to the amount of the contractual consideration for the construction (however, sometimes in higher amounts) or in accordance with the content of the insurance coverage of the project, as the case may be, as well as clauses waiving the subrogation right and exemption in relation to the client of the work within the framework of the insurance arrangements.
- (9) The Company is not allowed to assign and/or pledge its obligations and rights according to the construction agreement of the solar systems and the storage systems, but is allowed to engage with subcontractors for the purpose of exercising its obligations according to the construction agreement. On the other hand, most of the construction agreements for vehicle charging systems allow the Company to transfer and/or assign its rights under the construction agreement, subject to the fact that the transferee assumes all of the Company's obligations under the agreement.

3.2.2.2 The operation and maintenance (O&M) activity of the systems is performed by the Group, itself and through subcontractors, for the owners of the rights in the system, based on an agreement for ongoing operation and maintenance of the system that is in commercial operation. This agreement regulates the relationship between the Group as a provider of operation and maintenance services of the system and the owners of the rights in the system. For the most part, the operation and maintenance services accompanying the system construction services are provided as part of a comprehensive solution that the Company offers for setting up and supporting the system. However, sometimes these services are also provided to systems not established by the Group.

The operation and maintenance services of the photovoltaic systems include liability for control and monitoring of the system's performance, including the monitoring of electricity generation on a regular basis and output control; regular maintenance of the

system and maximizing its performance, through routine preventive care (such as periodic checks of the system and preventive care to prevent malfunctions, wear and tear, and decreased output, including periodic washing of the solar panels); handling malfunctions (including replacing spare parts, managing the interface with the various equipment manufacturers, etc.); and fulfilling the Company's responsibility according to the construction agreement and assisting in fulfilling the manufacturer's warranty.

The main characteristics of the operation and maintenance agreements for the photovoltaic systems and the storage systems will be detailed below⁸³:

- (1) The term of the maintenance agreements for the solar systems and the charging systems is usually for initial periods of 2-5 years with automatic extension every year, subject to the developer's right not to renew the agreement or to terminate it during the contract period for acceptable grounds, including non-operation of the system. The term of maintenance agreements for vehicle charging systems is usually between 6 and 10 years.
- (2) During the term of the agreement, the Company is obligated to ensure the continuous operation of the solar system and the availability of the solar system at a capacity that does not fall, as a rule, below 98% of the output of the established system, except if damage is caused to the system outside of/due to the Company's operation and maintenance services in relation to the system.
- (3) The Company is obligated to purchase activity risk insurance policies at its own expense, including coverage of professional and product liability insurance, third party liability insurance and employers' liability insurance, which will apply during the entire term of the agreement and in relation to the vehicle charging systems also for no less than 6 years from the date of establishment of the system.
- (4) In most of the agreements, the main consideration to which the Company is entitled for the maintenance of the solar systems and the storage systems is derived from the installed capacity of the system (according to a fixed rate per unit of power). The consideration for the maintenance of the charging stations is based on a fixed payment. The proceeds are paid to the Company on an ongoing basis (usually on a quarterly basis and for charging systems - usually on a monthly basis). In respect of a decrease in the guaranteed capacity of the solar system, the developer is entitled to an agreed compensation according to the rate of decrease in output.
- (5) Most operating agreements have a limitation of the Group's liability up to the

⁸³ The provisions listed below include the main provisions applicable to most agreements. Naturally, there is a certain difference between the various agreements.

amount of the contractual consideration or in accordance with the content of the Company's insurance coverage, as the case may be, as well as clauses waiving the subrogation right and exemption in relation to the client of the work within the framework of the insurance arrangements.

In the Company's estimation, the increase in the scope of the Group's connected projects in Israel is expected to lead to an increase in the Company's revenue from maintenance services. In addition, an increase in the scope of the storage projects and increase in demand for charging systems is expected to lead to an increase in some of the Group's revenues. For further details, see Section 3.2.1.3 above.

3.2.3 Segmentation of income from products and services

Below is the segmentation of the Company's revenues in the field of activity, for the years 2023 and 2024, in relation to services with similar economic, business or performance characteristics in the field of activity in which the proportion of the Company's revenues from each of the main ones constitutes 10% or more of the Company's total revenues:

	Revenues in the year 2023 (NIS thousands)	% of the Company's income	Revenue in 2024 (NIS thousands)	% of the Company's income
Setting up the systems on roofs	80,956	24%	27,803	9%
Construction of the systems on water reservoirs	55,362	16%	13,746	4%
Construction of electricity storage systems	17,322	5%	43,359	14%
Other	22,201	6%	28,921	10%
Total revenue	175,841	---	113,829	---

3.2.4 Customers

3.2.4.1 Customer mix

As of the Report Date, the Company has over 100 customers in the field of activity. The vast majority of the Company's clients in the field of activity are joint project corporations held in cooperation with the holders of the rights in the land (mainly kibbutzim and business entities with significant real estate (mainly industrial and real estate companies)).

In 2023 and 2024, the Company had no significant customers or very significant projects in its field of activity. Also, the Company is not dependent on a single customer or a limited number of customers in the field of activity.

In the Company's estimation, the termination of the Company's engagement with a particular client will not have a material impact on the Group's business, both due to the

substantial dispersion of the Company's clients in the field of activity and due to the part of the field of activity in the Group's total activity.

3.2.4.2 Customer types

Below is data regarding the distribution of the Company's revenue from its customers in the field of activity in 2023 and 2024, broken down by customer type:

Customer type	The Company's income in the field of activity	
	2023	2024
Joint project corporation*	165,103	106,120
Third parties	10,738	7,709
Total	175,841	113,829

* These revenues constitute fixed assets in the project corporations in the field of initiation and investment in Israel of the Company.

3.2.4.3 Customer seniority

The activity of establishing the systems in the field of activity is characterized by a project relationship within the framework of the construction agreements, which is short-term and non-recurring in nature, until the upgrade or replacement of the system, as needed, in the longer term, if performed. On the other hand, the operation and maintenance activity (which is usually provided in relation to the systems established by the Company) is long-term by nature and usually continues throughout the life of the system. Therefore, the vast majority of the Group's customers in the field of activity (which are mostly the Joint Project Corporation), are regular customers.

3.2.5 Marketing and distribution

The marketing activity in the field of activity is mainly based on the marketing efforts in the field of initiative and investment in Israel with the partners in the Joint Project Corporations. For details, see Section 3.1.7 above.

3.2.6 Order backlog

Below is the backlog of the Group's orders (for binding orders for which income has not yet been recognized in the Company's Financial Statements) segmented according to the expected income recognition period (not including the execution of works to construct the systems fully owned by the Company and/or corporations under its control):

Period of recognition of expected income (*)	Order backlog(**) as of December 31, 2024 (in NIS thousands)	Backlog of orders as of the Report Date (in NIS thousands)
First quarter 2025	6,058	---
Second quarter 2025	4,355	4,355
Third quarter 2025	4,642	4,642
Fourth quarter 2025	4,546	4,546
2026	19,600	19,600
2027	19,600	19,600

Period of recognition of expected income (*)	Order backlog(**) as of December 31, 2024 (in NIS thousands)	Backlog of orders as of the Report Date (in NIS thousands)
Total	58,801	52,743

(*) For details regarding the income recognition policy in the field of activity, see Note 2 of the Company's Financial Statements.

(**) The order backlog includes receipts that the Company is entitled to receive under operating (O&M) agreements until the end of the agreement period.

Below is the Group's order backlog as of December 31, 2024 compared to previous years (in NIS thousands):

December 31, 2023	December 31, 2024
61,590	58,801

3.2.7 Competition

Since the construction and maintenance activity is intended first and foremost for the execution of construction and maintenance work for corporations owned by the Group Companies, the competition in the field is in relation to locating land, roofs and reservoirs for the construction of systems. For details regarding the Company's main methods of dealing with the competition and the positive and negative factors affecting its competitive position, see Section **3.1.8** above.

3.2.8 Production capacity

The production capacity in relation to the establishment of the system by the Group is relatively flexible, taking into account the availability of inventory and procurement of the system components and the recruitment of subcontractors, in accordance with the needs of the establishment of the systems, the scope of the works and the schedules for their execution.

3.2.9 Raw materials and suppliers

3.2.9.1 The System Components

The main equipment used by the Group Companies for the establishment, operation and maintenance of the systems in the field of activity includes solar panels, the installation infrastructure of the panels (construction), coatings in relation to the systems installed on water reservoirs, electricity storage systems in batteries, converters, management systems, vehicle charging systems, transformers, cables, connectors, electrical cabinets and production meters.

Most of the equipment used to build the system (solar panels, storage systems, vehicle charging systems, converters, as well as coatings for the purpose of building on water reservoirs) was purchased from suppliers abroad (see details in Section **3.2.9.2** below) mainly in the dollar currency, but also in other currencies such as the euro.

The purchase of the equipment from the suppliers is carried out, for the most part, for specific projects and for the needs of ongoing maintenance, on a project basis, according

to the types of equipment and the quantities required for each project and its maintenance. Due to the large number of companies in the world that produce components for systems, this is equipment with generally high availability.

3.2.9.2 Suppliers, service providers and subcontractors

The Company ensures to purchase components for systems from suppliers who, to the best of the Company's knowledge, are leaders, have experience and a reputation in the field. The purchase of the main equipment is carried out, mainly, from the suppliers below:

Panel manufacturers - Hanwha Group (Germany/China), Sumec (Hong Kong), JINKO (China), JA SOLAR (China), Longi (China).

Converter manufacturers - SMA (Germany), Kaco newenergy (Germany), SOLAR EDGE (Israel), and SUNGROW (China).

Coating manufacturers - Sungrow (China) and Ciel Etere (France).

Manufacturers/importers of storage systems - Tesla (USA) Balilious Group (Israel).

Charging stations – Afcon (Israel), Lugano Israel (supplier of Sungrow stations in Israel) and Siemens (Israel).

Installation infrastructure of the panels (construction) - performed by several contractors in Israel.

In addition, the group communicates with service providers for the preparation of plans, drawings, applications for building permits, etc., as well as with subcontractors for the execution of construction works, which mainly include infrastructure and construction works and electrical works (including clearing, sealing, strengthening roofs and buildings, installing the construction, the panels, the converters, the cables, the electrical panels, connection and wiring of communication and electricity, cleaning, regular maintenance of the systems, etc.).

In the Company's estimation, due to the large number of companies in the world that produce components for systems, which have similar technical capabilities to the suppliers from whom the Group purchases the aforementioned components, and due to the large number of subcontractors who carry out construction work for the systems, as well as the Company's experience in building the systems, it has no dependence on any supplier or subcontractor. It should be noted that in order to minimize contracting risks with suppliers and subcontractors even in the short term, the Company maintains relationships with several suppliers and subcontractors in relation to most types of equipment and works.

Below are the main terms of the contract with the raw material suppliers and

subcontractors:

Equipment suppliers (mainly panels and converters) - The purchases are made by virtue of framework agreements or on a project basis, in dollar or euro currency, when regarding panels for projects in Israel, the payment consists, as a rule, of an advance at a rate of up to about 10% and the balance is paid in cash against the delivery of the equipment or within the terms of an irrevocable letter of credit, within 90 days, as the case may be. And for projects abroad – a 15% down payment upon receipt of an advance payment and the balance at several milestones upon delivery and arrival at the site. Usually the supplier has a pledge on the equipment pending payment of the full consideration.

The warranty period given by the panel suppliers for defects in the product is, usually, for periods of 10-12 years for the product, depending on the type of panels. In addition, as a general rule, a warranty is given for the output of the panels until the end of 25-30 years from the date of delivery of the panels, depending on the types of panels, with an agreed rate of decrease in output during the said warranty period. The customary warranty period for converters is, for the most part, between 5 and 10 years, with options for extension to periods of 10 to 25 years. In most cases, the warranty given by the suppliers of the coatings is for a period of up to 10 years.

Battery supplier (Tesla) - The purchases are made pursuant to framework agreements signed in March and November 2021, regarding the purchase of up to 300 megawatt-hour systems against a payment of approximately USD 84 million, with the payment consisting of an advance payment of approximately 5%, which was paid at the time of signing each agreement, and the balance is paid in several milestones until the equipment is delivered. According to the agreement, usually the supplier has a pledge on the equipment pending payment of the full consideration. In addition, it was determined within the framework of the agreement that the Company (or the Joint Project Corporation, as the case may be), will purchase maintenance services from Tesla in the amounts specified in the agreement.

The warranty period is 15 years. During this period, Tesla provides only a limited warranty, subject to receipt of maintenance services, in relation to a maximum cumulative discharge rate and a minimum storage rate which decreases every year (up to a rate of 65.5% in the 15th year) subject to compliance with the conditions detailed in the warranty letter. In this context, it should be noted that Tesla's warranty does not cover the full liability of the Company and the full risks involved in operating the storage.

Suppliers of charging stations - The purchase of charging stations is carried out by virtue of purchase orders, against payment of a fixed amount. Usually, the compensation is paid in one payment. Some agreements also include maintenance services for a period as specified in purchase orders (which can sometimes be extended for an additional fee).

The warranty period provided by the charging station suppliers is usually up to 24 months, when certain damages are sometimes excluded from the warranty and sometimes the provision of the warranty involves an additional fee. In addition, the scope of the supplier's liability is usually limited to the actual payment.

In this context, it should be noted that the liability of the manufacturers of the panels, batteries and converters does not cover the full liability of the Company and the full risks involved in operating the systems installed in the various projects (both in terms of the amount of damage, in terms of the warranty period and in terms of the terms of the warranty). The Company's Financial Statements do not include a provision for liability due to the warranty received from the manufacturers of the various parts, the Company's professional liability insurance and an assessment that carrying out repairs does not involve a significant additional cost in terms of manpower.

Subcontractors - Most engagements with subcontractors are determined on a lump sum basis in exchange for a fixed sum⁸⁴, where the consideration is paid for the execution of the works according to and subject to compliance with the milestones and schedules detailed in the agreement. Agreements with contractors are usually for the execution of contracting works in connection with infrastructure works and/or construction works for the installation of system parts and/or the execution of electrical works, where the system components (installation infrastructure, including floating systems for the system installed on water reservoirs, as well as solar panels, storage systems and converters) and the construction plans are provided by the Company.

Below is the list of suppliers and subcontractors from whom the volume of orders placed by the Group, for the supply of equipment and materials and/or for the performance of works, as the case may be, in 2023 and 2024, represented 5% or more of the Company's cost of the construction and operation during the aforementioned periods:

Name of Supplier / Service Provider	Supplier / service provider type	Order rate of the Company's establishment and operation costs		Form of the Engagement
		2023	2024	
Supplier A	Subcontractor for systems construction	7%	5%	See Section 3.2.9.2 above
Supplier B	Subcontractor for systems construction	9%	9%	See Section 3.2.9.2 above
Supplier C	Logistics services	6%	---	See Section 3.2.9.2 above
Supplier D	Subcontractor for systems construction	7%	---	See Section 3.2.9.2 above
Supplier E	Manufacturer of storage systems	11%	---	See Section 3.2.9.2 above
Supplier F	Manufacturer of converters and electrical materials	9%	---	See Section 3.2.9.2 above

⁸⁴ A lump sum agreement is a contract to perform work and/or provide a service in exchange for a total and fixed amount. The lump sum price expresses the assessment of the work performer or the service provider in relation to the quantities that will be required to perform the works and/or services in the project, in such a way that the total price to be paid does not depend on the quantities that will actually be carried out (whether they will be higher or lower than the estimate).

3.3 The field of initiation and investment in renewable energies in Europe

3.3.1 General information on the field of activity

3.3.1.1 General

The Company's activity within this field of activity focuses on the initiation, financing, establishment, operation and holding of renewable energy projects in the solar field, electricity storage in batteries and wind in Poland, Romania, Germany, Spain, Italy, England, Greece, and Serbia.

The Company's activity in the field of activity is based on establishing or entering a development platform in a certain country or geographic region, with the aim that the platform will initiate, develop, build, finance, own and sell projects of the type stipulated in the agreement with the partner. With the establishment of the platform or the entry of the Company, the Company works to establish a local team (or enter into service agreements) which is responsible for carrying out the activities of the platform and creating value in the project.

It should be noted that similar to the activity in Israel, where the Company focuses on setting up projects by virtue of arrangements characterized by high tariffs, in this field of activity as well, the activity is based on activity in markets, segments and projects with 'added value' and excess returns, as follows:

The initiation activity in Spain - As mentioned above, the initiation activity in Spain is carried out through Noy-Nofar Europe, in cooperation with local developers who hold between 5% and 10% of the rights in the projects. For details regarding the cooperation agreement with the local developers, see Section 3.3.1.3 in the chapter of the Description of the Corporation's Business in the 2020 Periodic Report, which is included in this report by way of reference.

As of the Report Date, the Company owns, through Noy-Nofar Europe, four solar projects that are connected (Sabinar I and Sabinar II with a total capacity of 238 megawatts and Olmedilla with a capacity of 169 megawatts) or nearing construction (Sabinar III with a capacity of 40 megawatts) in the country with a cumulative capacity of 447 megawatts. Of this, the supplier of about 274 megawatts sells the electricity it produces under PPA agreements for a period of between 3 and 10 years.⁸⁵ In September 2024, the electrification of the Sabinar II project was completed⁸⁶ and

⁸⁵ For details regarding the electricity sales agreements, see immediate reports published by the Company on April 3, 2022 (Reference No. 2022-01-035163) and August 8, 2022 (Reference No. 2022-01-099826), which are included herein by way of reference.

⁸⁶ For details, see the immediate report dated September 17, 2024 (Reference No.: 2024-01-603738), which is included in this Report by way of reference.

electricity began to be fed into the grid, in parallel with the continued initiation of the Sabinar III project. At the same time, the local platform is engaged in developing a battery project that will be connected to the Olmedilla and Sabinar projects' substation, as well as developing additional projects that will be connected to this substation.

Romania - During 2022 and 2023, the Company established a local initiation platform in Romania (Nofar Energy SRL) that is responsible for initiating, locating, developing, purchasing, constructing, and financing solar and wind projects in Romania.

During 2023, the Ratesti project (a solar project with a capacity of approximately 155 megawatts, 50% owned by the Company)⁸⁷ was connected to the electricity grid⁸⁸ and in early 2025 it received a production license, which enabled its commercial operation. In addition, Ratesti's project company entered into an agreement in November 2023 to receive senior project financing and made a withdrawal of approximately EUR 60 million, which was mostly used to withdraw the equity capital provided by the project company's shareholders (the Company's share is 50%).⁸⁹

Also, during 2022, the Group Companies entered into several agreements for the purchase of projects: Iepuresti with a capacity of approximately 169 megawatts,⁹⁰ Corbii Mari with a capacity of approximately 266 megawatts,⁹¹ Ghimpati with an estimated capacity of approximately 146 megawatts⁹² and Slobozia with a capacity of approximately 73.6 megawatt. During 2023, the acquisition of the Iepuresti, Ghimpati and Corbii Mari projects was completed, and in 2024, the acquisition of the Slobozia projects with a capacity of approximately 73.6 megawatts and Volter with a capacity of 160 megawatts was completed.

Additionally, in 2024 and 2025, the Group companies entered into financing agreements for the Iepuresti and Ghimpati projects in the amount of up to EU 122

⁸⁷ For additional details regarding the Purchase Agreement and the agreements with Econergy, see the immediate report published by the Company on July 4, 2021 (Reference No.: 2021-01-110811), which is included in this Report by way of reference.

⁸⁸ For details regarding the connection to the grid, see the immediate report published by the Company on November 26, 2023 (Reference No.: 2023-01-127782), which is included in this Report by way of reference.

⁸⁹ For details regarding the terms of the financing agreement, see 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.

⁹⁰ For details regarding the Iepuresti purchase agreement, see immediate reports published by the company on May 3, 2022 and May 17, 2023 (Reference No. 2022-01-044202 and 2023-01-044884), while the information therein is included in this report by way of reference.

⁹¹ For details regarding the Corbii Mari purchase agreement, see the immediate reports published by the Company on July 17, 2022 and December 6, 2023 (Reference Nos.: 2022-01-074874 and 2023-01-133533), which are included in this Report by way of reference.

⁹² For details regarding the Ghimpati purchase agreement, see immediate reports published by the company on November 9, 2022 and July 12, 2023 (Reference No. 2022-01-108339 and 2023-01-065881), which are included in this Report by way of reference.

million⁹³, and the Group companies also entered into construction agreements for the Iepuresti, Ghimpati, Slobozia and Corbii Mari projects and panel purchase agreements for the Iepuresti, Ghimpati, Slobozia, Corbii Mari and Volter projects. Additionally, in 2024, Slobozia won a contract for defense (CfD) tender conducted by the Romanian Ministry of Energy, at the highest rate set in the tender of EUR 54.18 per MWh (indexed), which the Company estimates is expected to improve the financing conditions for the project.

As of the Report Date, Nofar Energy SRL and the project companies are negotiating EPC agreements for the Volter project and financing for the Corbii Mari, Slobozia and Volter projects, and are also engaged in initiating storage projects near the projects it owns and solar projects, while also examining the possibility of bringing in investors or selling rights in the projects, as well as entering into additional projects in Romania.

Initiation activity in the UK -During 2021, the Company established in the UK, together with local developers, two dedicated initiation platforms: Noventum - engaged in the initiation, purchase and construction of solar projects and wind projects in the UK, and Atlantic Green - engaged in the initiation of battery storage projects (BESS) in the UK.

During the period since its establishment, Noventum has been engaged in building a local management team, identifying potential land, submitting a connection request and a planning application, with the aim of bringing the projects to the ready to build stage. As of the Report Date, Noventum holds a backlog of projects with a total capacity of approximately 5,099 megawatts, of which approximately 2,420 megawatts are projects that are in advanced stages of initiation and have connection approval and an exclusivity agreement on the ground, approximately 33 megawatts are ready for construction, and the remainder are in early development stages.

As of the Report Date, the Noventum platform is continuing to initiate projects while examining the possibility of value addition. As part of this activity, Noventum has contracted with an investment banker who will promote the process of selling projects under development and/or bringing in an investor. It should be clarified that, given the initial stages, as of the Report Date, there is no certainty regarding the success of the value overflow process, its timing and conditions.

As of the Report Date, Atlantic Green owns the Cellarhead project⁹⁴, with a grid connection capacity of 300 megawatts and a storage capacity of approximately 624

⁹³ For details regarding the financing agreements for the Iepuresti and Ghimpati projects, see the immediate report dated August 21, 2024 (Reference No.: 2024-01-085962).

⁹⁴ For details regarding the Cellarhead purchase agreement, see the immediate reports published by the Company on December 19, 2021 (Reference No.: 2021-01-181458) and February 22, 2023 (Reference No.: 2023-01-016849), which are included in this Report by way of reference.

megawatt hours, and the Buxton storage project⁹⁵, with a grid connection capacity of approximately 30 megawatts and a storage capacity of 60 megawatt hours.

During 2024, the project company entered into construction and maintenance agreements for the Cellarhead project.⁹⁶ In addition, during the first half of 2024, the first part of the Buxton project was connected, and in November 2024, the connection of the second part began.

In November 2024, Atlantic Green entered into a senior project financing agreement for the Cellarhead project in the amount of approximately GBP 152 million (of which GBP 142 million is CAPEX) with a consortium of leading international banks. For details, see an immediate report published by the Company on November 17, 2024 (Reference No.: 2024-01-616101), which is included in this Report by way of reference. This agreement joins the financing agreement for the Buxton project which was financed by Goldman Sachs to the extent of GBP 16.5 million.

In addition, Atlantic Green entered into an agreement in 2023 to acquire another storage project, Toton⁹⁷, with a total connection capacity of approximately 130 megawatts and a storage capacity of approximately 260 megawatt hours, which is in advanced stages of development.

As of the Report Date, Atlantic Green is engaged in completing the connection of the Buxton project and its commercial operation, preparing for the establishment of the Cellarhead project and improving the Cellarhead project, which is made possible by postponing its connection date by several months (which allows the use of more advanced batteries). At the same time, the Group is exploring the possibility of bringing in partners for one of the projects.

For details regarding the founders agreement of Atlantic Green, see the immediate report published by the Company on December 19, 2021 (Reference No.: 2021-01-181458), which is included in this Report by way of reference.

Initiation activity in Italy - The Company's activity in Italy is carried out through Sunprime, which deals with the development, planning, licensing, construction and operation of photovoltaic systems on roofs in Italy and in ground systems, which operate by virtue of a tender procedure carried out by the Italian Electricity Services

⁹⁵ For details regarding the Buxton purchase agreement, see the immediate reports published by the Company on April 28, 2022 (Reference No.: 2022-01-042828) and February 22, 2023 (Reference No.: 2023-01-016849), which is included in this Report by way of reference.

⁹⁶ For additional details regarding the terms of the construction and maintenance agreements, see the immediate report published by the Company on April 30, 2024 (Reference No.: 2024-01-041053), which is included in this Report by way of reference.

⁹⁷ For details regarding the Toton purchase agreement, 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.

Authority (GSE) for the sale of electricity in the form of differential agreements (Contract for Differences) as well as additional ground systems, including land solar systems and storage projects. As of the Report Date, the average tariff of the systems promoted by Sunprime that won the GSE tenders is about EUR 84 per megawatt.

Over the past few years, the Sunprime platform has been engaged in increasing the backlog of projects under development that it owns, while continuing to establish and connect solar projects.

In addition, the Sunprime platform has been involved in initiating storage projects and currently holds a planned backlog of projects with a total capacity of approximately 2,221 megawatt hours, in light of the maturation of the Italian market for storage projects and the opening of access to grid services for batteries in the Italian market, with the aim of Sunprime's battery projects benefiting from the excess returns that characterize batteries near the market maturity date.⁹⁸

As of the Report Date, Sunprime has a backlog of projects with a total capacity of approximately 738 megawatts of solar capacity and approximately 2,221 megawatts of storage capacity (of which approximately 321 megawatts were awarded in GSE tender procedures), of which approximately 270 megawatts are connected and ready-to-connect projects, approximately 167 megawatts and approximately 397 megawatts are projects under construction or nearing construction, approximately 301 megawatts and approximately 1,038 megawatts are projects in advanced development, and the remainder are in various stages of development. At the same time as these actions, at the Report Date, Sunprime is engaged in the initiation of additional projects in Italy.

In November 2022, Sunprime entered into and made a first withdrawal of financing for the construction of solar projects in the amount of up to EUR 150 million⁹⁹, and in July 2024, Sunprime entered into an additional project financing agreement in the amount of up to EUR 204 million.¹⁰⁰

As part of a market capacity tender held in February 2025, Sunprime received notification of winning a number of projects in the tender, and on March 20, 2025,

⁹⁸ It is clarified that the Company's estimates regarding the excess return of the Sunprime projects are forward-looking information, as this term is defined in the Securities Law, based on the returns of projects in other markets around the world that have been opened for storage projects. These estimates may not materialize due to various factors beyond the Company's control, including a lack of demand for storage projects in Italy and/or a decrease in the prices of electricity and services provided through battery projects.

⁹⁹ For details, see an immediate report published by the Company on July 23, 2024 (Reference No.: 2024-01-075612), which is included in this Report by way of reference.

¹⁰⁰ For details, see 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.

Sunprime entered into Capacity Market Agreements in connection with its winning the tender for a number of storage projects with a total capacity of approximately 56 MW and a capacity of approximately 112 MWh. In accordance with the Capacity Market agreements, Sunprime is entitled to receive payments from the network operator for a period of 15 years starting in January 2027, with a total estimated amount of approximately EUR 15.45 million, spread over the availability period. It should be clarified that the Capacity Market payments are in addition to the expected ongoing revenues of the storage projects under Tolling agreements (if signed) and/or electricity trading in the various electricity segments in Italy.¹⁰¹

As of the Report Date, Noy Nofar Europe owns 63% of the rights in Sunprime. For details regarding the agreement to purchase the holdings in Sunprime as well as loan and investment agreements between Sunprime and Andromeda in March and November 2023, see immediate reports published by the Company on February 1 and 7, 2021 (Reference No. 2021-01-012418 and 2021-01-015135), March 15, 2023 (Reference No. 2023-01-027261), and December 3, 2023 (Reference No.: 2023-01-209705) which are included herein by way of reference.

Initiation activity in Germany – During 2023, the Company studied the structure of the electricity market in Germany. After concluding that the market created an investment opportunity in a AAA-rated country where storage is expected to grow, during 2023 the Company entered into and completed a deal to acquire a battery storage project in Stendal, Germany, with a total capacity of 104.5 megawatts (approximately 209 megawatt hours).¹⁰² Later in 2024, the project company entered into agreements with a battery supplier and a construction contractor for the purchase, construction, and maintenance of the batteries. In addition, the Company signed a Tolling Agreement that includes a fixed annual payment for the tolling component starting in January 2027, in accordance with the terms of the agreement.¹⁰³ Additionally, in February 2025, the project company entered into a project financing agreement with a total scope of approximately EUR 87 million, of which approximately EUR 64 million is a financing framework (plus a VAT framework) for a period of up to seven years from the date of commercial operation, and the remainder is a guarantee framework. For additional details, see the immediate report published by the Company on March 1, 2025 (Reference No.: 2025-01-0143676), which is included in this Report by way of

¹⁰¹ For details, see the immediate report dated March 23, 2025 (Reference No.: 2025-01-019017), which is included in this Report by way of reference.

¹⁰² For additional details, see the immediate report published by the Company on December 22, 2023 (Reference No.: 2023-01-117630), and December 31, 2023 (Reference No.: 2023-01-118153) which is included in this Report by way of reference.

¹⁰³ For details, see an immediate report published by the Company on December 7, 2024 (Reference No.: 2024-01-622562), which is included in this Report by way of reference.

reference.

In parallel with these activities, the Company is examining entry into additional storage projects in Germany, along with the possibility of overflowing value in the project.

The initiation activity in Poland - The main activity of the Company in Poland is carried out through Electrum Nofar, a corporation owned 80% by Nofar Europe and 20% by Electrum SP. Z OO ("**Electrum**"), which to the best of the Company's knowledge is an engineering, construction and maintenance company in the field of renewable energy in Poland.

As of the Report Date, Electrum Nofar holds a backlog of solar projects and storage projects in various stages of operation, construction and development with a total capacity of approximately 712.4 megawatts and approximately 3,094 megawatt hours, of which projects with a capacity of 40 megawatts are connected to the grid. In addition, as of the Report Date, Electrum Nofar is engaged in initiating additional solar projects and storage projects in Poland, in parallel with improving existing projects and increasing their capacity, in accordance with regulatory conditions in Poland.

It should be noted that in 2024 and 2025, Electrum Nofar engaged in improving the projects it owns, by obtaining approval to increase the capacity of the Krzywinski projects (5 MW), increasing the capacity of the Bakalarzewo project (30 MW), and obtaining approval to add batteries at the same connection point (50 MW), in parallel with the continued development of the projects it owns. In addition, Electrum Nofar won a CfD arrangement for the Dziewoklucz project at a rate of PLN 318.2 indexed to the consumer price index per megawatt hour.

For details regarding the agreement with Electrum and the terms of transferring the projects to Electrum Nofar, see immediate reports published by the Company on November 21, 2021 (Reference No. 2021-01-168729) and March 6, 2022 (Reference No. 2022-01-022056), which are included herein by way of reference.

Initiative activity in Serbia - As of the Report Date, the Company has two solar projects in Serbia with a total capacity of approximately 26.6 megawatts, which were connected to the grid in the first quarter of 2025. The Group entered into these projects in 2023. In 2024 it entered into construction agreements for the projects, and in the first quarter of the year it completed their connection.

Initiative activity in Greece – During 2023, the Company entered the storage sector in Greece with respect to the development of storage projects, which are in the initial development stages as of the Report Date, with a capacity of approximately 1,356 megawatt hours. It should be noted that in light of the delay in the project development procedures as well as changes that have occurred over the past few years, the

Company is examining its strategy for entering the Greek market.

The main provisions of the founders' agreement between the Company and its partners in the various countries will be described below¹⁰⁴:

The agreement regulates the activities of the joint corporation, the segments and the geographic areas in which it is active, as well as the share of the parties' holdings in the joint corporation, where as of the Report Date, the share of the Company's holdings in the joint corporation is between 67% and 95% of the joint corporation's rights.

In some agreements, there is a commitment to exclusivity in the joint corporation's activity, from the partner and the Company, and sometimes the commitment is from the partner only.

Additionally, most agreements include provisions regarding the obligations of the parties, with the Company usually committing to finance the activities of the joint venture by way of an interest-bearing owner's loan at rates agreed upon between the parties. In most cases, the loans are repaid by the cash sweep mechanism from the free cash flow of the projects.

In some of the agreements, at the same time as entering into the founders' agreement, an employment agreement or services agreement is also signed, between the joint corporation and the local partner, which regulates the remuneration to which the local partner is entitled in return for the provision of management and/or development services by it.

In addition, most of the agreements include provisions regarding the appointment of the directors (when the Company is usually entitled to appoint the majority of the members of the joint corporation's Board of Directors), the majority necessary to make decisions in the joint corporation, and decisions that are also subject to the consent of the local partner or the directors appointed at its recommendation. In addition, most of the agreements include restrictions on the transfer of the shares (such as a blocking period during which the parties are prohibited from transferring their shares in the joint corporation, right of first refusal, right of first offer, Tag-Along and Drag Along). Also, some of the agreements also include a BMBY mechanism, and/or a right of the local partner to require the Company to purchase the local partner's rights in the joint corporation, at a value derived from the mechanism stipulated in the agreement.

3.3.1.2 The general environment and developments in the markets of the field of activity

¹⁰⁴ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various projects.

Renewable energy market in Spain

The first significant increase in the capacity of solar systems installed in Spain occurred in 2007 and 2008, from approximately 512 megawatts in 2007 to approximately 2,718 megawatts in 2008, mainly thanks to the “feed in tariffs”, which involved government subsidies.¹⁰⁵ Starting in September 2008, government policy in Spain gradually changed, with the aim of curbing government spending. The policy change caused, among other things, a change in the results of the solar systems that were established. As a result, in the years 2013 to 2016 there was stagnation in the solar energy market in Spain.⁹⁸

In 2017, there was a change in the government's policy, following the realization that continued stagnation would result in non-compliance with the goals of promoting renewable energy. Accordingly, the government's policy changed to encourage the establishment of renewable energy systems. According to estimates, the policy change, as well as the decrease in construction costs contributed to the development of the market and the entry of developers, investors and construction companies (EPC).¹⁰⁶

As a result, in 2019 an increasing trend began in the installed capacity of photovoltaic systems. In the same year, there was an increase of about 4.2 gigawatts in the installed capacity of photovoltaic systems, from about 4.7 gigawatts to about 8.9 gigawatts. As of the end of 2021, the total installed electricity generation capacity in Spain already stood at 113.6 GW, of which approximately 15.4 GW was photovoltaic generation (14%) and approximately 28.6 GW was wind generation (25%).¹⁰⁷ Following this trend, during the year 2022 the production capacity of renewables in the country will increase by about 4.6 gigawatts, of which 1.2 gigawatts are wind projects and 3.4 gigawatts are photovoltaics.¹⁰⁸ During the years 2023 and 2024, there was a further increase in installed electricity generation capacity in Spain, which stood at approximately 124 GW and 128 GW at the end of 2023 and 2024 respectively, of which approximately 32 GW of photovoltaic projects and approximately 32 GW of wind (together approximately 50% of the total installed capacity in the country) in 2024. In this context, we note that while during 2024 there was no significant change in the installed capacity of wind projects in the country, the installed capacity of photovoltaic projects in the country increased by approximately 23% during the year, from 26 GW

¹⁰⁵ <https://www.ree.es/en/datos/generation/installed-capacity>. Spain 2020: the road ahead for solar.

¹⁰⁶ See footnote 105 above.

¹⁰⁷ https://www.ree.es/sites/default/files/publication/2021/07/downloadable/inf_renov_ree_2020EN.pdf

¹⁰⁸ <https://www.ree.es/en/press-office/press-release/news/press-release/2022/12/wind-and-solar-photovoltaic-electricity-generation-break-records-spain-2022>

at the end of 2023.¹⁰⁹

Accordingly, the volume of production from photovoltaic systems accounted for approximately 10% in 2022¹¹⁰, approximately 14% in 2023, and approximately 17% in 2024.¹¹¹ In this context, it is worth noting that 2023 was a year of transformation for renewable production in the country, which for the first time accounted for over 50% of total annual production.¹¹² The year 2024 continued the trend with a slight increase in the rate of production from renewables from 51% in 2023 to approximately 56%¹¹³.

Regulatory environment in Spain - government goals for the transition to renewable energy

In 2019, the European Union completed an update of the energy policy "Clean Energy for all Europeans" which established the European regulatory framework necessary to achieve the goals of reducing greenhouse gas emissions in accordance with the Paris Agreement. As part of the policy update, the Renewable Energy Directive 2018/2001/EU was approved, within which a goal was set for the production of electricity from renewable energies at a rate of 32% of the total scope of electricity production by the year 2030. In December 2019, the European Commission presented an action plan (European Green Deal), which includes a variety of policy initiatives aimed at making Europe free of greenhouse gases by 2050⁷⁵. In May 2022, the Renewable Energy Directive 2018/2001/EU was updated as part of the Union's REPowerEU program (COM/2022/230 final), and the renewables target was increased to approximately 45% of the total scope of electricity production by 2030. As part of the program, the Union announced additional support mechanisms aimed at promoting the adoption of renewable energy in the Union countries.¹¹⁴

In accordance with the policy of the European Union, the Spanish government is also promoting a plan to increase the scope of use of renewable energies. In order to meet the energy and climate goals set by Spain as part of its commitments to the European Union, in 2019 the MITECO (Ministry of Ecological Transition) presented the National Energy and Climate Plan for the years 2021-2030 (National Energy and Climate Plan) which aims to meet the following goals by 2030: Reduction of 23% in greenhouse gas emissions compared to 1990, consumption of 42% renewable energy out of the total

¹⁰⁹ <https://www.ree.es/en/datos/generation/installed-capacity>

¹¹⁰ <https://www.ree.es/en/press-office/press-release/news/press-release/2022/12/wind-and-solar-photovoltaic-electricity-generation-break-records-spain-2022>

¹¹¹ <https://www.ree.es/en/datos/generation/generation-structure>

¹¹² "Renewable energy breaks records and accounts for more than 50% of electricity generation in Spain in 2023", Red Eléctrica

¹¹³ <https://www.ree.es/en/datos/generation/generation-structure>

¹¹⁴ https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

energy consumed, and production of 74% of electrical energy using renewable energy sources.¹¹⁵

In accordance with the Spanish National Energy and Climate Plan, the target until 2030 is that the installed capacity of the electricity production systems from solar energy will provide electricity with a capacity of 37 thousand megawatts out of 157 thousand megawatts (that is, about 24% of the total capacity, along with about 32% of the capacity installed being wind systems).¹¹⁶

In order to meet its goals, the Spanish government allows producers to sell electricity to the grid at market prices, as part of the general regulation of the electricity market.

From a budgetary point of view, in September 2020 the IDAE (Institute for Energy Diversification and Saving) approved an allocation of EUR 181 million to support projects based on renewable energy. This subsidy is part of an aid package of EUR 316 million that will be distributed by the MITECO to projects in the field of renewable energy to achieve the goals set by Spain in this regard.¹¹⁷

In 2021 and 2022¹¹⁸, following a dramatic increase in the prices of natural gas and electricity, the Spanish government amended Royal Decree 17/2021,¹¹⁹ requiring electricity producers from sources that do not emit greenhouse gases to refund a portion of the electricity revenues received by them, according to a formula that weighs the degree of influence of the price received from gas prices in the market. In December 2023, the Spanish government decided not to extend Royal Decree 17/2021 and to cancel the suspension of the country's electricity production tax (IVPEE), which was gradually reinstated during 2024, starting from 3.5% in the first quarter of the year until returning to 7% in the second half of the year. To the best of the Company's knowledge, the tax is expected to continue at its current rate (7%) through 2025, however, at this stage it is not yet clear whether it will continue to apply beyond that.¹²⁰

The structure of the electricity market in Spain

The sale of electricity in Spain is carried out by virtue of electricity sales agreements (PPA) or within a competitive electricity trading market (electricity exchange), managed by OMI-Polo Espanol SA, in which private electricity producers are allowed to sell the electricity produced by them. The sale of electricity in the exchange is carried out through a "broker" (who charges a commission at the rate of about EUR

¹¹⁵ <https://www.ree.es/en/datos/generation/installed-capacity>. Spain 2020: the road ahead for solar.

¹¹⁶ <https://www.evwind.es/2019/08/28/request-to-connect-30556-mw-of-wind-power-in-spain/70529>.

¹¹⁷ <https://www.idae.es/en/node/14631>; <https://www.idae.es/en/node/14672>.

¹¹⁸ <https://www.cuatrecasas.com/en/latam/article/spain-urgent-measures-on-energy-royal-decree-law-23-2021>.

¹¹⁹ <https://www.fieldfisher.com/en/insights/spain-s-royal-decree-law-17-2021-on-natural-gas-pr>.

¹²⁰ Based on information received from an external consulting firm of the Company.

cents 0.3-0.8 per MWh).

Most of the time, the electricity prices in the electricity exchange are higher than the selling prices set in the PPA agreements. In addition, producers who choose to trade electricity and sell it on the exchange are not eligible to receive various subsidies from the state such as the "feed-in tariff". Accordingly, the risk of changing the regulation for these manufacturers is relatively low. On the other hand, market prices change every day, there is a high variation in electricity prices in the winter months (due to the effect of weather conditions on the production of electricity from renewable energies (mainly hydro and wind) and in any case there is uncertainty regarding their price in the future, which stems from changes in the supply and demand for electricity and fuel prices, which are difficult to predict for long periods.

In the Company's estimation, the main factors that may affect electricity prices in Spain in the coming years are: natural gas prices, the entry of new renewable energy projects, and especially the rate of entry of solar projects that may cause erosion in the electricity rates sold by solar electricity producers during the operating hours of these systems, a change in the demand for electricity consumption, the rate of scrapping of coal and nuclear plants which lowers the supply of electricity and contributes to the increase in electricity prices, the weather (extreme heat and cold conditions which increase electricity consumption) and the rate of decrease in rainfall which increases production in hydroelectric technology. Also, changes in fuel prices, especially natural gas and diesel, may affect the electricity production costs in power plants based on fossil fuels.

Energy market in Romania

As of the Report Date, the total installed capacity in Romania amounted to approximately 19 gigawatts, with hydro accounting for approximately 35% of the total installed capacity, wind accounting for approximately 16%, coal accounting for approximately 14.5%, and solar accounting for approximately 11.8% of the installed generation capacity with approximately 2.2 gigawatts.¹²¹

Following ongoing talks with the European Union, the Romanian government committed, within the framework of the National Energy and Climate Plan (NECP)¹²², to a target of approximately 30% electricity production from renewable sources by 2030, and even raised the target to approximately 38% in 2024.¹²³ This target is estimated to require the construction of significant new renewable energy generation

¹²¹ ANRE website, the Romanian Energy Authority: <https://anre.ro/puteri-instalate/>

¹²² https://ec.europa.eu/energy/sites/default/files/documents/ro_final_necp_main_en.pdf.

¹²³ https://commission.europa.eu/publications/romania-final-updated-necp-2021-2030-submitted-2024_en

capacity, including approximately 8.5 gigawatts of solar generation.¹²⁴

According to estimates, approximately 7.8 gigawatts of renewable energy (solar and wind) electricity generation facilities are expected to be built by 2030 in order to meet this goal, with installed solar generation capacity expected to increase from approximately 2.2 gigawatts at the end of 2023 to approximately 7 gigawatts in 2030 - an increase of approximately 4.8 gigawatts in approximately 6 years.¹²⁵

In January 2025, the Romanian Ministry of Energy announced EUR 150 million in funding for standalone storage projects, which will be financed as part of the country's Modernization Fund and distributed through competitive procedures.¹²⁶ As far as the Company knows, details regarding the nature and schedule of these proceedings have not yet been published. Also, at the end of 2024, the first CFD tender in the country was published, in which the Company participated and won with the Slobozia project (for details, see Section 3.3.1.1 above).

Regarding bilateral agreements for the sale of electricity - in May 2020 Government Emergency Ordinance no 74/2020 entered into force, which allows new renewable energy projects to enter into PPA agreements for the sale of electricity from the project.¹²⁷

Similar to other countries in the European Union, and in order to ease matters for the country's electricity consumers in dealing with the global energy crisis that broke out following the war in Ukraine, the Romanian government adopted a policy of controlling electricity prices in the country. According to the policy measure adopted in March 2022 and subsequently extended several times, the last of which was until June 30, 2025,¹²⁸ the electricity price was capped at approximately RON 680 per megawatt-hour for small consumers with electricity consumption not exceeding 100 kWh per month, and at approximately RON 800 per megawatt-hour for consumption in the range of 100-300 kWh per month. For companies with high consumption levels, the electricity price limit is 1000 RON per megawatt hour.¹²⁹¹³⁰ To the best of the Company's knowledge, the restriction does not apply to electricity produced from

¹²⁴ See: <https://www.pv-magazine.com/2025/01/31/romania-2024-solar-additions-hit-1-7-gw/#:~:text=Romania%20installed%201.7%20GW%20of%20solar%20in%202024%2C%20according%20to,GW%20of%20cumulative%20installed%20capacity.>

¹²⁵ Based on information provided to the Company from an international consulting firm.

¹²⁶ See: <https://www.pv-magazine.com/2025/01/21/romania-allocates-e150-million-for-standalone-battery-storage-rollout/>

¹²⁷ Report of Renew Romania (2021), Schoenherr Attorneys at Law.

¹²⁸ https://bondoc-asociatii.ro/prolongation-of-electricity-and-natural-gas-price-caps/?utm_source=chatgpt.com

¹²⁹ <https://www.iea.org/policies/16534-nationwide-price-cap-on-electricity-and-gas-prices-for-one-year-starting-1-april-2022;>
<https://gov.ro/en/news/press-statement-by-prime-minister-nicolae-ionel-ciuca-regarding-the-measures-to-counter-the-effects-of-the-price-hikes&page=1> ; <https://gov.ro/en/news/cabinet-meeting-of-september-1-2022&page=9>

¹³⁰ See: <https://seenews.com/news/romania-plans-to-extend-energy-price-cap-scheme-1271004>

solar projects.

In addition, the Romanian Electricity Authority has established rules (ANRE Order no. 60/2024), which entered into force in October 2024, according to which a trial period for the initial connection of a system to the electricity grid was set for a period of 6 to 24 months (depending on the system's power), after which the system will be disconnected from the electricity grid in order to obtain a production license. According to the rules, during the trial period, the producer will be entitled to payment for electricity fed into the grid according to a calculation method based on the following principles: while the electricity price is positive – the lower of the closing price of the following day and RON 400 per MWh; while the electricity price is negative – the producer will pay the grid operator an amount corresponding to the negative price for the electricity fed into the grid. Also, manufacturers will no longer be able to submit bids in the balancing market during the trial period. The new regulation also set a limit of RON 400 per MWh as an upper limit for the price of electricity produced during the trial period. In addition, it was determined that manufacturers will not be able to conduct tests on holidays and vacation days.¹³¹

In addition, on December 31, 2024, a new construction tax came into effect in Romania, also applicable to renewable energy production facilities under construction at the end of the tax year, at a rate of 1% of the value of the construction cost, as shown in the developer's financial statements for the previous year, less the value of the property. The tax is paid in two installments, in June and October of the following tax year. To the best of the Company's knowledge, the Romanian authorities are expected to publish guidelines regarding the method of implementing and calculating the new tax, and therefore it is not yet possible to assess the impact of the tax on the Company's operations.¹³²

Renewable energy market in the UK

To the best of the Company's knowledge, the renewable energy market in the UK is in continuous growth, with the aim of reducing the use of fossil fuels including coal and natural gas. The British government's policy includes clear goals for reducing emissions - including reducing polluting emissions by 68% by 2030, by 78% by 2035 (compared to 1990) and net zero emissions by 2050¹³³, by increasing the installed capacity of renewable energies and increasing production of electricity from renewable energies.

¹³¹ See: <https://bnt.eu/legal-news/romania-anre-introduces-new-amendments-applicable-starting-october-1/>

¹³² See: <https://www.kinstellar.com/news-and-insights/detail/3135/important-fiscal-changes-in-romania-starting-january-2025>

¹³³ <https://climateactiontracker.org/countries/uk/targets>

As of the end of 2023, the installed capacity in the United Kingdom was approximately 106 gigawatts, of which approximately 2% was coal-fired generation, approximately 30% natural gas turbines, approximately 6% nuclear, approximately 15% solar, approximately 14% onshore wind, and approximately 15% offshore wind. Also, this year, Britain produced about 293 terawatt hours of electricity, a decrease of about 10% compared to the country's electricity production in 2022, of which about 46% came from renewable sources, including hydro and bioenergy. The level of consumption in the country also decreased in 2023 compared to 2022, although at a lower rate of about 1%, mainly due to the continued high prices that also characterized 2022, along with relatively warm weather that led to a decrease in demand for electricity.¹³⁴ According to estimates, in 2030 the installed power in the country is expected to be about 159 gigawatts, of which the percentage of solar power is expected to reach about 16%, offshore wind power to about 21% and onshore wind power to about 13%.¹³⁵

As of this date, the British government encourages the production of electricity from carbon-reduced sources through the regulation of Contracts for Difference (CfD).¹³⁶ In accordance with the aforementioned policy, the transmission grid and the National Electric Company (the National Grid) publish tenders, from time to time, to determine a target price for production by renewable energies. As part of the tender, a manufacturer confidentially submits the target price it wishes to receive and the capacity for whom it wishes to receive. The proposed target price must meet the predetermined ceiling for all participants.

After winning the tender, a government company called the Low Carbon Contracts Company enters into a CfD contract with the manufacturer, which gives the manufacturer the right to a fixed price for a period of 15 years. The producer sells electricity on the exchange, and is entitled to receive compensation in the value of the difference between the contract price (Strike Price) and the market price, and if the market price is higher, it must return the above difference to the government company, as customary in CfD agreements.

In March 2023, the Transmission System Operator and the National Grid published new regulations that included a two-stage approach to managing grid connection requests. As part of the program, the results of connection requests will be received in two stages, with the first stage providing initial information regarding the connection agreement and the second stage providing complete and final details,

¹³⁴ <https://www.gov.uk/government/statistics/electricity-chapter-5-digest-of-united-kingdom-energy-statistics-dukes>.

¹³⁵ Based on information provided to the Company by an external consulting firm.

¹³⁶ <https://www.gov.uk/government/publications/contracts-for-difference/contract-for-difference>.

including the date of connection to the transmission grid. In February 2024, the system administrator announced that the new approach went into effect in coordination with other entities relevant to the grid connection approvals, and that it can be expected that 60% of the projects that received a positive answer in the first stage will receive a connection date earlier than the one they received in the first stage and no later than that.¹³⁷

In addition, the electricity grid operator in Great Britain (ESO) is promoting a five-year plan with the aim of improving and streamlining the process of approval and allocation of connection of renewable projects to the electricity grid. The plan includes five main components: (1) the release of network connections by allowing developers to cancel connection requests without fines, (2) the updating of the method according to which the date of connection to the network is determined, (3) the adjustment of the criteria to different technologies according to the effects on the electricity grid, (4) managing the queue to receive a connection according to the progress of the projects, so that advanced projects can improve the connection date they received and (5) expediting the granting of connection permits for energy storage projects, and in particular the rapid promotion of projects in the scope of 95 gigawatts.¹³⁸

Due to the large number of grid connection requests submitted under the two-phase program, it was decided to limit the option to submit grid connection requests during 2025 to specific time windows that will be published in advance, and the projects that will be submitted will be required to meet certain milestones, in order to ensure priority in connecting more advanced projects. During 2024, the Transmission System Operator published additional updates to the regulation, mainly examining renewable energy projects according to their progress in terms of the development process, including land agreements and obtaining planning permission, as well as regional needs in the UK. In accordance with this plan, projects that hold land rights and have submitted a Planning Application will be given priority at the time of connection. As of the Report Date, the final plan has not yet been published.¹³⁹ At the same time, the applications submitted under the two-phase program are being reviewed as planned, with the second phase (Gate-2), which will be open to projects that received approval in the initial phase, expected to open for submission during the second quarter of 2025. Also, if the British regulator approves the submission plan according to specific time windows, new projects that meet defined threshold conditions will also be able

¹³⁷ <https://www.nationalgrideso.com/news/update-two-step-offers-process-connections>

¹³⁸ <https://www.nationalgrideso.com/industry-information/connections/our-five-point-plan>

¹³⁹ See: <https://www.neso.energy/news/next-steps-grid-connections-reform>

to access and win connection to the grid within the same time window.¹⁴⁰

It should be noted that the Noventum platform has prepared for the expected changes following the approval of the plan and is working to enter into lease agreements and submit Planning Applications in relation to the projects so that they will be prioritized when they are connected to the grid.

As mentioned above, the use of renewable energy is characterized by volatility in the electricity supply, which results from changes and volatility in weather conditions. One of the flexible energy supply facilities is a battery electricity storage project. To the best of the Company's knowledge, the battery projects enable a backup for electricity supply during hours when renewable energy systems are not operating (or are operating partially), thus guaranteeing a stable supply of electricity in accordance with market requirements, enabling stabilization of the electricity supply, at times when there is a temporary decrease in the electricity supply, as well as enabling the provision of system services for the transmission system - including frequency stabilization and response to additional incidents of damage to the electricity supply.

In the Company's estimation, the battery projects are an enabler for renewable projects, hence their importance. Moreover, according to the National Grid, the battery projects are a necessary factor for replacing fossil fuels with renewable energies.¹⁴¹

The field of storage in the UK began to develop in 2017, and began to gain momentum in recent years. To the best of the Company's knowledge, in 2022 the total battery capacity installed in the UK was approximately 2.1 gigawatts. During 2023, 34 new storage projects with a capacity of 1.4 gigawatts were connected, bringing the installed capacity to approximately 3.5 gigawatts by the end of the year, and by the end of 2023 this capacity already stood at approximately 4.5 gigawatts. In addition to the increase in the installed capacity, in recent years a trend has been observed in the market of an increase in the storage capacity of projects, when in 2023 approximately 643 megawatts of projects with a storage capacity of two hours or more were added.¹⁴² In addition, according to National Grid forecasts, the UK storage market is expected to grow to approximately 22 to 34 GW in 2030 and approximately 34 to 83 GW in 2050.¹⁴³

The revenues of battery projects in the United Kingdom include several types of

¹⁴⁰ See: <https://www.neso.energy/industry-information/connections/transition-connections-reform>

¹⁴¹ <https://www.nationalgrid.com/stories/energy-explained/what-is-battery-storage>; "Battery storage technologies are essential to speeding up the replacement of fossil fuels with renewable energy. Battery storage systems will play an increasingly pivotal role between green energy supplies and responding to electricity demands."

¹⁴² Based on information provided to the Company from an international consulting firm.

¹⁴³ <https://www.neso.energy/document/321041/download>, July 2024.

potential revenues, as follows: (1) Sale and purchase of electricity in Wholesale Markets, the Day Ahead and Intraday markets, in which electricity is purchased and sold, with battery projects aimed at purchasing electricity at low prices and selling it at high prices more while taking advantage of price differences, as much as possible; (2) revenues from a balancing mechanism, in which the system administrator balances supply and demand in the hour before the time window for electricity consumption; (3) System services (Ancillary Services) within the framework of which the battery projects provide system services to the electricity grid, including frequency stabilization, assistance in default or pre-default events and more; (4) capacity payments; and (5) network payments / receipts.

It should be noted that in the past year there has been a change in the revenue mix of energy storage projects in the UK, which was accompanied by a temporary decrease in total revenue per MW in 2023 and early 2024 relative to 2022. The change included a decrease in income from network services due to saturation in this segment, and on the other hand an increase in income from electricity trading in Wholesale Trading. Also, market reports on behalf of experts revealed that the revenue component from the balancing mechanism (Balancing Market) of storage projects is not exhausted, which also caused a decrease in storage project revenues. Accordingly, the system administrator announced that he intends to act actively to introduce mechanisms that will improve the activity in the field and allow increased participation of storage projects in the provision of balancing services. It is important to emphasize that according to market estimates, these are changes whose impact is focused on the short term, and that the long term revenue forecast maintains stability. Indeed, during the third quarter of 2024 and the first quarter of 2025, there was a significant increase in revenue from battery projects in the UK, at an average rate of over 50% compared to revenue in the same period last year.¹⁴⁴

It should also be noted that the management of the electricity purchase and sale system in the battery projects is usually carried out through Route to Market Providers (RTM), which are market players who possess know-how, experience and dedicated software for effective management of the systems, with an emphasis on optimizing the purchase and sale of electricity, and are entitled to management fees derived from the volume of income from the sale of electricity. The arrangement with the RTM could include a price floor for income from the battery projects, in accordance with the commercial conditions that will be agreed upon with the RTM.

Similar to other countries in Europe, in order to alleviate the impact of the global (and European in particular) energy crisis on the residents of the UK, during the year 2022

¹⁴⁴ Based on information provided to the Company from an international consulting firm.

the British government imposed a tax on excess profits from electricity produced from renewable energy sources, and focuses on large producers, defined as those producing at least 50 gigawatts hour a year. According to the new regulation, which came into effect in January 2023, excess profits are defined as profits exceeding GBP 75 per megawatt hour, and the benchmark price that will be set for consumers will be linked to inflation starting in April 2024. It is important to note that electricity fed into the grid from energy storage sources will be exempt from this tax,¹⁴⁵ and starting from November 2023, electricity produced from renewable sources will also be exempt.¹⁴⁶ In light of the above, as of the Report Date, this regulation has no material effect on the Company's revenues or its expected revenues.

Renewable energy market in Italy

To the best of the Company's knowledge, Italy is characterized by a developed electricity market and a multitude of energy production sources, which include electricity production using natural gas, hydroelectric facilities, renewable energies and coal. Also, the country enjoys relatively high levels of solar radiation (mainly in the center and south of the country) and favorable terrain conditions for installing solar energy production systems.

The volume of annual electricity production in 2024 is estimated at approximately 264 terawatt hours, which is an increase of approximately 2.7% compared to 2023, and for the first time, over 40% of it was covered by renewable generation. In particular, the volume of solar production reached about 17% of production with 36 terawatt hours, while wind production actually decreased by about 5.6%. Also, in terms of production capacity, the installed capacity from renewables in the country has reached 50 GW.¹⁴⁷

Until 2008, the installed capacity of photovoltaic systems in Italy was below 100 MW. During the following years, there was an acceleration in the growth of the installed capacity, which in 2010 reached more than 3,000 megawatts. The year 2011 was a boom year in the field of solar energy, during which the largest growth in installed capacity was recorded, with an increase of over 9 gigawatts¹⁴⁸, which was four times the amount of electricity supplied in 2010. Following this, between the years 2011-2012 there was an increase of approximately 75% in the amount of electricity produced in Italy by photovoltaic systems, when in 2012 the installed power in Italy

¹⁴⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1118358/Electricity_generator_levy_technical_note_final.pdf; <https://www.reuters.com/business/energy/uk-government-sets-out-detail-tax-electricity-generators-2022-12-20/>

¹⁴⁶ <https://www.gov.uk/government/publications/technical-note-electricity-generator-levy-new-investment-exemption>.

¹⁴⁷ <https://www.terna.it/en/media/press-releases/detail/electricity-consumption-2024>.

¹⁴⁸ <https://www.iea.org/articles/renewables-2020-data-explorer?mode=market®ion=Italy&product=PV>.

reached over 16 gigawatts.¹⁴⁹ Starting in 2011, the Italian government began to take steps that caused harm to investments in solar systems. In 2014, a decree was approved which reduced the feed-in tariff for the electricity also produced for systems in commercial operation during 2014, due to the burden created by the growing scope of tariff subsidies, a certain tariff reduction was carried out, which resulted in a significant slowdown in the scope of installing solar systems. In 2015 Italy signed the "Paris Agreement" and in 2016 returned to formulating plans to reduce greenhouse gas emissions and the rate of energy systems. In 2017, Italy's National Energy Strategy 2017 was approved, which aims to identify and manage changes in the energy sector. The plan included, among other things, goals regarding the energy mix in 2033. As part of the application of the lessons of the past, following recognition of the importance of transitioning to renewable energy, with the aim of meeting the renewable goals set within the 2017 National Energy Plan and the commitments undertaken by Italy, new renewable incentive mechanisms were introduced, in the form of the "Contract for Differences" agreements. The total installed photovoltaic capacity in the country was approximately 37 gigawatts in 2024 – an increase of approximately 7 gigawatts over the previous year.¹⁵⁰

Regulatory environment in Italy - goals and supporting incentives that drive the market

In 2015, the Italian government signed the Paris Agreement, and in 2017, the Italian government published the National Energy Strategy 2017¹⁵¹, in which it committed, among other things, to stop the use of coal for electricity production by 2025, and to increase the proportion of electricity produced from renewable energies renewables until 2030 to 28% of total energy consumption and 55% of total electricity consumption.

Since then, the European Commission has approved several programs to support the production of electricity from renewables in Italy. In June 2019, a budget support program of up to EUR 5.4 billion was approved in order to help the country meet the goals it set for the production of electricity from renewables, given in the form of subsidies for renewable projects until 2021.¹⁵² After the plan was approved, the state set concrete goals that included, among other things, an installed solar power of 50 GW and a wind power of 18 GW by the year 2030.¹⁵³ In 2021, the European Commission approved Italy's multi-year Recovery and Resilience plan, which was

¹⁴⁹ <https://iris.polito.it/retrieve/handle/11583/2602370/64878/SolarEstimateBCAM.pdf>.

¹⁵⁰ <https://www.pv-tech.org/italy-adds-6-8gw-of-pv-in-2024-as-utility-scale-projects-surge/#:~:text=Italy%20had%20a%20total%20of,GW%20and%203.6GW%2C%20respectively.>

¹⁵¹ <https://www.mise.gov.it/index.php/en/news/2037432-national-energy-strategy>.

¹⁵² https://ec.europa.eu/commission/presscorner/detail/en/IP_19_3000.

¹⁵³ Integrated National Energy and Climate Plan - December 2019.

designed to support the exit from the crisis created during the Corona epidemic. The scope of the program was about EUR 68.9 billion to be given in loans alongside EUR 122.6 billion in loans to be given throughout the life of the program, until August 2026, of which about EUR 11.2 billion will be dedicated to the development of green energy, and improving water and waste management.¹⁵⁴

As part of the implementation of the Italian government's program for meeting renewable targets, the Italian Energy Services Manager published a series of tenders for the sale of electricity, which were intended to promote the establishment of systems for the production of electricity from renewable energies with a capacity of approximately 7,700 megawatts, of which approximately 1,570 megawatts were allocated to tenders for solar systems on rooftops and electricity generation facilities using wind energy. According to the terms of the tender, the winners of the tenders will sell electricity produced in the winning systems under Contract for Differences, at a maximum rate of EUR 77.6 to 102 per 1 MWh, guaranteed for a period of 20 years. To the best of the Company's knowledge, a temporary update of this regulation was recently approved, within the framework of which additional tenders are expected to be published to promote solar projects with a total capacity of approximately 10 GW during 2025, at a maximum price of EUR 74 to EUR 132. The Company understands that the purpose of the temporary regulatory update is to allow for continued support for renewable projects until long-term regulation is approved, which is expected to support an additional 40 GW that will support tenders to be published by 2028.

In parallel with developments in the solar sector, in the first half of 2025, the grid operator in Italy (TERNA) held a Capacity Market Auction that guarantees payments for availability and participation in electricity trading through storage projects in the Italian market. These services are common in other European countries, and are designed to support the initiation and establishment of storage projects.

Renewable energy market in the UK¹⁵⁵

The renewables market in Germany is in continuous growth, similar to many countries in the European Union, as part of the EU countries' effort to reduce the use of fossil fuels. In addition, the demand for electricity in the country is expected to grow significantly in the coming decades and even double by 2060 following the electrification processes of the heating, transport and industry sectors. As of the end of 2024, the total installed generation capacity in the country was approximately 250 gigawatts, with approximately 60% of it from renewable energies (solar, wind and

¹⁵⁴ https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/italys-recovery-and-resilience-plan_en

¹⁵⁵ Based on information provided to the Company from an international consulting firm.

hydro)¹⁵⁶, and according to estimates, by 2030 the total installed capacity will reach approximately 370 gigawatts, with approximately 74% of it from renewable energies.

As mentioned above, the use of renewable energies is characterized by the volatility of the electricity supply resulting from changes in weather conditions, and requires flexible energy supply solutions in order to stabilize the grid. One such solution, as mentioned above, is battery energy storage systems. As far as the Company is aware, the battery market in Germany is in its infancy, with the installed capacity of commercial batteries (not used at home) standing at only about one gigawatt as of 2023. According to estimates, the installed capacity of storage facilities is expected to reach approximately 6 gigawatts in 2030 and 14 gigawatts in 2050.

To the best of the Company's knowledge, as of the Report Date, storage projects that will be connected to the grid until 2029 are exempt from grid payments. Also, during 2024, the German federal government published a plan to encourage solar and storage projects. However, following the formation of the new government, there is uncertainty regarding the continued implementation of the plan.

Similar to the market in the UK, the revenues of battery projects in Germany include several types of potential revenues, as follows: (1) Sale and purchase of electricity in Wholesale Markets, the Day Ahead and Intraday markets, in which electricity is purchased and sold, with battery projects aimed at purchasing electricity at low prices and selling it at high prices more while taking advantage of price differences, as much as possible; (2) revenues from a balancing mechanism, in which the system administrator balances supply and demand in the hour before the time window for electricity consumption; (3) System services (Ancillary Services) within the framework of which the battery projects provide system services to the electricity grid, including frequency stabilization, assistance in default or pre-default events and more; (4) black-start capability payments received for capacity in the case of network failure; and (5) network payments / receipts.

It should also be noted, as stated above, that the management of the electricity purchase and sale system in the battery projects is usually carried out through Route to Market Providers (RTM), which are market players who possess know-how, experience and dedicated software for effective management of the systems, with an emphasis on optimizing the purchase and sale of electricity, and are entitled to management fees derived from the volume of income from the sale of electricity. The arrangement with the RTM could include a price floor for income from the battery projects, in accordance with the commercial conditions that will be agreed upon with

¹⁵⁶ <https://www.smard.de/en>

the RTM.

[Renewable energy market in Poland](#)¹⁵⁷

In 2023, the total installed capacity in Poland amounted to about 64 gigawatts, and this year coal accounted for only 30% of it, and renewables increased slightly to about 38% of the country's production capacity. In 2024, total installed capacity reached approximately 73 gigawatts, of which coal accounted for only about 23% while renewables reached about 41% of the country's installed capacity. The electricity generation mix, estimated at about 169 terawatt hours for 2024 (compared to about 165 terawatt hours in 2023), has also changed: coal generation has decreased from about 36% of total generation in 2023 to only about 22%, and renewable generation has increased from about 22% to 29% in 2024.

In February 2021, the Polish government adopted a strategic plan for the energy policy for 2040 (the Polish Energy Policy 2040, or PEP2040), within which energy and environmental goals for the years 2030 and 2040 were agreed upon. In February 2022, the goals were updated so that the percentage of renewable energy in the actual electricity production in 2040 will be approximately 50%, and by 2030 emissions will be reduced by 30% (compared to 1990) and the percentage of renewable energies in electricity production will be at least 23%, along with the construction of marine electricity production facilities from wind and increasing production capacity from nuclear energy. Subsequently, during 2024, the Polish government presented two scenarios for updating the targets to the European Commission, which, if approved, would result in the rate of renewables from actual production in 2030 being 45% in the moderate scenario, or about 52% in the ambitious scenario. The purpose of these updates is to meet the goals of reducing the use of coal, in which the Polish government has pledged that all coal mines in the country will be closed by 2049.

According to estimates, the renewable energy market in Poland is expected to grow substantially in the coming years, and this is, among other things, in order to meet the policy goals that have been set. Thus, according to an external consulting firm, the construction of approximately 25 gigawatts of renewable energy (solar and wind) electricity generation facilities is expected by 2030 (compared to the current situation), of which approximately 15 gigawatts of solar facilities, and approximately 10 gigawatts of onshore wind power generation facilities. Additionally, according to estimates, electricity production from renewable energies is expected to reach approximately 31% in 2025 and approximately 52% in 2030, compared to approximately 29% electricity production from renewable energies as of the Report

¹⁵⁷ Based on information provided to the Company from an international consulting firm.

Date.

Electricity in Poland is sold through the TGE exchange, in futures, day ahead and intraday markets, when renewable energy can also be sold through bilateral agreements. For PV and wind producers (onshore and offshore) there is a regime of a fixed rate using the CfD method (contracts for difference determined in a competitive procedure, in which the producer sells the electricity in the electricity markets, but is entitled to receive a supplement / is required to return his income in a way that produces the price stipulated in the CfD.

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. To the best of the Company's knowledge, it will expire at the end of December 2023. To the best of the Company's knowledge, this did not affect the Group's income in Poland. In this context, it should be noted that as of the Report Date, the Group has two connected solar projects with a capacity of approximately 40 megawatts.

Renewable energy market in Greece

To the best of the Company's knowledge, the renewable energy market in the Greece is in continuous growth, with the aim of reducing the use of fossil fuels including coal and natural gas. The Greek government's policy includes clear targets for reducing emissions, with Greece's updated National Climate Plan (NECP) including a target for a production rate of 81% from renewable sources by 2030¹⁵⁸, by increasing the installed power of renewable energies and increasing the production of electricity from renewable energies. The year 2023 was a record year for Greece in terms of production from renewables, which accounted for about 57% of the total energy produced in the country.¹⁵⁹

The use of renewable energy is characterized by volatility in the electricity supply, which results from changes and volatility in weather conditions. Therefore, the Greek economy is expected to increasingly consume energy storage and balancing services. This is also reflected in the goals of the Greek government, which are expected to reach about 7 gigawatts of connection of energy storage facilities by 2030. In June 2022, the Greek government enacted laws regulating the activity of energy storage

¹⁵⁸ <https://balkangreenenergynews.com/greece-targets-80-from-renewables-by-2030-with-28-gw-plus-7-gw-storage/>.

¹⁵⁹ 2023 a record year for clean energy in Greece, IPTO, January 2024.

facilities and their development process.¹⁶⁰ Also, during 2023, the first storage tender in the country was held, aimed at distributing subsidies for storage projects through a competitive process. During 2024¹⁶¹, another tender was published, but it was postponed due to the lack of clarity in the tender terms. The tender is expected to take place during 2025.¹⁶²

Today in Greece there are electricity and liquid balancing markets in accordance with the updated regulation of the European Union, the EU Target Model. These electricity markets include both day-ahead and intraday markets where an energy storage facility can buy and sell electricity¹⁶³, and frequency balancing and stabilization markets in the European regulation format¹⁶⁴: FCR (Frequency Containment Reserve), aFRR (automatic Frequency Restoration Reserve), mFRR (manual Frequency Restoration Reserve). The aFRR and mFRR markets have different components for selling energy and selling capacity (Balancing Energy and Balancing Capacity). Conventional production facilities and hydro facilities are currently active in these markets in Greece, and they are characterized by large activity volumes and high price levels. According to estimates, these markets can be used as revenue potential for storage projects as well.

Renewable energy market in Serbia¹⁶⁵

At the end of 2024, the total installed generation capacity in the Serbian market was approximately 8.5 GW, of which approximately 2.8 GW of renewable energies (approximately 34%). Similar to other countries in the European Union, the renewables market in Serbia is expected to grow in the coming years, as part of the attempt to reduce the use of fossil fuels in the EU countries. By 2030, the country's installed solar capacity is expected to grow to approximately 3 gigawatts, compared to approximately 200 megawatts installed in the market as of the date of publication of the Report.

Between 2009 and 2019, a feed-in-tariff (FIT) renewables support program was introduced, which guaranteed wind and solar projects that won tenders a fixed tariff for 12 years. This program failed to encourage the establishment of renewable projects sufficiently, and Serbia did not meet its national renewable targets for 2020. In 2022, the Serbian Ministry of Energy published a strategy for energy security in the

¹⁶⁰ <https://balkangreenenergynews.com/greece-passes-renewables-law-targeting-15-gw-in-new-capacity-by-2030/#:~:text=Through%20the%20new%20renewables%20law,accommodate%20renewables%20and%20net%20metering>

¹⁶¹ Based on information provided to the Company from an international consulting firm.

¹⁶² <https://www.ess-news.com/2024/12/13/greece-cancels-third-standalone-battery-storage-auction/>

¹⁶³ <https://www.admie.gr/en/market/general/description>.

¹⁶⁴ <https://www.admie.gr/en/market/general/balancing-market>

¹⁶⁵ Based on information provided to the Company from an international consulting firm.

country that included a national renewables target for 2040 that is in line with the European Union's goals, and stands for 49.6% renewables of the total installed generation capacity in the country. In addition, a target was set for the removal of all coal production facilities in the country from regular operation by 2050.

The FiT program was replaced by a bilateral CfD (contract for difference) program, which guarantees solar and wind projects a positive premium when the electricity rates are lower than the price at which the relevant tender was closed, but the operator is obliged to pay when the electricity rate exceeds the tender price (negative premium). The first tender under the new FiD program was published in 2023, and in it, quotas were awarded to approximately 400 megawatts of wind projects and only approximately 11.6 megawatts of solar projects (out of the maximum quota capacity of 50 megawatts). As part of the program, the government in Serbia plans to grant premiums to renewable projects with a capacity of approximately 1.3 gigabytes in the next three years.

3.3.1.3 Structure of the field of activity and changes therein

As mentioned above, as part of the field of activity, the local Group Companies work to locate potential projects or land, carry out engineering and economic feasibility tests, enter into lease agreements, purchase the rights in the project company or purchase the project land, and obtain the approvals required for the construction of the projects (connection approval, environmental approvals, building permits, obtaining government benefits, registration with the relevant regulation, entering into PPA agreements, etc.). After receiving all the required approvals, the project companies contract with a construction contractor, who is responsible for the construction and sometimes also the maintenance of the project. Also, sometimes the purchase of the main components of the project (such as panels or storage systems) is carried out by the project company.

As stated above, over the past few years there has been a significant increase in the Company's activity in this field. The increase included connection, construction, and the development and purchase of solar projects and storage projects in the active countries, examination of entry into additional territories, entering into establishment agreements, financing, PPA, etc. Entry to additional projects, the continued development and establishment of the various projects is expected to lead to an increase in the income of the field of activity in the coming years.

3.3.1.4 Systems held by the Group in the field of activity

For details regarding the Group's systems in the field of activity, see Section 1.4 of the Board of Directors' Report.

3.3.1.5 Restrictions, legislation, regulations and special circumstances applicable to the

field of activity

Establishing and operating a solar system involves administrative permissions and approvals, including:

- Approvals in connection with the access and connection of the system to the electricity grid - approval of connection, approval of depositing a guarantee and sometimes also entering into a connection agreement, which includes conditions and deadlines for making the connection.
- Regulatory authorizations - including approvals from regulators and various government ministries, the provision of environmental works, production license, etc.
- Statutory permits (including municipal ones) - including permits related to the use of the land and their compliance with the City Building Plan, construction permits, environmental permits and permits related to historical and archaeological consequences and environmental consequences of the establishment of the system.
- In addition, in some countries it is possible to enter into PPA electricity sales agreements, in some there is a supporting regulation that guarantees a guaranteed rate for a certain period (such as the GSE tenders in Italy, the CfD tenders in Poland and Romania, the Capacity Market tenders for the provision of availability services in the United Kingdom) and in some the electricity is sold on the local electricity exchange.
- Also, during the year 2022, the European Union approved temporary regulations (Council Regulation (EU) No. 2022/1854) within which, among other things, a maximum price for electricity was proposed until the end of 2023, when following it, several countries in Europe set limits on the price of electricity sales.

3.3.1.6 Changes to scope of activities in the field and profitability

The Company's activity in the field of activity began in 2020 with the completion of the transaction with Noy Fund and entry into projects in Spain. Subsequently, during 2021, the Company entered into operations in Italy, with the investment in Sunprime. Following this, the Company expanded its activities in Europe through the acquisition and development of the various projects throughout Europe and the entry and establishment of new platforms. In 2022 and 2023, the trend of growth in the scope of the field of activity continued, which was reflected in entering into additional projects, beginning project construction, receiving financing, entering into PPA agreements, etc. In 2024, the Company worked to promote the Company's various platforms, including continued development, initiation, construction, entering into financing agreements and connecting projects to electricity. In addition, the Company intends to work in the coming years to continue developing the field of activity, while

focusing on self-development of projects or entering projects in preliminary stages, while simultaneously examining the possibility of bringing in partners.

It should be emphasized that estimates regarding the increase in the scope of the field of activity is forward-looking information, as this term is defined in the Securities Law, which depends on factors that are not under the control of the Company, and in particular the continued development of projects by the various platforms around the world, the fulfillment of the conditions that will be determined in the agreements regarding the terms of their purchase, the compliance of the parties with these agreements, receiving the approvals required for the establishment of the projects, obtaining the necessary financing for their establishment as well as the non-existence of one or more of the risk factors detailed in Section 4.14 below.

3.3.1.7 **Technological changes that may have a material impact on the segment**

See Sections 3.2.1.5 and **Error! Reference source not found.** above.

3.3.1.8 **Critical success factors in the field of activity and changes therein**

See Section **Error! Reference source not found.** above. In addition to the success factors detailed in Section **Error! Reference source not found.** above, in the Company's assessment, additional critical success factors in the field of activity are:

- Creating relationships with local developers with proven abilities in locating projects at various stages of development with economic viability and engineering and environmental feasibility, which enable the establishment of systems based on renewable energy.
- Knowledge, which enables the initiation, planning, construction, operation and supervision of the projects, including the construction of the infrastructures connecting the projects to the electricity grid, which help in the correct and economic planning of the projects, in a way that allows the entity that owns them, on the one hand - to be competitive, and on the other hand - to ensure that the projects will be profitable.
- Creating long-term relationships and collaborations with leading contractors in the field of construction and maintenance of large-scale land projects with financial strength and proven ability to meet deadlines.
- Expertise in analyzing climatic data during the construction and choosing the location of the projects.
- Familiarity with the local regulation in depth, which is required for the development, planning, construction, maintenance and operation of the various projects.
- The ability to obtain the financing required for the activity while entering into financing

agreements adapted to the projects and regulation in each country.

- Knowledge and experience in the field of electricity trade that allows to maximize the income from the sale of electricity in projects.
- Supportive regulation that helps initiate and establish projects and reduces the damage to income from the sale of electricity.
- Regarding Sunprime's activity - creating long-term strategic relationships with real estate companies that own commercial properties on which solar systems can be continued to be established.
- Ability and experience to manage investments outside the borders of the State of Israel and creating relationships that enable ongoing supervision of the activities of the project corporations and dealing with challenges, as they arise.

3.3.1.9 Changes in suppliers and raw materials in the field of activity

See Section 3.2.9 above.

3.3.1.10 Main entry and exit barriers of the area of activity and changes therein

See Sections **Error! Reference source not found.** and **Error! Reference source not found.** above, mutatis mutandis. In addition to the entry and exit barriers listed in Section **Error! Reference source not found.** above, in the Company's assessment, additional entry and exit barriers that characterize the field of activity and/or have special characteristics for activity abroad are:

Entry barriers

- Establishing relationships with local developers with proven abilities to locate and advance business opportunities.
- Ability to locate projects in various initiation stages with high feasibility, given the set of regulatory, planning and engineering constraints and conditions, including accessibility/ability to connect to the electricity grid.
- Recognition and expertise of the local regulation, which is unique, in each country, including in relation to the various constraints that apply to the field of activity and the ability to comply with them, quickly and efficiently outside the borders of the State of Israel.
- Technical, engineering, regulatory and legal knowledge and experience, relating to the fields of activity and the initiation, establishment and management of renewable energy projects - including solar projects and storage projects.

Exit barriers

Financial obligations that do not allow exit from a project without payment of

compensation to the developer, the construction contractor, the system administrator, etc.

3.3.1.11 Alternatives to the products in the field of activity and changes therein

See Section 3.1.1.8 above.

3.3.1.12 The structure of the competition in the field of activity and the changes therein

See Section 3.2.7 above.

3.3.2 Products and services

As mentioned above, within the field of activity, the Group focuses on the initiation, development, financing, construction and holding of solar, wind and storage systems as well as the sale of the electricity produced / stored in them on the open market or to various customers. For details, see Section 1.4 of the Board of Directors Report.

The revenues of the activity area include revenues from the sale of electricity as well as revenues from the sale of green certificates (Renewable Energy Credits or Guarantee of Origin) - these are certificates issued to the owners of the project for each kilowatt hour produced in the project. These certificates can be sold to third parties, allow the electricity suppliers to meet the electricity production targets from renewable energy without the need to produce or purchase electricity from renewable energy, and are an additional source of income for the project owners.

Paying attention to the types and scopes of the projects that are in advanced stages of establishment and initiation. In the Company's estimation, in the coming years, an increase in the scope of the Company's revenues in this field of activity is expected.

The Company's estimations regarding the increase in the income of the Group companies is forward-looking information, as this term is defined in the Securities Law, whose realization is uncertain and is not under the exclusive control of the Group companies. The aforementioned estimates are based on the Company's plans regarding the dates of the construction of the various systems, and may not be realized due to factors beyond the Company's control, such as: delays in receiving the approvals necessary for the establishment of the systems, delays in the establishment and connection of the systems, decrease in the electricity prices, changes in the provisions of the law and/or regulations, defects in the system, changes in the weather, the existence of one or more of the risk factors listed in Section 4.14 below, etc.

3.3.2.1 Segmentation of income and profitability of products and services

For details, see the table in Section 1.4 of the Board of Directors' Report.

3.3.3 Customers

During the Report Period, revenues in the operating segment included revenues from the sale of electricity generated in the Olmedilla and Sabinar projects in Spain, the Krzywinski project

in Poland, the Ratesti project in Romania, the Sunprime projects in Italy, as well as revenues from the Buxton project.

In addition, in the first quarter of 2025, the Ada projects in Serbia and the Dziwoklucz project in Poland were connected to the electricity grid.

For details regarding the revenues of the field of activity broken down by geographic regions, see Note 31 in the Company's Financial Statements.

The sale of electricity by the Olmedilla and Sabinar project companies is carried out under power purchase agreements (PPA) in which these companies entered into with TELECOR, SA and on the open market (Merchant) at spot prices. The sale of electricity by the project companies Krzywinski, Ratesti and Ada is carried out on the open market or under PPA agreements for which the consideration is determined based on open market prices, through a Marketing Representative or trader in the energy sector. The sale of electricity by the Dziwoklucz project companies is carried out until the end of 2025 on the open market and then receives a protective tariff under the CfD agreement at a guaranteed rate linked to the consumer price index in Poland. The Buxton project revenues are generated by virtue of an optimization agreement signed with a trader.

In addition, in December 2024, the Stendal Project Company entered into a Tolling Agreement under the terms as detailed in an immediate report published by the Company on December 7, 2024 (Reference No.: 2024-01-622562), which is included in this Report by way of reference.

Below is a description of the main points of the Power Purchase Agreements (PPAs):

The agreements include an obligation by the buyer to purchase, and an obligation by the seller to sell the electricity produced in the systems. Some agreements include a commitment to a minimum annual quantity of electricity, as well as agreed compensation that is calculated according to the gap between electricity prices at that time and tomorrow specified in the PPA, plus the margin specified in the agreement.

Some of the agreements set a fixed rate for the sale of electricity, in some the amount changes annually, and in some the sales prices are in accordance with open market prices, minus a certain discount. Arrears interest will usually be applied to the payments that were not paid on time.

Electricity is usually purchased on a pay as produced basis.

In some agreements, it is stipulated that failure to reach the required minimum electricity supply for a certain period will entitle the purchaser to, among other things, terminate the agreement (in addition to paying compensation).

Some agreements include provisions regarding balancing, according to which the buyer is responsible for performing the balancing against the payment specified in the agreement. In some agreements, balancing is performed by a third party. Sometimes the buyer bears part of

the balancing costs.

The seller and the buyer usually undertake to provide various guarantees to ensure compliance with their obligations according to the agreements. In the aforementioned cases, when the guarantees are exercised or expire, the seller and/or the buyer undertake to re-establish identical guarantees in their place.

Various violations such as breach of representations, failure to provide guarantees, conversion of the agreement without consent, etc. will give the injured party the right to bring the agreement to an early termination. In some agreements (mainly agreements that determine the sales price), there is an agreed compensation payment mechanism in the event of early cancellation of the agreement, without cause or due to a breach by one of the parties. In the aforementioned case, the amount of compensation is derived from the period of the agreement and the difference between the electricity price stipulated in the agreement and the electricity price at that time, plus agreed compensation. In some cases, the amount of compensation is limited to amounts as specified in the agreement.

The agreements include, among other things, provisions regarding confidentiality, non-transferability of the agreement, sometimes a prohibition on the transfer of control, dispute resolution, and clauses regarding the regulation of force majeure situations.

Below is a description of the main aspects of optimization agreements

Within the framework of optimization agreements, the optimizer receives the right to trade batteries, in return for payment of a commission derived from the project's income from trading activities, minus and adding amounts specified in the agreement. The agreement is usually for a period of several years, with the possibility of early cancellation under the terms specified in the agreement, including in the event that the optimizer's performance is lower than the market average for similar projects, as well as payment of agreed compensation in the event of cancellation without a reason specified in the agreement. In addition, the agreements include conditions for the commencement of trading in batteries, restrictions on the use of batteries by the trader, obligations of the parties, provisions regarding indemnification for damages, provisions regarding force majeure, insurance, confidentiality, etc.

In 2023 and 2024, the Group's revenues from the sale of electricity to TELECOR, S.A. by the Olmedilla and Sabinar project companies amounted to approximately NIS 102,649 thousand and approximately NIS 143,012 thousand, respectively. It should be noted that in light of the supply of potential customers, as well as the possibility of selling electricity on the open market, the Company estimates that the Group is not dependent on TELECOR, S.A. For additional details regarding the PPA agreements for the Sabinar and Olmedilla projects, see immediate reports published by the Company on April 3, 2022 (Reference No. 2022-01-035163) and August 8, 2022 (Reference No. 2022-01-099826), the information in which is included in this report by reference.

3.3.4 Marketing and distribution

The group's marketing activity mainly includes business development and focuses on entering into agreements with local developers who locate opportunities for the establishment of photovoltaic systems and storage systems. The marketing activity is carried out by the employees of the Group Companies and includes meetings with potential developers, meetings with existing developers in order to try and locate additional collaborations, publications on social networks, etc.

In the Company's estimation, it has no dependence on any of its marketing channels, and no substantial cost is expected as a result of the need to replace them.

3.3.5 Competition

3.3.5.1 For details regarding market structure and competition, see Section 3.3.1.2 above.

3.3.5.2 In the Company's estimation, the field of renewable energy, which is in the trend of expansion in Europe, is a very competitive field, which, due to government encouragement, a decrease in construction costs and an increase in the capacity of the systems, is characterized by a large number of competitors, which affects the costs of purchasing projects in advanced stages and the possibility of receiving connection approvals.

3.3.5.3 In the Company's estimation, taking into account the scope of the potential projects promoted by the Group Companies in the various countries, its share is negligible.

3.3.5.4 In view of the scope of the projects promoted by the Company, as well as the number of territories in which the Company is active, the Company is unable to estimate the number of competitors in the field of activity. The Company's approach to competition is through the use of a team with knowledge in the field of activity and utilizing the Group's global capabilities and business relationships with equipment suppliers, contractors, and various financing entities.

3.3.6 Seasonality

For details regarding seasonal parameters that affect electricity production, see Section 3.1.9 above. It should be noted that, similarly to Israel, in Europe as well, the winter months were characterized by a lower output compared to the other months of the year, when, as a rule, in the second and third quarters the output of the systems was higher.

Below is a breakdown of the activity area's revenue rate in 2023 and 2024, broken down by quarters¹⁶⁶:

¹⁶⁶ In the Company's assessment, the data presented does not fully reflect the variation between the quarters, given the fact that over the past two years, projects were connected during the year (including due to their temporary disconnection), which affected the scope of revenues in each quarter.

Q1		Q2		Q3		Q4	
2023	2024	2023	2024	2023	2024	2023	2024
23%	18%	22%	33%	39%	34%	16%	15%

3.3.7 Production capacity

For details regarding the results of the systems, see Section 1.4 of the Board of Directors' Report.

3.3.8 Fixed assets, land and facilities

In order to establish the various projects, the Group Companies are required to locate designated lands or roofs for the establishment of the projects. Some of the projects are built on land owned by the project companies and for some of them lease agreements are signed for lease periods of between 25 and 30 years, sometimes with an option to extend the agreements for longer periods. In most of the agreements, the rent is paid starting from the date of construction of the project, but sometimes at an earlier date. Also, in some of the agreements, the Group Companies are required to pay an annual fee until the start of the construction of the project. The rents paid in relation to the land are not material in relation to the costs of the various projects. In most lease agreements, there is a commitment by the project company that at the end of the lease period it will return the land to its condition as it was at the time the lease began. In addition, in some agreements there is an obligation to provide a guarantee for returning the land to its original state several years before the end of the project.

Sunprime customarily enters into lease agreements or option agreements with property owners for the construction and operation of photovoltaic systems on the rooftops of their buildings, or for storage systems installed on portions of their properties. These agreements include defined schedules for the construction of the system and the payment of the rent (even if the construction has not yet been paid). At times, in exchange for the right to rent, Sunprime undertakes to renovate the roof at its own expense (and sometimes replace the asbestos roof with a new roof), build the systems at its own expense, connect them to the electrical system, and pay rent that includes a fixed payment and a payment derived from income from the property. The agreements include a commitment to indemnify for damages caused to the lessor due to Sunprime's activities. Also, some rental agreements include the right of the owner of the roof to order the system to be moved or dismantled for a period or at all against an agreed payment (which sometimes does not cover all the costs and the loss of income due to the dismantling).

3.3.9 Raw materials, equipment and suppliers

For details, see Section 3.2.9 above.

The Group Companies usually contract with subcontractors in construction (EPC or BoP), operation (O&M) and maintenance (LTSA) agreements for the various projects (in this section

below: the “**Contractor**”).

Below are the main terms of the contracts as included as of the date of the report within the framework of the various agreements signed with contractors¹⁶⁷:

3.3.9.1 Construction Agreement

- (1) The construction services include the set of services and works required for the construction of the project, up to its connection to the electricity grid and operation of the system, including planning, engineering, procurement of equipment, installation, testing and connection of the system to the electricity grid, and the establishment of connection infrastructures to the electricity grid, in the periods of time and in accordance with the milestones established in each agreement.
- (2) The consideration for the construction services (including the purchase of equipment and its installation) is usually set at a lump sum price, where, in most cases, the contractual risk for additional costs is borne by the contractor. Sometimes the agreement includes the exclusion of certain works for which it is determined that accounting will be performed during the construction period. The consideration for the construction services is made in several payments according to the milestones established in each agreement.
- (3) In most cases, the contractor is obligated to purchase insurance for all the risks involved in the execution of the construction works, including construction equipment insurance, equipment transportation insurance, product warranty insurance, as well as other insurances in which the contractor is required by law and/or which will be required by the project corporation.
- (4) Most of the agreements include a commitment to pay compensation agreed upon by the contractor, in the amounts specified in each agreement for delay in meeting the schedule specified in the agreement regarding the date of commercial operation and for the system not meeting the required capacity during the inspection period specified in the agreement (usually between one and two years).
- (5) Along with the manufacturer's warranty for the equipment, the contractor undertakes to provide a warranty on the quality of the construction works (inspection warranty) usually for periods of between one and two years. Most of the agreements include a commitment by the contractor to provide guarantees

¹⁶⁷ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

to secure its obligations (performance guarantee, advance guarantee, quality guarantee and sometimes also the parent company guarantee), as well as a limitation on the parties' liability for violations and damages caused to the other party, usually to an amount not exceeding the contractual consideration.

- (6) In most agreements, it is stipulated that the agreement can be terminated by the project company, among other things, in the event of material violations, failure to meet guaranteed schedules, failure to meet minimum performance of the system, reaching agreed compensation ceilings or the contractor's liability ceiling, and the lack of validity of the guarantee. The main contractor terminates the agreement due to non-payment of a non-disputed debt.

3.3.9.2 Operating Agreement

At the same time as signing the construction agreement, the project company usually enters into an operation and maintenance agreement regarding the project that is the subject of the construction agreement with the construction contractor or a corporation related to it for a period that usually does not exceed five years. Below are the main terms of the operating agreement¹⁶⁸:

- (1) As part of the operation agreement, the contractor undertakes to provide performance monitoring and maintenance services for the system it will build. These services include preventive maintenance and defect correction maintenance. In this framework, the contractor is responsible for all the costs involved in providing the service and replacing the defective system parts, including the realization of the contractor's liability within the quality warranty periods according to the construction agreement above, as well as for the preparation of all the required insurance policies for the purpose of liability coverage for the provision of the services. In some agreements, the consideration does not include payment for replacing components.
- (2) The contractor is responsible for the availability of the system and the infrastructure and the output of the system during the period of the operation agreement being at an agreed rate that is determined by the parties. In most cases, non-compliance with the aforementioned availability and performance will entitle the project company to liquidated damages in the amounts specified in the agreements.
- (3) In some agreements, the contractor's obligations under the operating agreement

¹⁶⁸ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

are guaranteed by a performance bond in the amount agreed by the parties.

- (4) The scope of responsibility of any of the parties to the operating agreement for violations and/or damages caused by it to the other party does not, as a rule, exceed the annual operating agreement consideration.
- (5) The agreement can be terminated by the project company, among other things, due to material violations, and reaching agreed compensation ceilings due to failure to maintain the availability of the system and infrastructure, as appropriate, and failure to maintain the performance of the system during the entire year of the engagement in the operating agreement.

3.3.9.3 Battery purchase agreements

The Company periodically enters into battery purchase agreements, which generally include, among other things, provisions regarding delivery and commissioning schedules, milestones for payment of consideration (which generally include an advance payment at the time the agreement is signed and the remaining payments based on the progress of battery delivery), manufacturer's warranty and supplier's liability for defects, a commitment to availability and performance specified in the agreement (performance warranties), representations and a commitment to comply with various policies of the customer (ESG, anti-corruption, etc.). In addition, the agreements usually include an agreed compensation mechanism (liquidated damages) in connection with failure to meet schedules and performance, as well as the provision of collateral by the parties. The agreements include provisions regarding acceptable grounds for termination of the agreement, and some include a mechanism for termination for reasons of convenience, with termination being subject to payment of a termination fee, if made after the order confirmation date (NTP).

3.3.9.4 Services Agreement (Long Term Services Agreement)¹⁶⁹

In relation to the storage systems purchased by the Group Companies, at the time of execution of the purchase agreement (or the purchase order, as the case may be), an agreement was signed by the project company and the supplier of the storage systems regarding the provision of preventive maintenance services, service warranty and backup, in exchange for an annual payment as detailed in the agreement.

Most service agreements include a commitment to availability and storage in minimum volumes and for periods as specified in the agreement, as well as payment of agreed compensation in the event of failure to meet the technical and availability

¹⁶⁹ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

parameters specified in the agreement.

3.3.9.5 Panel procurement agreements

For details regarding panel purchase agreements, see Section 3.2.9.2 above. It should be noted that the panel procurement agreements with a total capacity of approximately 578 megawatts signed for the Iepuresti, Corbii Mari and Ghimpati projects in Romania include, among other things, a commitment to supply the panels under DDP conditions, a commitment to an annual degradation of up to 0.4%, a commitment by the panel supplier for the payment of agreed compensation to the project companies in the event of a delay in the delivery of the panels, a commitment to purchase insurance as specified in the agreements, a warranty period for product defects (12 years) and for the panel output (30 years), a commitment to repair and replace damaged components throughout the life of the project, the possibility of canceling the agreements in cases as specified in the agreement, including possibility of cancellation for reasons of convenience against the payment of a cancellation fee as detailed in the agreements, the right of the project company to pledge the agreements in favor of a financing entity, the obligation of the panel supplier to enter into direct agreements with the banks that finance the construction of the projects, as well as an obligation to comply with the E&S provisions detailed in the agreements.

For additional details, see the immediate report published by the Company on December 21, 2023 (Reference No.: 2023-01-115147), which is included in this Report by way of reference.

Below is the list of suppliers and contractors in the field of the activity from whom the volume of orders placed by the Group, for the supply of equipment and materials and/or for the performance of works, as the case may be, in 2023 and 2024, represented 5% or more of the investment in fixed assets in the aforementioned periods:

Name of Supplier / Service Provider	Supplier / service provider type	Rate of investments in the Group's fixed assets		Form of the Engagement
		2023	2024	
Supplier A	Construction contractor	8%	2%	See Section 3.3.9.1 above.
Supplier B	Battery supplier	22%	---	See Section 3.2.9.2 above.
Supplier C	Construction contractor	5%	1%	See Section 3.3.9.1 above.
Supplier D	Construction contractor	30%	4%	See Section 3.3.9.1 above.
Supplier E	Construction contractor	---	25%	See Section 3.3.9.1 above.
Supplier F	Panel supplier	---	24%	See Section 3.2.9.2 above.
Supplier G	Construction contractor	---	8%	See Section 3.3.9.1 above.

3.4 Others – Group activity in initiating and investing in renewable energies in the US

3.4.1 General

The Company has a renewable energy initiative and investment activity in the US, which does not amount to a field of activity, which it entered in 2021 with the acquisition of holdings in Blue Sky, as detailed in Section 4.7.2 below. The activity is carried out through Blue Sky, which is engaged in initiating solar projects and 'behind the meter' storage systems, and through Nofar USA, which is engaged in utility storage activities, as detailed below.

Blue Sky Activity - Initiating solar projects and storage behind the meter

Blue Sky, which is 67% held by the Company and engages in the initiation, development, licensing, financing, engagement with tax partners, planning, management, construction and holding of solar projects on the roofs of commercial buildings and storage systems in the USA. Blue Sky's activities focus on collaborations and contracts mainly with REIT funds that own hundreds of commercial real estate assets (the **"Real Estate Companies"**), in setting up solar systems on the roofs of their properties and selling the electricity produced by them to the tenants of the Real Estate Companies, at a rate based on the retail rate.¹⁷⁰

During the Report Period, Blue Sky focused on completing new projects and selling the tax credits for them, strengthening the organizational and managerial infrastructure, improving the projects and correcting existing deficiencies, strengthening the collection system, improving the mix of tenants to whom the electricity credit was sold, increasing partnerships with REIT funds, creating new partnerships, and entering additional segments in the US, which mainly include behind-the-meter storage projects.

In addition, in 2024, Blue Sky focused its activities on initiating various storage projects, entered into lease agreements regarding the construction of batteries for various sites, and began development procedures for these projects.

As of the Report Date, the Company has a backlog of projects with a total capacity of approximately 57.3 MW of solar and approximately 702 MW of storage, of which approximately 19.1 MW of solar and approximately 2 MW of storage are connected projects, and the remainder is in various stages of development. For details about Blue Sky's project backlog, see Section 1.4 of the Board of Directors' Report.

For details regarding Blue Sky systems, see Section 3.3.1.4 below. For details regarding the purchase agreement of holdings in Blue Sky, see Section 4.7.2 below and the Company's immediate report dated May 25, 2021 (Reference No.: 2021-01-029851), included herein by way of reference.

¹⁷⁰For details regarding the lease agreements, see Section 3.3.8 above regarding Sunprime's lease agreements, which are similar in nature to the lease agreements entered into by Blue Sky.

Nofar USA Activity - Initiating Utility Storage Projects

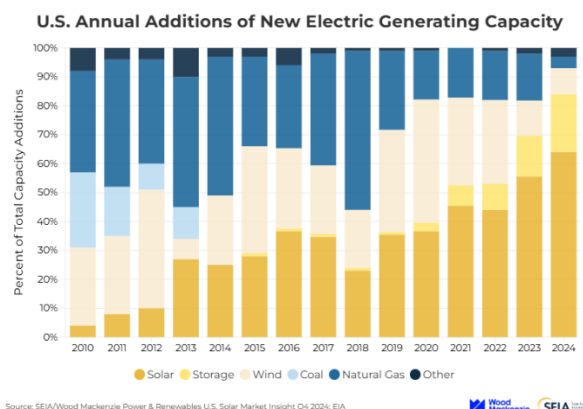
On March 14, 2025, a subsidiary of Nofar USA, 90% indirectly held by the Company ("the Purchaser"), entered into an agreement to enter into two utility battery projects in Texas, which received initial connection approval: Bracero Pecan with a planned capacity of 230 MW and 460 MWh and Fairway with a planned capacity of approximately 120 MW and 240 MWh. As part of these agreements, the Purchaser undertook to replace a guarantee provided to the grid manager in the amount of approximately USD 5.5 million for the Bracero Pecan project, within 15 business days from the date of the agreement, and also undertook to pay the sellers a total of approximately USD 2 million by the date of receipt of the Interconnection Studies. In addition, if Fairway's Interconnection Studies are to the satisfaction of the Purchaser, then the project company will be required to provide a guarantee to the network manager in an estimated amount of approximately USD 10.5 million. The remaining payments to the seller will be due upon the arrival of each project at FNTF and COD, and will be adjusted in the event of a change in the size of the projects. The Purchaser's obligations under this agreement were secured by the Company's guarantee. For details regarding the Company's estimates regarding the cost of constructing these projects, see Section 1.4 of the Board of Directors' Report.

3.4.2 Renewable energy market in the USA

The year 2024 was characterized by significant growth in renewable power, mainly solar and wind, which accounted for 90% of all projects that began construction in the first nine months of 2024, compared to 57% in the same period last year.

Solar production became a very significant production component during 2024, exhibiting a growth rate of approximately 88% and reaching approximately 18.6 gigawatts. Additionally, the field of battery storage has grown significantly in the past year, with a 64% increase in capacity, reaching 7.4 gigawatts.¹⁷¹

Below is a graph showing the rate of new energy production sources in the US each year:¹⁷²



¹⁷¹ "2025 renewable energy industry outlook", Deloitte.

¹⁷² "Solar Market Insight Report 2024", Solar Energy Industries Association (SEIA)

In recent years and in particular in 2022, US President Joe Biden has worked to encourage the use of clean energy. From the moment Biden took office, the President gave a significant boost to the field of renewables as part of promoting and emphasizing the importance of the climate crisis. Along with the re-entry of the United States into the climate agreement signed in Paris and the adoption of programs to reduce greenhouse gas emissions (Clean Electricity Performance Program) in the energy industry at a rate of 80% by 2030, with a goal of 100% in 2035¹⁷³, in August 2022 the President passed the (IRA) Inflation Reduction Act. This is an order that includes benefits in the amount of approximately USD 370 billion for the promotion of green energy and energy saving¹⁷⁴, which include, among other things, the extension of the eligibility period for federal tax incentives for wind and solar projects and their expansion to include storage projects.¹⁷⁵ For further details regarding the IRA regulations most relevant to the Company's operations, see Section 0 below. Also, beyond the federal programs and benefits, a significant number of the states in the US have adopted national programs to encourage the transition to the use of renewable energies (Renewable Portfolio Standard) which include providing benefits and/or incentives to developers for the purpose of promoting renewable energy projects in their states.

In light of a Republican victory in the Congressional and Senate elections and Trump's inauguration in early January 2025, there was a significant change in the US government's approach to renewable energy, with Trump declaring an "energy emergency" that allows for the promotion of conventional energy sources.¹⁷⁶ As of the date of publication of the report, the new administration is implementing deregulation and expansion of fossil fuel exploration, eliminating environmental regulations and reducing regulation on greenhouse gas emissions, encouraging oil, gas and coal production, withdrawing from international agreements on climate change and accelerating approval processes for oil and gas infrastructure.¹⁷⁷

In this context, President Trump issued an executive order instructing federal authorities to halt grant payments and loans provided under the IRA to encourage green infrastructure.¹⁷⁸

The California market

As of the Report Date, the majority of Blue Sky's projects are in the California region. According to publications, California is a market leader in the field of renewable energies, and has been leading market growth in the US for years. The reasons for this include the ideal climate,

¹⁷³ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/06/fact-sheet-the-bipartisan-infrastructure-deal/>.

¹⁷⁴ <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>.

¹⁷⁵ US Office of Energy Efficiency and Renewable Energy website, Department of Solar Energy: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>

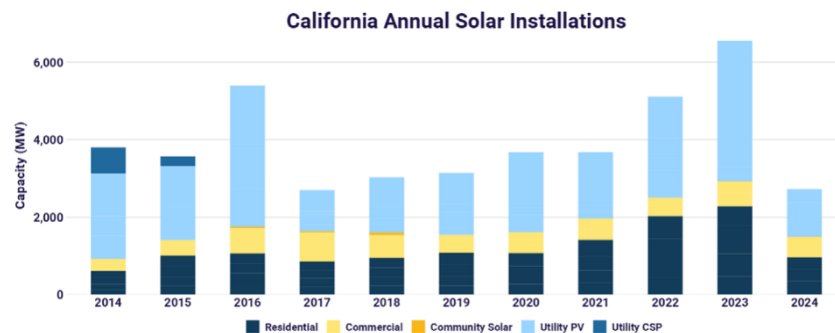
¹⁷⁶ <https://www.whitehouse.gov/presidential-actions/2025/01/declaring-a-national-energy-emergency/>

¹⁷⁷ <https://www.reuters.com/world/us/trump-will-declare-national-energy-emergency-incoming-administration-official-2025-01-20/>

¹⁷⁸ See: https://www.reuters.com/sustainability/sustainable-finance-reporting/white-house-says-order-pausing-ira-disbursements-only-applies-some-programs-2025-01-22/?utm_source=chatgpt.com

awareness of renewable energies, setting a target for the transition to energy consumption from renewable sources at a rate of 100% by the year 2045¹⁷⁹, a large consumer population, high electricity consumption as well as a high electricity tariff. According to publications, approximately 50 gigawatts of solar systems have been installed in California to date, providing approximately 31% of the state's energy consumption.

The following graph demonstrates the annual solar power installed in the country over time:¹⁸⁰



In December 2022, the California Public Utilities Commission approved changes to the existing regulation that allows the sale of electricity produced from a solar system to consumers at the point of consumption (Net Energy Metering 3.0), which entered into force in April 2023. According to the plan, the rate for excess electricity produced from solar systems and fed into the grid will decrease by approximately 75%, in order to create a more equitable distribution of electricity costs in the country between consumers who have access to solar energy and lower income consumers who do not have access to solar energy. Also, the program also encourages the installation of a storage system alongside the solar system, in order to preserve the value of electricity that is not consumed in real time.¹⁸¹ It should be noted that following the regulatory changes that have occurred in California in recent years, Blue Sky has begun to change its focus from initiating solar projects in California to initiating projects in other areas of the US, including on the East Coast, as well as initiating storage projects, in areas where the project yield is expected to be higher.

The Texas Market

During 2025, Nofar USA entered into two storage projects in Texas.

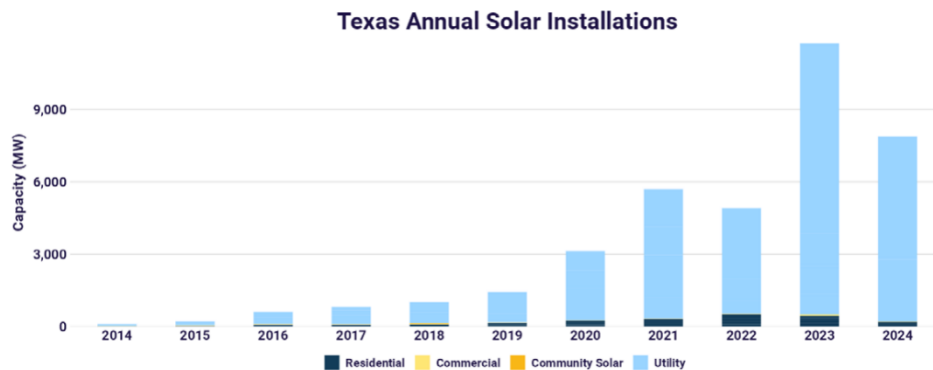
The state of Texas is second only to California in total solar capacity with 38 gigawatts of installed capacity and is expected to grow significantly – reaching approximately 51 gigawatts in the next five years. The rate of electricity produced from solar in the country is about 7.3% of the country's energy consumption.

¹⁷⁹ <https://www.energy.ca.gov/sites/default/files/2019-06/REN-DevelopingRenewableEnergy.pdf>.

¹⁸⁰ <https://www.seia.org/state-solar-policy/california-solar>.

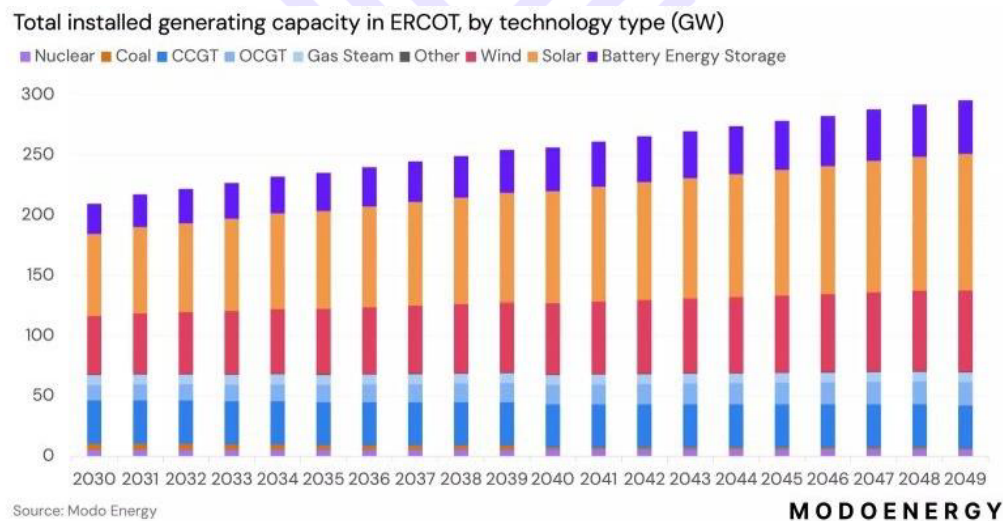
¹⁸¹ <https://pv-magazine-usa.com/2022/12/15/california-pulls-the-plug-on-rooftop-solar>.

The following graph shows the annual solar power installed in Texas over time¹⁸²:



In recent years, Texas has experienced significant growth in battery storage as part of the transition to renewable energy. As of 2024, approximately 7 gigawatts of installed capacity have been installed in Texas, which are intended to help stabilize the grid and manage demand. According to forecasts, the capacity of battery storage facilities is expected to grow to approximately 45 gigawatts by 2050.¹⁸³

The following graph shows the total installed generation capacity in ERCOT, by technology



(gigawatts)¹⁸⁴:

3.4.3 Limitations, legislation, standards and special constraints

See Section 3.3.1.5. In addition, Blue Sky's activity is subject to federal and state regulation (with state regulation being different in each state). An overview of these laws will be given below, as well as an emphasis on a number of essential regulations and/or laws.

¹⁸² <https://seia.org/state-solar-policy/texas-solar/>

¹⁸³ Graph, MODO

¹⁸⁴ MODO Energy

- At the federal level, the supervision of electricity prices in the US is carried out by the Federal Energy Regulatory Committee, which is authorized to make adjustments to the electricity prices offered by the energy producers, if it recognizes that the offered price is not in market conditions and may lead to damage to the public interest.
- At the state level, each and every country is responsible for ensuring the adequacy of the sources available for energy production in that country, against the expected energy demands. Each country adopts a different policy in order to meet this obligation.
- Tax Benefits - The federal government has adopted various tax benefit programs over the past few years to encourage investment and development in the field of renewable energies. Among the most prominent benefits, it is possible to mention the tax credit for encouraging electricity production from renewable energy sources (the Production Tax Credit), which was expanded by the Biden administration in 2022 to include solar projects, and a tax benefit for encouraging investment in electricity production facilities from renewable energies (Investment Tax Credit) ("**ITC**")¹⁸⁵, which was expanded during 2022 and now also includes storage projects.¹⁸⁶ The Investment Tax Credit, which was launched for the first time in 2006 by the federal government, allows the developer of the renewable production system (home or commercial) to offset part of the amount of his investment in the system (Dollar for Dollar) against the federal income tax that it is required to pay. Alternatively, and as is customary in the renewable energy industry in the US, there is the possibility of establishing a partnership together with a third-party investor who is able to effectively and optimally realize the federal tax benefit in return for investing in the project (hereinafter: the "**Tax Partner**"), which reduces the costs of establishing the project for the developer or enables a refund of part of the investment amount thereby near the system connection date.
- The tax benefit is given on a one-time basis, based on the cost actually invested, subject to the criteria defined in the legislation. Following the expansion of the law in August 2022, the ITC rate for projects whose construction began 2022-2033 increased to 30% of the invested cost, projects whose construction will begin in 2034 will be entitled to ITC at a rate of 22.5%, and projects whose construction will begin in 2035 will be entitled to ITC at a rate of 15%. Also, projects whose construction will begin in these years will be entitled to additional benefits at a rate between an additional 1%-20% to the ITC rate in accordance with various criteria related to the community intended to consume the electricity from the project.¹⁸⁷
- Contracting with a tax partner can be done in several models, while currently, the models

¹⁸⁵ US Office of Energy Efficiency and Renewable Energy website, Department of Solar Energy: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>

¹⁸⁶ US Office of Energy Efficiency and Renewable Energy website <https://www.energy.gov/eere/solar/articles/solar-investment-tax-credit-what-changed>

¹⁸⁷ US Office of Energy Efficiency and Renewable Energy website, Department of Solar Energy: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>

implemented by Blue Sky are the Partnership Flip and Tax Credit Sale models. According to the Partnership Flip model, the tax partner invests in the project near the date of its commercial operation about one third of the project's establishment costs and in return is entitled to most of the tax benefits (99%) generated by the project (ITC and accelerated depreciation) as well as to an agreed return (Preferred Return) in an agreed amount determined between the parties. After a specified period, usually between 5 and 7 years from the start of the project, the holdings of the parties are reversed, so that the tax partner holds a lower percentage of the rights in the Company and the tax benefits, and the remainder is held by the developer, where there is usually also an option for the developer to purchase the tax partner's share of the project at the end of this period. According to the Tax Credit Sale model, near the time of commercial operation of the project, Blue Sky sells the ITC to a third party, against a pre-agreed payment and enjoys the benefit of accelerated depreciation during the agreement term. As part of the aforementioned agreement, Blue Sky undertakes towards the purchaser to comply with the conditions set forth in the ITC Entitlements Law and also undertakes to indemnify the purchaser in cases where, due to compliance with the provisions of the law, the purchaser will not be entitled to benefit from the ITC it purchased.

- As mentioned above, after US President Trump took office in early January 2025, there was a significant change in the US government's approach to renewable energy, and as part of this, President Trump issued an executive order instructing federal authorities to halt grant payments and loans provided under the IRA to encourage green infrastructure. As of the Report Date, to the best of the Company's knowledge, no steps have been taken by the new administration to eliminate or impair the ITC for solar projects or storage projects. However, as of the Report Date, there is no certainty that the US government will not take steps in the future that will harm tax benefits to encourage green energy under the IRA, including the cancellation of the ITC.
- In addition, after the change of administration in the US in 2025, the new US administration began a policy of imposing various tariffs, including a 25% tariff on imports of all iron and aluminum products, a 25% tariff on imports from Mexico and Canada (which, as of the Report Date, had been partially suspended), and a 20% tariff on imports of products from China.¹⁸⁸ In response, Canada and China imposed tariffs against the US, and the European Union announced that it was considering imposing tariffs against American products. The Company estimates that the escalation of a global trade war, including the imposition of tariffs and retaliatory tariffs, may cause uncertainty and changes in the US and global economies, and cause, among other things, changes in the macroeconomic situation and increases in input, raw material and supplier prices.

3.4.4 Operating income and customers

¹⁸⁸ <https://www.fb.org/market-intel/tallying-up-the-latest-retaliatory-tariffs>

For details regarding Blue Sky project revenues, see Section 1.4 of the Board of Directors' Report.

Revenue from storage projects is expected to stem from arbitrage between the cost of purchasing electricity and the cost of selling it, as well as providing services to the grid.

As for the solar projects owned by Blue Sky, unlike the projects promoted in Europe, Blue Sky's revenues mainly include revenues from the sale of credits for electricity fed into the grid - to tenants in the commercial centers ("the tenants"), usually at rates based on retail rates minus a certain discount¹⁸⁹ (in addition to the sale of surpluses to the grid and the sale of green certificates), as well as the sale of tax credits (ITC) to corporations with high tax liabilities (for details, see Section 3.4.3 above).

3.4.5 Changes in the scope of activity and its profitability

As stated above, the Company entered the field of activity in 2021 with the acquisition of 67% of the holdings in Blue Sky. In 2023 and 2024, Blue Sky focused on completing projects and selling the tax credits for them, strengthening the organizational and managerial infrastructure, improving the projects and correcting existing deficiencies, strengthening the collection system, restructuring the financing it took on, improving the mix of tenants to whom the electricity credit was sold, increasing partnerships with REIT funds, creating new partnerships, and entering additional segments in the US, which mainly include behind-the-meter storage projects.

In 2024, Blue Sky focused its activities on initiating various storage projects, entered into lease agreements regarding the construction of batteries for various sites, and began development procedures for these projects. Additionally, in 2025, Nofar USA entered into two utility storage projects in Texas. The Group intends to act in the coming years to obtain the permits required to establish the projects in the US. The Company estimates that upon completion of the construction and connection of the Aluf projects, there will be an increase in the volume of revenues in the US. It should be emphasized that the Company's estimates regarding the increase in the scope of activity and its profitability are forward-looking information, as this term is defined in the Securities Law, which depends on factors beyond the Company's control, including obtaining all the necessary approvals for the construction and connection of the systems, the completion of the construction of the systems, that there will be no changes in the regulatory conditions and the IRA, etc.

It should be noted that, in parallel with these streamlining procedures, during the Report Period, one of the minority shareholders in Blue Sky and companies under his control filed claims

¹⁸⁹ It will be clarified that the electricity produced by the solar systems is not consumed directly by the tenants. Blue Sky grants customers a credit on their monthly electricity bill, to the extent determined according to their monthly electricity purchase and the size of the system, and at the same time issues a monthly invoice to the tenants according to their relative entitlement to the credit received due to the electricity being fed into the grid minus an agreed upon discount rate as stipulated in the agreement.

against the Company, Nofar USA, and Blue Sky, and Nofar USA filed several claims against the minority shareholder and companies under his control. These procedures pose some challenge to Blue Sky's operations. For details, see Section 4.10 below, Note 17.C. to the Financial Statements.

3.4.6 Competition

For details regarding market structure and competition, see Section 3.3.1.2 above.

In the Company's estimation, the field of renewable energy, which is in the trend of expansion in the USA, is a very competitive field, which, due to government encouragement, a decrease in construction costs and an increase in the capacity of the systems, is characterized by a large number of competitors, which affects the terms of the lease agreements, the costs of purchasing projects in advanced stages and the possibility of receiving connection approvals.

In the Company's estimation, taking into account the scope of the potential projects promoted by the Group Companies in the various countries, its share is negligible.

Given the scope of the projects promoted by Blue Sky, as well as the number of territories in which HT is active, the Company is unable to estimate the number of competitors in the field of activity.

For details regarding technological changes that may affect the activity, critical success factors, barriers to entry and exit, substitutes for the activity's products, fixed assets, real estate and facilities, raw materials, equipment and suppliers, see Sections 3.3.1.7 to 3.3.9.4 above.

4. Part Four – Matters Relating to the Corporation's Activity Generally

4.1 Fixed assets, land and facilities

The Company's offices are located in the industrial area of Ad Halom and the Ra'anana intersection, in buildings that the Company rents under lease agreements for amounts that are not material to its operations. These offices are mainly used for administrative purposes.

Subsidiaries' offices (Blue Sky in the Miami, Florida area, Sunprime in Milano, Italy, Nofar Romania in Bucharest, Romania, Nofar Europe in Amsterdam, Atlantic Green in Reading, Noventum in London, Electrum Nofar in Warsaw, Poland, and Nofar Adria in Belgrade, Serbia), in offices that they rent from third parties under rental agreements for an amount that is not material to the Company. These offices are mainly used for administrative purposes.

The electricity generation systems owned by the project companies are set up on real estate rooftops and reservoirs which are rented, usable or leased to the project companies. Also, as mentioned above, some of the project companies are the owners of the land designated for the establishment of the project. For details, see Sections 3.1.11 and 3.3.8 above.

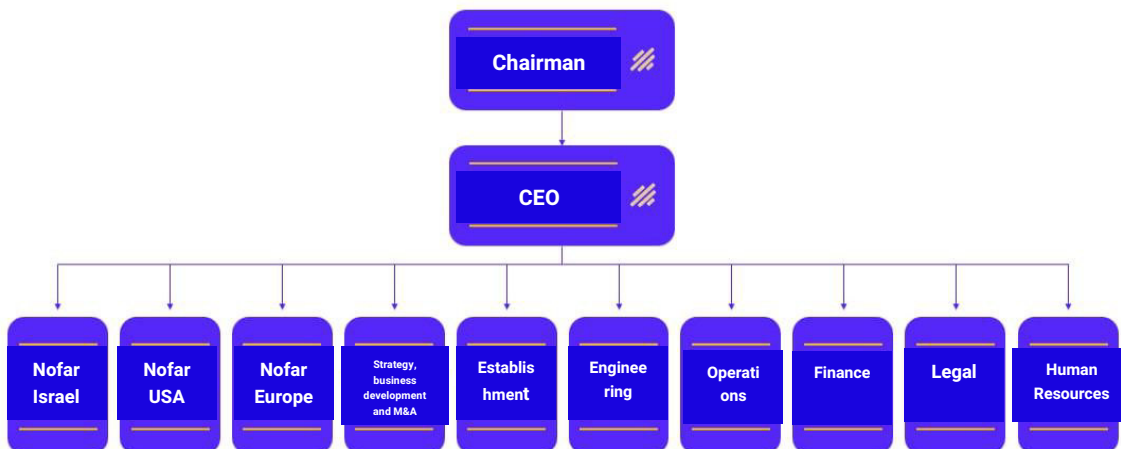
The Company has no substantial fixed assets, with the exception of the electricity generation systems owned by the Group Corporations. For details, see Note 11 of the Company's Financial Statements.

Generally, the property of the facilities is owned by the joint project corporation, and pledged for the benefit of the financing entity for the financing period only.

4.2 Human Capital

4.2.1 Organizational structure

The following is a diagram of the Group's organizational structure:



As of December 31, 2023, December 31, 2024 and the Report Date, the Group employs 255, 290 and 306 employees and officers, respectively, broken down as follows:

Area of activity	December 31, 2023	December 31, 2024
Initiating and investment in Israel	12	10
Construction and operation	55	53
Development and investment abroad	23	10
Headquarters	28	41
Employees abroad	137	176

The increase in the number of employees is mainly due to an increase in the Group's activity abroad.

In the Company's estimation, it has no material dependence on a particular employee or officer. However, the departure of the four most senior officers (Chairman, CEO, CFO and VP of Business Development) may harm, in the short term, the development of the Company.

4.2.2 Benefits and nature of employment agreements

The terms of employment of the Company's employees (including all its officers) are regulated in personal contracts, which vary from employee to employee, and are determined for each employee according to his skills, education and position.

The personal agreements of the employees set forth the salary conditions (most of the employees are employed in positions of trust with a global salary) and include social conditions, including contributions to funds and advanced study funds, provident/pension and compensation, as appropriate, vacation and sick days, convalescence, and additional benefits (such as a car and a laptop), a confidentiality and non-competition undertaking during the employment period, provisions regarding the protection of the Company's intellectual property, as well as a notice period (usually by law, and sometimes up to 6 months).

All the Company's employees have signed Article 14 of the Severance Compensation Law. Also, the Company usually allocates to the employee funds starting from the first month of their employment in the Company. Accordingly, the Financial Statements for December 31 of the years 2023 and 2024 do not include a liability due to the termination of the employment relationship.

The terms of employment of the employees of the Group Companies abroad are regulated in personal contracts, which vary from employee to employee, and which are determined for each employee according to his skills, education and position. The employees' personal agreements set forth the salary conditions, job scope, notice period, annual bonus subject to meeting personal and departmental goals, etc. To the best of the Company's knowledge, the terms of employment include everything required by law in the country where the employees are employed.

Bonuses

As a rule, bonuses to employees are paid at the discretion of the Company. However, some of the project development managers are entitled to variable remuneration derived from the supplier of the projects they led and/or the type of the Company's rights in these projects. Also, some of the employees of the Group Companies abroad are entitled to grants derived from the success of the said activity measured by the power of the systems developed or sold.

4.2.3 The terms of office and employment of officers and senior management employees

The terms of employment of employees as specified in Section 4.2.2 above also reflect the terms of office and employment of officers and senior management employees of the Company, except as specified in this section below and in Article 21 of Chapter D - Additional Details about the Corporation.

For details about the terms of for exemption, indemnification and liability insurance for officers in the Company, see Article 22 of Chapter D - Additional Details about the Corporation.

4.2.4 Capital remuneration

On July 8, 2021, the Company's Board of Directors approved an option plan for employees and officers of the Company.

On July 8, 2021 and November 28, 2021, the Board of Directors approved the allocation of 683,824 options under the plan to employees and officers of the Company, and on December 29, 2021, the options were allocated. For details regarding the terms of the options, see the description published by the Company on July 22, 2021 (Reference No.: 2021-01-056968), which is included in this Report by way of reference.

Following this, on August 4, 2022, the Board of Directors approved the allocation of 135,986 additional options under the plan to employees and officers of the Company, and on October 6, 2022, the options were allocated. For details regarding the terms of the options, see the outline published by the Company on September 7, 2022 (Reference No. 2022-01-092988) as well as an amendment to it published on September 21, 2022 (Reference No. 2022-01-097104), which is included in this report by way of reference.

On June 5, 2024, July 23, 2024, and [sic], the Company allocated, respectively, 204,625, 164,508, and 18,130 options to employees and officers. For details regarding the terms of the options, see the description and amendment thereto published by the Company on May 30, 2024 (Reference No.: 2024-01-056994), a report dated July 23, 2024 (Reference No.: 2024-01-075729), and an immediate report dated February 10, 2025 (Reference No.: 2025-01-009848), which are included in this Report by way of reference.

Some of the Group Companies abroad have option plans, by virtue of which the companies abroad allocate restricted shares to their employees, conversion options to the shares of the subsidiary companies or phantom options that give the employees who hold the option for payment derived from the increase in the value of the subsidiary.

Some of the managers of the Group Companies abroad are partners of the Company in the subsidiaries and hold shares of up to 20% of the subsidiary's capital and are therefore entitled to benefit from a portion of the project profits and profit sharing.

For details about the compensation policy of the Company's officers, see Appendix A to Chapter 8 of the Company's prospectus, which is included in this Report by way of reference.

4.3 Working capital

4.3.1 General

As of December 31, 2024, the Company has positive working capital in the amount of NIS 224 million, compared to positive working capital in the amount of NIS 655 million as of December 31, 2023.

Alongside the Company's financial assets and liabilities (most of which are intended to finance all of the Company's activities), the Company's operational assets (mainly customers and inventory) and operational liabilities (mainly suppliers and service providers) mainly reflect the Company's activities in the field of construction and operation.

4.3.2 Components of working capital of the Group companies

4.3.2.1 Inventory

For details regarding the inventory and equipment in the field of construction and operation, and the equipment purchase policy, see Section 3.2.2.1 above.

The average inventory days range used for the Company's projects under construction is 50 and 55 days for the years 2023 and 2024, respectively.

4.3.2.2 Liability towards customers

See Sections 3.2.2.1 and 3.2.2.2 above.

4.3.2.3 Customer credit

Customer credit mainly includes the liability balances of the joint project corporations that are associates of the Company.

In addition, in the field of initiation and investment in Israel and abroad, customer credit mainly includes payable balances for the sale of electricity by the joint project corporations (associates) for electricity needs. Since most of the joint project corporations in the field of initiation and investment in Israel are associated companies of the Company, this credit is not included in the consolidated working capital of the Company.

Over the past few years, there has been an increase in customer credit balances and credit days, due to the Company's decision to finance the costs of setting up the projects until bank credit is obtained by the joint project corporation.

The Company's Financial Statements as of December 31, 2023 and December 31, 2024 include a provision in the amount of approximately NIS 74 and 359 thousand, respectively, for doubtful debts of Blue Sky.

Below are the customer payment terms, broken down by activity areas:

Area of activity	Range of customer credit	Average credit days ¹⁹⁰	
		2023	2024
Initiating and investment in Israel	From payment of "net" to "net" + 60	60	60
Construction and operation	From payment in advance and in cash to "net" + 75 days	75	75
Development and investment abroad	From payment of "net" to "net" + 60	60	60

4.3.2.4 Supplier, service provider and subcontractor credit

The Company's main suppliers and payables are equipment suppliers and subcontractors who help set up the systems. The liability towards these suppliers is mainly based on open debts. For details regarding the procurement terms and engagements with subcontractors, see Section 3.2.9 above.

Below are payment terms for suppliers, service providers and subcontractors, broken down by activity areas¹⁹¹:

Area of activity	Range of supplier, service provider and subcontractor credit	Average credit days	
		2023	2024
Construction and operation	From payment in advance and in cash to "net" + 60 days	63	65
Initiation and investment abroad	From payment in advance and in cash to "net" + 30 days	30	30

4.4 Investments

4.4.1 Enova Energy

In May and August 2022, the Company entered into and completed a strategic cooperation agreement with the Milgam Group Ltd. ("Milgam") regarding the establishment of Enova Energy, which is engaged in the production and sale of electricity, through renewable energies, energy storage systems and electricity supply in the public sector ("**Energy Activity in the Public Sector**") as well as in the installation and operation of charging stations for electric vehicles ("**Activity of the Charging Stations**" and the "**Cooperation Agreement**").

¹⁹⁰ Customer days were calculated according to the ratio of customers to revenues in absolute values of the Company and the Group Companies, without taking into account the proportion of the Company's holdings.

¹⁹¹ The suppliers' credit in the field of initiation and investment in Israel is mainly credit provided by the Company to the joint project corporations.

As part of the Cooperation Agreement, the Company invested a total of approximately NIS 63.3 million in Enova Energy and Milgam transferred its holdings (48.75%) in Milgam EV Edge to Enova Energy.

As of the Report Date, Enova Energy is engaged in establishing a network of charging stations for vehicles and promoting comprehensive renewable energy solutions for local authorities, which include the establishment of solar projects in a variety of configurations (roofs, roofing, solar fences, etc.), energy storage system solutions (in the operating model of storage in a customer's yard, behind the meter, the establishment of storage facilities for remote sale to consumers in an elaborate market model and storage facilities for the transmission grid), the establishment of charging stations of various types (for private and public vehicles), and the supply of electricity to various customers. As part of the energy activity in the public sector, the Group won a number of tenders from local authorities for the establishment of systems for electricity production and their maintenance and for the establishment of a joint corporation with the local authority which will deal with the full range of renewable energy fields (solar systems, electricity storage systems and vehicle charging stations).

Milgam EV Edge deals with the deployment of electric charging stations and the provision of charging services for electric vehicles in the municipal sector in Israel. As of the Report Date, Milgam EV Edge won more than twenty tenders for the construction of thousands of charging stations in the municipal sector throughout Israel (from Tzfat, Katzrin and Haifa in the north to the Eilat region in the south, with a clear lead in the cities of the Dan region, including the "Ahuzat Ha'hof" parking lots in Tel Aviv, Ramat Gan, Petach Tikva, Kfar Saba, Herzliya, Hod Hasharon, Rosh Ha'Eini, Yehud-Monosson and Or Yehuda) and has a backlog of hundreds of stations, some of which are already established and some that it will establish in the coming years in various authorities.

Milgam EV Edge's activity includes the sale of electricity to various entities, the sale of storage systems, and the installation of AC and DC charging stations made by the world's leading manufacturers, a software shell and a dedicated application that enable remote clearing, management, control and operation of the stations, professional and experienced installation teams nationwide and high availability, and a service center that is active 24/7 for quick troubleshooting. In addition, Milgam EV Edge is ISO 9001 certified and has a Ministry of Defense supplier number.

In addition, following the decision of the Electricity Authority¹⁹² regarding the opening of the electricity supply segment for distribution and the transformation of the electricity market in Israel into a competitive and efficient decentralized one, the Company, in cooperation with Enova

¹⁹² Electricity Authority Decision No. 63704 - Market model for production and storage facilities connected or integrated in the distribution grid.

Energy, is promoting its activities in the field of electricity supply and communicating directly with business, domestic and other consumers, and offering them packages that will also be based on electricity produced from renewable energies, which will allow consumers to take an active part in the transition from polluting fuels to renewable energies.

As of the Report Date, Enova Energy continues expanding its activities as well as establishing energy projects for municipal authorities, establishing charging stations and selling electricity to private and business customers. In this framework, Enova Energy is examining the possibility of entering into a strategic cooperation with a corporation in the energy field.

For more details regarding the cooperation agreement with Milgam and Milgam EV Edge, see immediate reports published by the Company on May 31, 2022 (Reference No. 2022-01-055329) and August 9, 2022 (Reference No. 2022-01-100402), which is included in this Report by way of reference.

The information detailed in this section, including Enova Energy's plans, is "forward-looking information" as defined in the Securities Law, based on the information, forecasts and data in the Company's possession as of the Report Date and Enova Energy's estimates and current plans. These estimates and plans may not be realized, or partially realized, due to various variables that are not under the exclusive control of Enova Energy and the Company, including, prevention or delays in obtaining regulatory approvals, planning requirements, operational problems in the infrastructure of the electric company, the termination of negotiations held by Enova Energy, changes in the economy in general and the electricity industry in particular, etc. Accordingly, the aforementioned information may not materialize and/or materialize in a different way than described above.

4.4.2 **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 energy exchanges - future contracts of electricity, gas and more. The algorithmic engine is based on the processing and analysis of huge amounts of data (Big Data) from the world of energy trading, from the consumption and supply arenas of energy assets and data in volumes of tens of terabytes on the global weather - a factor that has a huge impact on the supply and consumption of energy assets and their prices on the energy exchanges.

To the best of the Company's knowledge, Meteo-Logic uses this data to predict electricity prices and trade electricity in the electricity exchanges in various ways.

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 5.75% of Meteo-Logic's share capital, and provided Meteo-Logic with a loan of up to USD 2.5 million for a period of two years, intended for trade on the electricity exchange. It should be noted that during the first quarter of 2025,

Meteo-Logic repaid the loan provided by the Company, so that as of the Report Date, the Company holds 5% of Meteo-Logic.

4.5 Financing

4.5.1 Financing structure

The Group finances its activities through equity, the issue of bonds, loans from banking corporations and investment funds, joint loans in the joint project corporations and positive cash flow surpluses of its activities.

4.5.1.1 Project financing

Israel bank financing

Most of the loans taken by the Group Companies are designated bank loans taken as senior project debt for the purpose of establishing the systems, amounting to approximately 70%-90% of the project's establishment costs, with the balance financed by the developer (the Company and the partners, to the extent that there are any, at rates agreed between them) as equity in the projects, through a shareholder loan in the joint project corporations. Usually, such bank loans are first given as a short-term loan for periods of between one and two years (depending on the system) in order to establish the systems. After the completion of the construction of the systems and subject to compliance with various conditions (such as obtaining an operating permit and connection to the electricity grid, compliance of the system with technical and other conditions, arranging insurance policies, obtaining manufacturer's warranty letters for the system components, accumulating a safety cushion, etc.), the credit repayment is spread over up to 20 years.

In relation to such loans in commercial operation, the financing specifications usually include obligations to meet various financial standards, which mainly include: maintaining a debt coverage ratio¹⁹³ (usually 1.25, when there are systems held by the Company for which this ratio is examined in aggregate¹⁹⁴), annual revenue volume, EBITDA percentage of revenues (that are not less than 85%). Also, in net meter systems, the debt coverage ratio is examined according to a guaranteed rate and spread over 10 years - no be less than 1. To the best of the Company's knowledge as of the date of the report, the Group Companies in Israel meet the financial standards to which they are committed.

¹⁹³ "Debt coverage ratio" means - the ratio between the project operating profit and the debt repayments in a certain period (as examined on an annual level).

¹⁹⁴ As a general rule, a drop below a ratio of 1.1 will be grounds for calling the loan for immediate repayment and a drop below a ratio of 1.25 will be grounds for raising the interest rate that the loan bears. In most cases, compliance with the standards can be corrected by providing a deposit or paying off part of the loan.

Said bank loans are secured by permanent and floating liens on all the rights in the systems and the rights of the joint project corporations in the agreements signed in connection with the system, a floating charge on all of the assets of the joint project corporations, and sometimes also on the rights arising from the holding in the joint project corporations that own said systems. In relation to the systems established within the framework of the joint project corporation - the Company usually guarantees the debts of the joint project corporation towards the financing banks in accordance with its relative share in the holdings in the joint project corporation.¹⁹⁵ For the balance of the debt (if any) the partner in the joint project guarantees. Also, bank financing of the projects held by a Company and/or corporations under its control is often guaranteed by cross liens on the projects fully owned by the Company (directly and through companies under its control).

Issuance of the Bonds

During the years 2021 and up to the date of publication of the report, the Company raised Bonds (Series A, B, C and D). For details regarding the terms of the Bonds, see Section 4.5.5 below.

Blue Sky financing

The financing of Blue Sky's activities is carried out from independent sources, a shareholder loan given by the Company as well as by taking on debt from banking entities. In addition, upon completion of the construction of the system and connection to the electricity grid, Blue Sky usually enters into an agreement for the sale of the ITC or an agreement with the tax partner for the sale of part of the holdings in the project companies, most of the tax benefits and the ITC against a payment that is used to repay part of the equity invested by Blue Sky during the construction period and to pay off part of the construction loan.

In addition, some of the systems established by Blue Sky were financed through a dedicated loan given during or at the end of the establishment period for a period of between 5 and 10 years. The loan is secured by a first degree pledge on the assets and shares of the property company that owns the project. As part of the loan, Blue Sky committed to the banking corporations to comply with a debt coverage ratio of 1.35. With respect to some of the loans, agreements were signed during the fourth quarter of 2023 and the first quarter of 2024 regarding the repayment and rescheduling of some of the loans.

¹⁹⁵ Some of the loans taken by the joint project corporations are fully guaranteed by the Company and in some loans the extent of the Company's guarantee is derived from multiplying the Company's holdings in the joint project corporation by 1.3.

Financing the activity in Europe

Financing the construction of projects in Europe is usually carried out through non-recourse or limited-recourse project loans secured by assets, rights, shares, and owner loans of the project companies. Some loan agreements include a limited liability obligation of the project company's shareholder, which is sometimes also secured by the Company's guarantee, to provide the equity capital necessary to establish the project.

The loans have a variable interest rate plus a margin, with most of them having a commitment to partially hedge the interest rate.

These loans include financial benchmarks, usually historical and projected DSCR for a 12-month period in the range of 1.05-1.15 and LLCR (between 1.1-1.15), which are usually reviewed every six months. The loans often include provisions regarding cash sweep mechanisms, distribution conditions, change of control, and grounds for immediate repayment, including in the event of failure to meet project schedules.

For details regarding the financing agreements of Sabinar, Sunprime, Cellarhead, and Iepuresti and Ghimpat, see Section 4.5.5 below.

4.5.2 Financing cost

Below are data regarding loans in effect taken out by the Group Companies and the average and effective interest rates for those loans as of December 31, 2023 and December 31, 2024¹⁹⁶:

		Loan type	Balance in NIS as of December 31, 2023 (NIS thousands)	Interest (weighted average)	Effective interest rate (weighted average) (*)	Balance in NIS per day December 31, 2024 (NIS thousands)	Interest (weighted average)	Effective interest rate (weighted average) (*)
Long-term loans								
Field of Initiation and Investment in Israel	Non-project financing	Fixed interest	1,451,651	3.25%	4.71%	2,052,168	4.52%	5.51%
	Senior bank financing (**)	Variable interest	578,823	7.04%	7.09%	828,687	7.01%	7.06%
	Senior financing from project partners	Variable interest	576	3%	3.04%	436	3.00%	3.04%
Field of Initiation and Investment Abroad	Senior bank financing	Variable interest	1,140,121	4.63%- 7.9%	4.63%-8.2%	1,734,870	4.63%- 7.75%	4.63%-7.8%
	Senior bank financing	Fixed interest	364,681	4.6%- 6.01%	4.6%-6.01%	70,377	6.82%	6.82%
Shorts term loans								
	Non-project financing	Variable interest	---	---	---	65,041	7.7%	7.75%

¹⁹⁶ The amounts include all the loans taken by the Company and the other Group Companies, the balances are presented in their absolute value, without taking into account the percentage of the Company's holding. It should be noted that most of the loans were taken out by corporations accounted for in the Company's reports according to the equity method.

		Loan type	Balance in NIS as of December 31, 2023 (NIS thousands)	Interest (weighted average)	Effective interest rate (weighted average) (*)	Balance in NIS per day December 31, 2024 (NIS thousands)	Interest (weighted average)	Effective interest rate (weighted average) (*)
Field of Initiation and Investment in Israel	Senior bank financing (**)	Variable interest	322,500	6.1%	6.16%	217,662	6.92%	6.98%
	Senior financing from project partners	Fixed interest	17,306	6%	6%	0	0.0%	0.0%

* Without considering commissions.

** Long-term senior financing is generally for project financing for systems in commercial operation, while short-term senior financing is generally project financing for systems under construction or ongoing contractor financing of the Company.

During the period from December 31, 2024 until the Report Date, the Group Companies took out credit in a total amount of approximately NIS 438,570 million, mainly resulting from the issuance of bonds by expanding a series of Bonds (Series B and C) in a total amount of approximately NIS 378 million in February 2025.

4.5.3 Credit with variable interest

Below are details about main variable interest loans taken by the Group Companies:

	Change mechanism	2023		2024		Interest rate (weighted average) near the Report Date
		Interest range	Credit amount as of December 31 (NIS thousands)	Interest range	Credit amount as of December 31 (NIS thousands)	
Non-project financing	Prime + 1.7%	---	---	7.70%	65,041	7.75%
Israel project financing	Prime + 0.5% up to Prime + 1.9%	4.2%-7.5%	901,899	6.5%-7.9%	1,046,785	6.99%
European project financing	Euribor +2% to Euribor +3.9%	4.63%-7.8%	1,064,133	4.63%-7.65%	1,660,516	6.17% (*)
	Sonia + 2% to Sonia + 3%	5.9% - 8.6%	76,245	7.74%-7.88%	74,354	7.7%
Working capital financing	N/A	---	---	---	---	---

(*) The weighted average does not take into account hedging. Deducting the hedged interest, the average interest rate is approximately 5.3%.

4.5.4 Financing credit facilities

The Group Companies have financing credit facilities as detailed below¹⁹⁷:

¹⁹⁷ With the exception of the Company's own bank credit facility as the contractor for the construction of the systems, the utilization of the rest of the bank credit facilities is subject to compliance with various conditions required by virtue of the terms of the contracts with the financing banks.

	December 31, 2023		December 31, 2024		As of the Report date	
	Financing/credit facilities (NIS thousands)	Financing/credit used (NIS thousands)	Financing/credit facilities (NIS thousands)	Financing/credit used (NIS thousands)	Financing/credit facilities (NIS thousands)	Financing/credit used (NIS thousands)
Non-project bank financing facilities and for project initiation Israel ^(*)	1,091,899	901,899	1,423,526	1,111,826	1,457,326	1,128,626
Bank financing facilities for initiating Europe projects ^(**)	1,699,523	1,491,529	3,266,968	1,734,870	3,509,937	1,734,870

^(*) For details regarding the terms of the credit facility, see Section 4.5.1.1 above under "Israeli bank financing."

^(**) For details regarding the terms of the credit facility, see Section 4.5.5 below.



4.5.5 Significant funding

Below are details about substantial financing taken by the Company and corporations under its control, the balance of which constitutes 5% or more of the Company's total assets, as they are presented in the Company's Financial Statements for December 31, 2024:

Loan no.	The Borrower	The Lender	Balance as of December 31, 2024 (NIS millions)	Interest and linkage terms ¹⁹⁸	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2024	Notes / additional essential conditions			
							Breach event, Cross default	Collateral, pledges and guarantees and their amount in the Financial Statements	Return rights	Additional Information
1.	The Company	Holders Bonds A	787,298 (Remaining par value and linkage) ¹⁹⁹	1.48% per year index-linked	10% - 30 June 2023 6% - December 31, 2023 and 2024 and June 30, 2024 and 2025 4% - December 31, 2025 and 2026 and June 30, 2026 and 2027. 50% - 31 December 2027	Equity not to be less than NIS 550 million (as of the Report Date, equity is NIS 1,628 million) The ratio of solo equity to solo balance sheet will not be less than 35% (as of the Report Date, the ratio is 44.4% ²⁰⁰) Consolidated net financial debt to EBITDA ratio will not exceed 15 (as of the Report Date, the ratio is 6.6) ²⁰¹	Among other things, breach of the obligations contained in the trust deed, imposition of foreclosure, appointment of an official, insolvency proceedings, material adverse change, suspension of trading on the stock exchange, illegal obligation, immediate liquidation by other creditors, failure to meet any of the financial benchmarks for two consecutive quarters	The Bonds are not secured by any collateral. However, there is a commitment to a current general negative pledge on all of the Company's assets	Debt of the Company	For details regarding the terms of the Bonds, see Appendix A to the Board of Directors' Report as well as the Shelf Offer Report published by the Company on August 12, 2021 (Reference No.: 2021-01-131616), included in this Report by way of reference. It should be noted that on January 15, 2025, NIS 317,311,241.51 par value bonds (Series A) were deleted from trading, due to the issuance (through series expansion) of NIS 401,289,370 par value bonds (Series D), by way of an exchange purchase offer. For details, see the Shelf Offering Report dated January 6, 2025, as amended on January 12, 2025 (Reference No.: 2025-01-003437), and the immediate report dated January 15, 2025 (Reference No.: 2025-01-004372), which are included in this Report by way of reference.

¹⁹⁸ The description does not include transaction fees (including credit provision fee, facility cancellation fee and facility non-utilization fee) and arrears interest.

¹⁹⁹ As of December 31, 2024, the outstanding par value without linkage of bonds (Series A) is NIS 696,244 thousand.

²⁰⁰ Solo equity as of December 31, 2024 - NIS 1,628 million; Solo net balance as of December 31, 2024 - NIS 1,667 million.

²⁰¹ Financial debt as of December 31, 2024 - NIS 574 million; EBITDA for 2024 - NIS 87 million. It is clarified that in accordance with the provisions of the trust deeds signed by the Company and Mishmeret Trust Services Ltd., the consolidated net financial debt, which is used to calculate the numerator in the aforementioned ratio, includes the financial debt taken by the Company and corporations under its control, but it does not include, among other things, the Company's share in the financial debt taken by affiliated companies and deducted from it, among other things, the financial debt taken by the Company and corporations under its control for the benefit of the initiation and construction activities, for the benefit of projects under construction and for the benefit of projects that have not yet passed a year from the date of their commercial operation or from the date of completion of their purchase, whichever is later, including financial debt taken by the Company and corporations under its control in the amount of the amounts put forward for the benefit of these projects (including for the benefit of projects held by affiliated companies), provided that there is no other senior financial debt for such financing.
Also, the EBITDA used to calculate the denominator in the ratio is based on profit before financing, taxation, depreciation and amortization according to the Company's Financial Statements, plus profits and management and initiation fees from consolidated corporations, excluding profits (losses) and one-time expenses as specified in the trust deed and excluding expenses for share based payment. Therefore, the EBITDA used to calculate the said ratio includes the results of the establishment activity and operation of the Company

Loan no.	The Borrower	The Lender	Balance as of December 31, 2024 (NIS millions)	Notes / additional essential conditions						
				Interest and linkage terms ¹⁹⁸	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2024	Breach event, Cross default	Collateral, pledges and guarantees and their amount in the Financial Statements	Return rights	Additional Information
2.	The Company	Holders Bonds B	407,550	5% per year not linked	50% - 30 June 2029 50% - 30 June 2030	Equity that will not be less than NIS 900 million (as of the Report Date, equity is NIS 1,628 million) Solo's equity ratio to solo balance sheet will not be less than 36% (as of the date of the report, the ratio is 44.4% ²⁰⁰). Consolidated equity to consolidated balance sheet total will not be less than 14% (as of the Report Date it is 38.7%) The ratio of consolidated net financial debt to EBITDA will not exceed 15 (as of the Report Date, the ratio is 6.6) ²⁰¹	Among other things, breach of the obligations contained in the trust deed, imposition of foreclosure, appointment of an official, insolvency proceedings, material adverse change, suspension of trading on the stock exchange, illegal obligation, immediate liquidation by other creditors, failure to meet any of the financial benchmarks for two consecutive quarters	The Bonds are not secured by any collateral. However, there is a commitment to a current general negative pledge on all of the Company's assets	Debt of the Company	The Bonds can be converted into ordinary shares, starting from July 20, 2023 until June 20, 2029, such that every NIS 115.1 par value of the Bonds can be converted into one ordinary share of the Company. For details regarding the terms of the Bonds, see Appendix A to the Board of Directors' Report as well as the Shelf Offer Report published by the Company on July 18, 2023 (Reference No.: 2023-02-082740), included in this Report by way of reference.
3.	The Company	Holders Bonds C	558,991	6.95% per year not linked	5% - 30 June 2025 10% - 30 June 2026 and 2027 15% - 30 June 2028 30% - 30 June 2029 and 2030.	Equity that will not be less than NIS 900 million (as of the Report Date, equity is NIS 1,629 million) Solo's equity ratio to solo balance sheet will not be less than 36% (as of the date of the report, the ratio is 44.4% ²⁰⁰). Consolidated equity to consolidated balance sheet total will not be	Among other things, breach of the obligations contained in the trust deed, imposition of foreclosure, appointment of an official, insolvency proceedings, material adverse change, suspension of trading on the stock exchange, illegal obligation, immediate liquidation by other creditors, failure to meet any of the financial benchmarks for two consecutive quarters	The Bonds are not secured by any collateral. However, there is a commitment to a current general negative pledge on all of the Company's assets	Debt of the Company	For details regarding the terms of the Bonds, see Appendix A to the Board of Directors' Report as well as the Shelf Offer Report published by the Company on July 18, 2023 (Reference No.: 2023-02-082740), included in this Report by way of reference.

and of corporations under its control (excluding adjustments as specified in the trust deed), the profits and initiation fees from consolidated companies as well as the results of activities of the consolidated projects, excluding expenses as specified in the trust deed. Accordingly, the aforementioned EBITDA does not include the Company's share of the results of the activities of the Company's associated companies (which are handled in its Financial Statements according to the equity method).

Loan no.	The Borrower	The Lender	Balance as of December 31, 2024 (NIS millions)	Interest and linkage terms ¹⁹⁸	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2024	Notes / additional essential conditions			
							Breach event, Cross default	Collateral, pledges and guarantees and their amount in the Financial Statements	Return rights	Additional Information
4.	The Company	Series D Bondholders	355,000	6.69% per year, unlinked	5% - June 30 and December 31, 2023 15% - June 30 and December 31, 2031-2033	less than 14% (as of the report date it is 38.7%). The ratio of consolidated net financial debt to EBITDA will not exceed 15 (as of the Report Date, the ratio is 6.6) ²⁰¹	Among other things, breach of obligations included in the trust deed, imposition of foreclosure, appointment of an officer, insolvency proceedings, material adverse change, suspension of trading on the stock exchange, illegal obligation, immediate repayment by other creditors, failure to meet any financial criteria for two consecutive quarters, termination of rating or downgrade below Baa3.il or an equivalent rating.	The Bonds are not secured by any collateral. However, there is a commitment to a current general negative pledge on all of the Company's assets	Debt of the Company	For details regarding the terms of the Bonds, see Appendix A to the Board of Directors' Report as well as the Shelf Offering Report published by the Company on September 13, 2024 (Reference No.: 2024-01-603157), which is included in this Report by way of reference. It should be noted that on January 15, 2025, NIS 317,311,241.51 par value bonds (Series A) were deleted from trading, due to the issuance (through series expansion) of NIS 401,289,370 par value bonds (Series D), by way of an exchange purchase offer. For details, see the Shelf Offering Report dated January 6, 2025, as amended on January 12, 2025 (Reference No.: 2025-01-003437), and the immediate report dated January 15, 2025 (Reference No.: 2025-01-004372), which are included in this Report by way of reference.

Loan no.	The Borrower	The Lender	Balance as of December 31, 2024 (NIS millions)	Notes / additional essential conditions						
				Interest and linkage terms ¹⁹⁸	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2024	Breach event, Cross default	Collateral, pledges and guarantees and their amount in the Financial Statements	Return rights	Additional Information
5.	Sabinar	German financial body	310,755	4.6%	Principal - unequal payments as of June 30, 2024, and until June 30, 2046. Interest - on June 30 and December 31 starting from the date of the first withdrawal.	Historical ADSCR ²⁰² for the last 12 months will not be less than 1.05 (as of December 31, 2024, the ratio is 1.39)	The agreement includes acceptable grounds for immediate payment, including late payment; breach of the financing documents or project agreements (as defined in the loan agreement) by the borrower and its shareholders, Cross Default in respect of debt/debts of the borrower and its subsidiaries in an aggregate amount exceeding EUR 200 thousand, change of control without the approval of all lenders, insolvency proceedings, insolvency of parties to the project agreements, material adverse change, etc.	First lien on all project assets, funds, properties and rights that the borrower may receive from the project agreements and energy revenues, the borrower's bank accounts, the borrower's shares in the corporation that owns the joint venture together with Olmedilla Hive SL, as well as a lien on the borrower's shares, and the rights of the borrower's shareholders and Noy Nofar Europe by virtue of the shareholder loans that have been provided and/or will be provided to the borrower. In addition, there is an obligation of the borrower to provide additional collateral in the event of the occurrence of certain events that grant the right for immediate repayment or non-compliance with the LLCR ratio.	The financing documents include a commitment by Andromeda to provide a total of up to EUR 25.2 million for payment of certain expenses specified in the agreement.	The agreement includes various limitations in relation to the distributions by the borrowers, including the completion of the construction of the projects to the satisfaction of the technical advisor, the payment of the first principal payment, that the historical and expected ADSCR ratio will not be less than 1.2, the LLCR ratio will not be less than 1.2, the amount of the distribution does not exceed the net cash flow or the amounts available for distribution, whichever is lower, depositing the required amounts in the principal for debt service and maintaining an operating reserve, there are no grounds for calling the loan for immediate repayment, and the distribution will not cause such grounds. In addition, the agreement includes a commitment that there will be no change of control of the borrower (change of control means - a decrease in Andromeda and Eranovum's ²⁰³ holdings below 100% during two years from the date of Sabinar II's commercial operation, after which Andromeda and Eranovum will cease to hold control of the borrower). For additional details, see 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.

²⁰² ADSCR - means the ratio between the cash available to service the debt (namely - project revenues minus operating expenses and taxation) and the payments under the financing agreement during that period (principal, interest, commissions, etc.).

²⁰³ Eranovum is a corporation held by a group of local developers, responsible for managing the Sabinar and Olemedilla projects, which holds 10% of the rights in the loan ("Eranovum").

Loan no.	The Borrower	The Lender	Balance as of December 31, 2024 (NIS millions)	Notes / additional essential conditions						
				Interest and linkage terms ²⁰⁴	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2024	Breach event, Cross default	Collateral, pledges and guarantees and their amount in the Financial Statements	Return rights	Additional Information
6.	A wholly owned subsidiary of Atlantic Green UK Limited (Cellarhead Project)	Consortium of Israeli and international banks: Goldman Sachs, Santander UK, Bank Hapoalim and Bank Leumi.	---	CAPEX framework - 6 Month Sonia plus a margin of between 2.75% and 3.75%. ²⁰⁴ It should be noted that there is a commitment in the agreement to partially hedge the Sonia.	Principal and interest are repaid in semi-annual installments until the final maturity date in December 2033. In addition, the agreement includes a Cash Sweep mechanism to accelerate the repayment of principal payments. The VAT framework will be repaid, whichever is earlier, 12 months from the date of commercial operation or March 2028.	Annual historical DSCR is less than 1.15 and LLCR is less than 1.15. As of the Report Date, the Company is not required to review the criteria.	The agreement includes accepted grounds for immediate repayment in project financing agreements with respect to the borrower, the shareholder and material parties to the financing agreements, including, among others, failure to meet financial benchmarks, breach of obligations and representations under the agreement, failure to reach commercial operation of the project by September 2027, cross default with respect to other obligations of the borrower, the shareholder in the borrower or a material party to the project agreements, a material adverse change in the project or financial condition, etc.	The loan is secured by collateral as is customary in a project financing agreement, including a pledge of the borrower's full rights in the project, of owner loans, and of the borrower's shares. In addition, the financing agreement includes a commitment by Atlantic Green to provide the required equity until the first withdrawal of the loan funds, secured by the Company's guarantee, which as of the reporting date is limited to an amount of up to GBP 43 million.	The loan is secured by the assets of the project company. In addition, a limited company guarantee of GBP 43 million was provided as mentioned.	<p>The agreement includes representations and commitments as is customary in transactions of this type.</p> <p>The financing will be provided in several withdrawals subject to the fulfillment of preconditions, including, among other things, the provision of the required equity, signing of optimization agreements, compliance with the schedules set out in the agreement regarding the date of project completion, and completion of the registration of all collateral.</p> <p>The agreement also includes a right to make early repayment by the borrower, as well as an obligation to make early repayment in cases as is customary in project financing agreements, including in the event of a change in control of the borrower as specified in the agreement.</p> <p>For additional details, see immediate report dated November 16, 2024 (Reference No.: 2024-01-616101).</p>

²⁰⁴ The interest rate does not include various fees that will be paid in the amounts specified in the agreement, including Upfront Fee, Commitment Fee and Cancellation Fee.

4.5.6 Additional restrictions and pledges

As of the Report Date, most of the rights in the assets of the Company and the assets of the joint project corporations are pledged with fixed liens, and in relation to the project companies also with floating (current) liens, in favor of banking corporations.

As part of most lien documents in favor of the banks, restrictions on change of control/ownership of the developer (i.e. the Company and/or a corporation under its control and/or the joint project corporation) are included, and in some cases guarantees are also included for the developer's obligations (including the Company).

Also, as part of some of the lien documents of the Company and its subsidiaries in favor of the banks, there are restrictions on making distributions by and/or to the Company.

Also, the Company's vehicles (provided to the Company's employees) are pledged with permanent pledges in favor of leasing companies.

For additional details regarding liens and guarantees, see Note 17.B. to the Company's Financial Statements.

4.5.7 Rating

On July 28, 2024, Midroog assigned a rating of A3.il with a stable outlook to the company and the Company's Series A, B, and C bonds. As part of the issuance of the Bonds (Series D) in September 2024, Midroog assigned a rating of A3.il with a stable outlook to the Company's Bonds (Series D). In addition, in January and February 2025, Midroog assigned an A3.il rating with a stable outlook for the issuance of Bonds (Series D) as part of an exchange purchase offer (exchange of Series A Bonds) and for the issuance of Bonds (Series B and Series C) as part of a series expansion.²⁰⁵ During the Report Period and up to the date of publication of the Report, there was no change in the rating of the Company or the Company's bonds.

4.5.8 Credit for the coming year

In the Company's estimation, in the coming year, the Group Companies will be required to raise financing and senior project financing in an estimated amount of hundreds of millions of additional NIS for the purpose of financing the construction of the projects.

In view of the fact that as of the Report Date, no agreements have yet been signed for receiving the credits detailed in this section above, as of the Report Date, there is no certainty regarding the conclusion of the aforementioned financing agreements and the receipt of the credits.

²⁰⁵ For further details, see Immediate Reports dated July 28, 2024, September 12, 2024, January 6, 2025, and February 10, 2025 (Reference Nos. 2024-15-079360, 2024-15-602878, 2025-01-001850, 2025-15-009313, 2025-15-009655), which are included in this Report by way of reference.

4.6 Taxation

See Note 28 to the Company's Financial Statements.

4.7 Material agreements

4.7.1 Sunprime Investment, Loan and Shareholder Agreements

In February 2021, Andromeda entered into an agreement and completed a transaction to make an investment in Sunprime Holding SRL. For details regarding the terms of the agreement, see Section 4.7.5 in the Description of the Corporation's Business chapter in the Company's annual report for 2020 as well as immediate reports published by the Company on February 1, 2021 (Reference No. 2021-01-12418) and February 7, 2021 (Reference No. 2021-01 -015135), which are included in this Report by way of reference.

On March 14, 2023, Andromeda entered into investment and loan agreements with Sunprime Holding SRL (hereinafter in this section: the **"Agreements"**). The agreements set forth Andromeda's right to convert shareholder loans in the amount of EUR 15 and 7.5 million (a total of EUR 22.5 million) provided by in July and October 2022, to shares at the rate of 5% and 1.5%, respectively, from the share capital of Sunprime Holding, so that after the conversion, Andromeda will hold shares at the rate of 56.5% of the share capital of Sunprime Holding.

In addition, Andromeda, by virtue of agreements, provided Sunprime Holding in the months of October 2022, April and May 2023 with a convertible shareholders loan in the amount of EUR 25 million (hereinafter in this section: the **"Shareholders Loan"**), which was converted into Sunprime Holding shares, in accordance with the provisions of an additional investment agreement between Andromeda and Sunprime Holding from November 30, 2023 (in this section: the **"Additional Investment Agreement"**) following which, Andromeda's shareholding increased to 60% of Sunprime Holding's share capital.

As part of the Additional Investment Agreement, it was determined that Andromeda will invest in Sunprime Holding an additional amount of EUR 25 million and will also provide a bank guarantee in the amount of up to EUR 10 million which will be used instead of the DSRA deposit by virtue of the financing agreement of Sunprime Holding. Against the Investment Amount, additional shares were allocated to Andromeda, and as a result, Andromeda's shareholding increased to 63.5% of Sunprime Holding's share capital.

Shareholders agreement

At the time of entering into the agreements, an amended shareholders' agreement was signed by Andromeda and Sunprime Management, which includes provisions regarding the management of Sunprime Holding, the manner of managing the members of the Sunprime Holding board of directors, the manner of decision-making in the Sunprime Holding board of directors (as long as the two senior managers of Sunprime hold 20% and Sunprime Management hold 35%, the

decisions are subject to the approval of a director appointed by Andromeda and a director appointed by Sunprime Management), provisions regarding the appointment of a CEO and CFO, provisions regarding the signing rights in Sunprime, resolutions in the general meeting subject to the unanimous consent of all shareholders, a block on the sale of shares by Sunprime Management until December 2027 and then a right of first refusal, Tag Along to Andromeda as well as a right of first offer to Sunprime Management in the event of a sale of shares by Andromeda.

For more details regarding the terms of the agreements and regarding the additional investment agreement, see immediate reports published by the Company on March 15, 2023 and December 3, 2023 (Reference No. 2023-01-027261 and 2023-01-109705), which are included in this Report by way of reference.

4.7.2 Blue Sky purchase agreement

On May 25, 2021, Nofar USA entered into agreements with Blue Sky and its shareholders (hereinafter in this section: the "**Founders**"), for the purchase of 67% of the rights in Blue Sky for a total of USD 26 million (subject to adjustments), of which a total of USD 20 million was paid to Blue Sky and a total of USD 6 million minus adjustments and funds in trust was paid to the Founders.

In addition, on the completion date, which occurred on July 3, 2021, the Group provided Blue Sky with a credit line of up to USD 65 million, which can be utilized during a period of 40 months from the completion date, to finance current expenses, development costs, construction and purchase of projects that will meet the conditions for the withdrawal specified in the agreement. The loan funds will be repaid on a cash sweep basis from the net free cash flow of Blue Sky and will be secured by a lien on Blue Sky's assets and a lien on the rights of the Founders in Blue Sky. By December 31, 2024, Nofar provided loans in the total amount of about USD 43.8 million from the credit facility.

Also, on the completion date, employment agreements were signed by Blue Sky and the Founders, and partnership agreements between Blue Sky, Nofar USA and the Founders regarding the management of Blue Sky and the tax arrangements that will apply to them.

For additional details regarding the purchase agreement, see immediate reports published by the Company on May 25, 2021 (Reference No.: 2021-01029851), and July 6, 2021 (Reference No.: 2021-01-049006) which is included in this Report by way of reference. It should be noted that as of the Report Date, legal proceedings are being conducted against one of the founders. For details, see Section 4.10 below, as well as Note 17a(6)c to the Financial Statements.

4.7.3 Cooperation agreement with Electrum

On October 28, 2021, Nofar Europe entered into an agreement with Electrum regarding a joint

holding in Electrum Nofar, which is engaged in the initiation, development, financing and holding of solar and wind systems with a capacity of up to 1,250 megawatts.

On March 3, 2022, Electrum Nofar entered into an agreement with Electrum to purchase a portfolio of projects with an estimated capacity of approximately 412 megawatts, which were purchased and/or developed by Electrum prior to the establishment of Electrum Nofar. As of the Report Date, Electrum Nofar is working to locate and develop additional solar projects, storage projects, and wind projects in Poland.

On December 29, 2023, Nofar Europe entered into an amendment to the shareholders' agreement with Electrum, in which it was determined, among other things, that the CEO of Electrum Nofar would be appointed by the Company, and that the CEO would be allowed to recruit employees and use the services of third parties for Electrum Nofar's activities. In addition, within the framework of the agreement, the decisions subject to a special majority in the Board of Directors and the meeting of shareholders of Electrum Nofar were reduced.

For additional details, see the immediate reports published by the Company on November 21, 2021 (Reference No.: 2021-01-168729), March 6, 2022 (Reference No.: 2022-01-022056) and December 31, 2023 (Reference No.: 2023-01-118153) which is included in this Report by way of reference.

4.7.4 Atlantic Green Foundation Agreement and UK Project Procurement

In December 2021, the Company entered into a cooperation agreement with the Interland Group regarding the establishment of Atlantic Green, which is engaged in the initiation of storage projects using batteries (Standalone Battery Energy Storage Systems) and the acquisition of the rights in the Cellarhead project, a battery storage project with an estimated capacity of approximately 700 megawatts. For details, see the immediate report published by the Company on December 19, 2021 (Reference No.: 2021-01-181458), which is included in this Report by way of reference. In February 2023, the acquisition of the Cellarhead project was completed. In 2024, the project company entered into EPC, O&M, and financing agreements in relation to the project. For details, see Section 3.3.1.1 above. It should be noted that as of the Report Date, the project company is negotiating with the construction contractor and the project's battery supplier regarding making improvements to the project, due to changing the project's electrification date to April 2027.

In addition, on April 27, 2022, Atlantic Green entered into an agreement to purchase all the shares of the corporation that holds the rights to establish the Buxton project, a storage project with a total capacity of 30 megawatts and supply storage capacity with an estimated capacity of approximately 60 watts per hour, assuming the use of batteries with a storage capacity of two hours, which was completed in February 2023. For additional details, see the immediate reports published by the Company on April 28, 2022 (Reference No.: 2022-01-042828), July 16, 2023

(Reference No.: 2023-01-080550) and August 31, 2023 (Reference No.: 2023-01-082057), which is included in this Report by way of reference.

Also, on February 22, 2023, Atlantic Green entered into an agreement to purchase the entire share capital of a corporation that holds the rights to establish the Toton project consisting of two adjacent storage projects with an estimated grid connection capacity of approximately 130 megawatts and a storage capacity provider with an estimated capacity of approximately 260 megawatts hour, assuming the use of batteries with a storage capacity of two hours. As of the Report Date, the conditions precedent to completing the acquisition of the project have not yet been fulfilled. 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, and Section 1.4 of the Board of Directors' Report.

For details regarding Atlantic Green's activities during the Report Period, including in relation to the Cellarhead and Buxton projects, see Section 3.3.1 above.

4.7.5 Olmedilla and Sabinar projects

For details regarding the Olmedilla project and the Sabinar project, including the agreement with the local developers, the purchase agreements, the financing agreement, the construction agreements, the operation of the projects, including their connection to the electricity grid, and the maintenance agreements, see Sections 3.3.1.3, 3.3.5, 3.3.6, 3.3.7.1, 3.3.7.2 and 3.3.7.8 of the Description of the Corporation's Business chapter in the 2020 Annual Report, the immediate report published by the Company on March 24, 2021 (Reference No.: 2021-01-042624), Notes 6(d) and 6(h) in the Company's Financial Statements as of September 30, 2022, as well as immediate reports published by the Company on February 16, 2021, March 6, 2022, April 3, 2022, July 27, 2022, August 8, 2022, and August 21, 2022 (Reference Nos. 2021-01-018453, 2022-01-022086, 2022-01-035163, 2022-01-077409, 2022-01-099826, and 2022-01-105817 respectively), which are included herein by way of reference.

4.7.6 Ratesti Project

For details regarding the agreement for the purchase of the rights in Ratesti Solar Plant SRL and the cooperation agreement and management agreements with Econergy, see immediate reports published by the Company on May 27, 2021 (Reference No. 2021-01-031756), July 4, 2021 (Reference No. 2021-01-110811) and November 7, 2021 (Reference No. 2021-01-094738), which are included herein by way of reference. As mentioned during the Report Period, the project was connected to the electricity grid, and at this time it is in the running period.

4.7.7 Acquisition of projects in Romania

On May 2, 2022, Nofar Europe entered into an agreement to purchase the entire share capital of corporations engaged in the initiation of a solar project in Romania (Iepuresti project), with a

capacity of approximately 169 megawatts at the time they reach the “ready to build” stage. On May 16, 2023, the project purchase transaction was completed. For additional details, see immediate reports published by the Company on May 3, 2022 and May 17, 2023 (Reference No.: 2022-01-044202 and 2023-01-044884), which are included in this Report by way of reference.

On July 14, 2022, Nofar Energy entered into an agreement for the purchase of all of the shares of a corporation engaged in the initiation of a solar project in Romania (Corbii Mari), with an estimated capacity of approximately 225 megawatts, located in close proximity to a high voltage line that allows the direct flow of the electricity produced by the project to the high voltage line. On December 6, 2023, the project purchase transaction was completed. For additional details, see immediate reports published by the Company on February 17, 2023 and December 6, 2023 (Reference No.: 2022-01-074874 and 2023-01-133533), which are included in this Report by way of reference.

On November 8, 2022, Nofar Europe BV entered into an agreement for the purchase of the entire share capital of a corporation engaged in the initiation of the Salvari project in Romania (Ghimpati project), with an estimated capacity of approximately 130 megawatts located in close proximity to the Lepuresti project and intended to be connected to the above-mentioned project's power grid. On July 11, 2023, the project acquisition transaction was completed. For additional details, see the immediate reports published by the Company on November 9, 2022 and July 12, 2023 (Reference No.: 2022-01-108339 and 2023-01-065881), which are included in this Report by way of reference.

On January 12, 2023, Nofar Europe BV entered into an agreement to purchase the entire share capital of a corporation engaged in initiating a solar project in Romania (Slobozia project), with an estimated capacity of approximately 72 megawatts. In 2024, the acquisition of the project was completed. As of the Report Date, most of the approvals required to start the construction work were received and the Company is preparing for the start of its construction.

4.7.8 Cooperation with the Milgam Group

On May 30, 2022, the Company entered into a strategic cooperation agreement with the Milgam Group Ltd. regarding the establishment of a partnership that will operate in the production and sale of electricity using renewable energies, an energy storage system and electricity supply in the public sector, as well as in the installation and operation of charging stations for electric vehicles.

On August 8, 2022, the transaction was completed and accordingly the Company invested an amount of approximately NIS 63.3 million against the issuance of shares in Nofer Milgam Ltd. (currently Enova Energy), which are used to finance the joint activity in the field of energy and charging stations. After the use of this amount, each of the parties will make available their part for the financing that Nofar Milgam Ltd. will require. For additional details about the activity of

Enova Energy, see Section 4.4.1 above.

4.7.9 Increasing the holdings of Noy Nofar Renewable Energies Europe Limited Partnership

On December 28, 2022, the Company entered into an agreement with Noy Funds, Noy Nofar Renewable Energies Europe Limited Partnership and its general partner regarding the purchase of 12.5% of the rights in Noy Nofar Europe Limited Partnership and its general partner, and obtained control with holdings of 52.5% of the rights in them. For additional details, see the immediate reports published by the Company on December 29 and 31, 2022 (Reference No.: 2022-01-123948 and 2022-01-124926, respectively), which is included in this Report by way of reference.

At the time of completion of the transaction, a new partners agreement between the Company and Noy Fund entered into force, which replaced the previously signed partners agreement (detailed in Section 6.17.4 of the Company's Prospectus, while the information mentioned in it is provided in this Report by way of reference) and which regulates the management of Noy Nofar Europe and the relations of the parties as partners in Noy Nofar Europe, as follows:

- (a) As part of the agreement, it was determined that Noy Nofar Europe will engage in the promotion, holding, financing, development, construction and operation of the Olmedilla, Sabinar, Sunprime projects, other projects for generating and storing electricity promoted by virtue of dedicated regulations in Spain (Spanish hybridization regulations) regarding the connections of the Olmedilla and Sabinar projects, as well as renewable energy projects on land located near the Olmedilla and Sabinar projects for which a lease agreement was signed (hereinafter: the **"Additional Projects"**).
- (b) Shortly after the completion date, the parties will work to transfer Noy Nofar Europe's holdings in Sunprime to a dedicated partnership that will be held by the Company and the Noy Fund in equal proportions (50:50) and will be jointly managed by the Company and the Noy Fund. On the date of completion of the aforementioned split, the Noy Fund will pay Nofar the amount attributed in consideration for the purchase of 2.5% of Noy Nofar Europe's holdings in Sunprime plus 2.5% of additional investment amounts that will be made in Sunprime from the date of completion of the transaction until the date of completion of the aforementioned split, if any.
- (c) The General Partner's board of directors will appoint five members: three will be appointed by the Company and two by Noy Fund. In the event of a change in the holdings of the parties, each holding of 20% of the rights in the General Partner will confer a right to appoint one director, while the directors will have voting rights according to the holding rate of the shareholder who appointed them.
- (d) Resolutions in the General Partner will be made by a simple majority except for extraordinary resolutions as detailed below, which are subject to the unanimous consent of the authorized

bodies in the General Partner: transactions with any of the Limited Partners or a party related to them, a change in the field of activity of Noy Nofar Europe or any of the investee corporations, including investment in a project other than wind or solar (including storage), a change in the capital structure of Noy Nofar Europe or the investee corporations, a change in the incorporation documents of Noy Nofar Europe, a change in the distribution policy, cessation of activity, merger, liquidation, freezing of procedures, etc. of Noy Nofar Europe or the investee corporations, as well as approval of a sale of material assets at a price lower than the value stipulated in the agreement.

- (e) The financing of Noy Nofar Europe's activities will be primarily from its independent sources or from financing received from a banking or financial institution without the provision of collateral. To the extent that it is not possible to obtain external financing, the financing will be provided by the partners in accordance with the instructions below: (a) Regarding financing necessary to complete the Olmedilla, Sabinar, Sunprime projects (including payments under the financing agreements, PPA, EPC) as well as the development of the additional projects - each party will provide his share in the financing (i.e. the Company 52.5% and Noy Fund 47.5%). A party that does not provide its share by the dates stipulated in the agreement will be diluted in accordance with a dilution mechanism that includes payment of penalties stipulated in the agreement; (b) Regarding financing for various purposes in the amounts and minimum EIRR stipulated in the agreement or for purposes approved by the General Partner by unanimous consent - each party will be entitled to provide its share in the financing (i.e. the Company - 52.5% and the Noy Fund - 47.5%). A party that does not provide its share by the dates specified in the agreement will be diluted in accordance with the dilution mechanism specified in the agreement; (c) With regard to financing that does not meet one of the alternatives in paragraphs (a) and (b) - Nofar may provide a loan to the partnership at an interest rate that is the same as the yield of the project for which the financing was provided as stated, when Nofar will be entitled to the cash flow resulting from the project and bear all the exposures for that project.
- (f) The agreement includes a dividend distribution policy, according to which all free cash flow, taking into account the financing needs of Noy Nofar Europe, will be distributed to the partners. The agreement also includes provisions regarding the right of first refusal and the right of accession in the event of the sale of Noy Nofar Europe shares by any of the parties. Also, during 30 days after two years have passed from the date of signing the agreement (i.e. - on January 1, 2025 and January 31, 2026) and then in every 30-day period after the passage of another 12 months (i.e. - every year between January 1 and January 31) as well as during 30 days from the date on which the Company notifies the Noy Fund of the sale of the Company's holdings in Noy Nofar Europe or a new controlling owner of the Company, the Noy Fund will be entitled to notify the company of its desire to sell the holdings in the

corporations held by Noy Nofar Europe and the minimum sale amount that it estimates can be received for the sale of the entire holdings as stated (hereinafter: the "**Exercise Consideration**"). In the aforementioned case, the Company will have the right to inform the Noy Fund whether it wishes to (a) exercise the right of first offer available to it and acquire the full holdings of the Noy Fund in Noy Nofar Europe for an amount equal to the multiple of the rate of holdings of the Noy Fund in Noy Nofar Europe for the Exercise Consideration; or (b) act together with the Noy Fund for the sale of Noy Nofar Europe assets against consideration that will not be less than the Exercise Consideration and the distribution of the consideration among the partners. As long as the company does not announce its choice of one of the two alternatives, the Company will be seen as having chosen to act for the sale of Noy Nofar Europe's assets and the distribution of the proceeds between the partners. To the extent that the Company decides to act to exercise Noy Nofar Europe's assets, then Noy Nofar Europe will enter into a management agreement with the Noy Fund regarding the provision of management services in relation to the sale of all of the partnership's assets for a consideration that will not be less than the Exercise Consideration.

4.7.10 Acquisition of the first storage project in Germany

On October 22, 2023, the Company entered into an agreement to enter a battery storage project in Germany that is nearing construction (the Kyon project), which has permission to connect to the electricity grid with a total power of 104.5 megawatts, and a storage capacity of 209 megawatt hours, and in December 2023 the transaction was completed.

For additional details, see immediate reports published by the Company on October 22, 2023 (Reference No.: 2023-01-117630), and December 31, 2023 (Reference No.: 2023-01-118153), which is included in this Report by way of reference.

In addition, during the years 2024 and 2025, the project company entered into construction agreements (BoP), battery procurement, provision of maintenance services for the project, a tolling agreement, and a financing agreement. For details regarding the terms of these agreements, see Sections **Error! Reference source not found.** and 3.3.1.1 above.

4.7.11 Acquisition of the first utility storage project in the US

On March 14, 2025, a 90%-owned subsidiary of the Company entered into an agreement for the acquisition of two utility-scale storage projects in Texas, USA, with a total capacity of approximately 350 megawatts. For details regarding the purchase agreement, see Section 3.3.1.1 above. For details regarding the costs of the projects, their expected completion date and the results of their activities, see Section 1.4 of the Board of Directors' Report.

4.8 Environmental risks and their management

4.8.1 Aspects related to environmental protection

Environmental quality aspects related to the Group's activities may be in regards to the design of the photovoltaic systems and the storage systems, the replacement of the asbestos roofs on which the systems are erected and the removal of wear and tear of their components at the end of their activity.

As part of the statutory furthering of the establishment of ground solar systems and on top of reservoirs and large storage systems, environmental considerations and the impact of the systems on the environment are considered, including in terms of land utilization and landscape-environmental impact, treatment of animals, water pollution, soil pollution, visibility, noise, etc. Dismantling asbestos roofs in Israel are carried out in accordance with the provisions of the Law for the Prevention of Asbestos and Harmful Dust, 5771-2011, by an asbestos contractor with an appropriate license and after receiving demolition and clearance permits from the Ministry of Environmental Protection.

The storage systems used by the Company are based on LFP (Lithium Iron Phosphor) technology batteries. To the best of the Company's knowledge, this compound is considered the safest of all existing lithium batteries. However, there is a risk of the batteries catching fire, which may be caused by uncontrolled discharge/charging and heating. To the best of the Company's knowledge, all battery packs are cooled and monitored to prevent combustion of any kind and, if necessary, the system stops its operation to prevent overheating that could cause a fire. Should such a fire occur, the cases are built in such a way that they contain the fire inside them and can let the cells burn safely and without causing damage to the environment. In addition, Tesla systems are based on liquid cooling in a closed system that is remotely monitored for any leaks. In addition, the system contains a reservoir for absorbing the aforementioned liquids.

Regarding the wear and tear of the system components in Israel, within the framework of the Law for Environmental Treatment of Electrical and Electronic Equipment and Batteries, 5772-2012, an obligation was established for the owner of electronic equipment and batteries that is not from the private sector to contract with a recognized implementation body for the disposal of the equipment waste in its possession. The Company estimates that as long as there is no change in the law above, the implementation of this obligation will not involve a substantial cost to the Company.

4.8.2 Description of environmental risks

As of the Report Date, the Company is not aware of material environmental risks that have or are expected to have a material effect on the Group, or of legal provisions in the field of environmental risks that have material consequences for the Group and its activities.

4.8.3 Legal provisions relevant to the Group's activities

To the best of the Company's knowledge, the provisions of the law regarding environmental risks are mainly relevant when initiating the systems (in different countries, the Group is required to

carry out various environmental surveys as a condition for obtaining the permits, setting up the systems and dismantling them as detailed above. These surveys are part of the project development costs) as well as when disassembling the parts of the system at the end of the period.

4.8.4 Environmental Risk Management Policy

The policy of the Group Companies in managing environmental risks focuses on adapting the Company's activities to the legal requirements regarding environmental risks, in order to minimize possible negative effects on the activities of the Group Companies. In addition, as part of the ESG policy, the Group has adopted procedures that include checks on the Group's main suppliers' compliance with accepted ESG requirements. Environmental risk management is carried out by the country managers in each territory who carry out ongoing monitoring of the regulatory developments concerning the activities of the Group Companies, including in the area of environmental risks in a manner consistent with the provisions of the law.

4.8.5 Climate risks

The Group's companies are able to generate electricity in renewable energy systems (based on solar energy), and the Group's revenues from the sale of electricity as mentioned are largely affected by weather conditions (radiation level and hours of radiation, temperature conditions and other climatic parameters). Excessive cloudiness and weather conditions that are not optimal may significantly affect the output of the solar panels in a certain season, and as a result - the Group's income. Additionally, extreme weather conditions affect the revenues of storage projects. In addition, extreme climate change and natural disasters could have an impact on the Group Companies' revenues and operating results. In order to deal with climate risks, the Group companies take the following measures: (a) During the planning stage of the facility and the selection of the appropriate area for its construction, the Company examines, among other things, the weather conditions at the relevant location; (b) the Company's facilities are geographically dispersed, in a manner that spreads the risk of extreme climate change and natural damage to a certain extent; (c) Most of the Company's facilities generally have insurance coverage for natural damage.

4.8.6 Legal proceedings

As of the Report Date, the Company or its officers are not party to legal proceedings (including substantial legal or administrative proceedings) related to the environmental protection. Also, the Group Companies were not a party to the aforementioned procedure. In addition, as of the Report Date, no amounts were settled or provisions recognized in the Financial Statements and there were no other environmental costs were applicable to the Group Companies.

4.9 Limitations and supervision over the corporation's activity

The activity in the field of renewable energy is subject to the approvals of various regulatory bodies and institutions, such as: local authorities, system administrator, the electric company (in Israel), the administrator of the local distribution grid, planning and construction bodies, various government ministries (such as the Ministry of Agriculture, the Ministry of the Interior and the Ministry of Defense) and decisions, procedures and standards adopted by the operating bodies on their behalf, which are required mainly before the construction of the facility and the beginning of its commercial operation.

The regulatory framework on which the Group's activities in Israel are based is the legislation relevant to the electricity sector through the Electricity Law, 5714-1954, the regulations and rules issued pursuant thereto, as well as the decisions of the Electricity Authority, including standards books and decisions of the Government of Israel and the Ministry of Energy and Water.

Below is a concise overview of the additional regulation that exists in the field, as of the Report Date:

4.9.1 Regulation of real estate rights and receipt of construction permits

The establishment of ground solar systems and large electricity storage systems are subject to regulation in the land on which the systems are erected (proof of ownership in the land, lease right or rental right), depending on the extent to which the system is promoted.

In addition, the Group Companies are required to obtain the approvals required to change the land use and obtain building permits (Planning Permission, Spatial Plan, Location Decision, Zoning Plan, Building permits, etc.), which vary from country to country. In order to obtain such approvals, the project companies are required to submit appropriate applications and perform various surveys in relation to the real estate, including an environmental survey, soil survey, water survey, etc.

4.9.2 Connection confirmations

The establishment of solar systems and storage systems is subject to obtaining the approval of the transmission grid and/or the distribution grid (depending on the size of the system), to connect the system to the electricity grid (answer from the distributor). Obtaining such permission is subject to submitting a request for connection (Grid Connection Application), and in some countries also depositing a guarantee, and entering into a grid connection agreement that regulates the date of connection, the size of the connection, connection costs, required investments in the electricity grid, limitations regarding the flow of electricity into the grid and the conditions of the connection.

4.9.3 The System Operation

The operation of the system in the various countries is also subject to various conditions, including meeting the requirements of the system administrator, obtaining a production license, etc.

4.9.4 Regulation of activity in the electricity sector in Israel

The Company's activity is subject to the provisions of the Electricity Sector Law for decisions and regulations published by the Electricity Authority (responsible for the regulation of the electricity sector in Israel), from time to time. Until a few years ago, the electricity sector in Israel was almost exclusively controlled by the IEC, which is defined, according to the Electricity Sector Law, as an "essential service provider", being the administrator of the system, and the owner of the electricity transmission and distribution grid in Israel.

Over the past few years, a comprehensive reform in the electricity sector market has been approved, which includes: separating the administration of the electricity system from the IEC and transferring it to a government company (System Management Company Ltd.); Reducing the volume of activity of IEC in the production segment; increasing the production capacity of private electricity producers by establishing private power plants, privatizing IEC's power plants and selling potential areas for the establishment of additional production sites; opening regulatory barriers²⁰⁶; increasing production quotas in renewable energy; opening the electricity supply segment to competition; the possibility of setting up systems operating under different regulations in one place of consumption, the market regulation (which allows electricity producers to sell electricity directly to suppliers or at SMP rates (half-hourly marginal price) for feeding electricity into the grid), changing the groups of demand hours and rates in order to incentivize consumers to consume electricity during the hours where is no high demand for consumption,²⁰⁷ etc. According to the publications, the purpose of the reform is to bring about a concentration of effort by the Electric Company in the development of the transmission segment, which has been underdeveloped in the last decades, and which, in the Company's estimation, constitutes one of the significant barriers in the development of the electricity sector based on renewable energy in Israel.²⁰⁸

4.9.5 Licensing of contractual engineering works and electrical works

The construction and maintenance activities include engineering and contracting works. The Civil Engineering Contractors Registration Law, 5729-1969, establishes licensing requirements and registration in the contractor's register of construction engineering works that exceed the financial scope or professional nature of the field as stipulated in the Regulations. For the purpose

²⁰⁶ For example, the removal of barriers in relation to the transmission grid, which enables the connection of renewable energy power generation facilities at high voltage.

²⁰⁷ For more details, see Electricity Authority decision No. 63609 - Update of demand hour files.

²⁰⁸ As of the Report Date, connecting systems to the electricity grid is conditioned, among other things, on a free place for them in the electricity grid. In view of the limitation of the electricity grid, at times, in an area where several electricity producers operate (including renewable energy facilities), the Electricity Company provides a limited positive answer or a negative answer, which limits or does not allow the connection of the facility, since the grid in the area where they wish to connect the system is fully occupied.

of carrying out the activity of building the systems, the Company holds a valid license that is renewed from time to time (the current license is valid until the end of 2024) and is registered in the contractors' register from April 2017, according to the classification of contractors 1 and 2 of group A in the branch of electricity and communication in buildings (160) and in the branch of solar energy installations and photovoltaic cells (191).

As for the vehicle charging systems, their operation is also conditional on an electrician's inspection (certified according to the provisions of the Electricity Regulations (Licenses), 5745-1985) prior to commercial operation and at least once every six years).²⁰⁹

The Electricity Law, 5714-1954 requires the possession of a license for the purpose of performing electrical work. In order to carry out the construction and maintenance of the systems, the Company's contractor's license permits it to engage in electrical and communication work in buildings and solar energy facilities based on the skills of two employees. In addition, the Company uses the services of subcontractors who hold the required licenses.

4.9.6 Work safety regulation

As part of the construction and operation services that the Group Companies provide, they may be subject to the occupational safety laws that apply to the performance of relevant work, as well as the orders and regulations established pursuant to them, including the Occupational Safety Ordinance (New Version) 5730-1970 (hereinafter: the **"Safety Ordinance"**), the regulations and orders published pursuant thereto, the Labor Inspection Organization Regulations, etc., relating to safety aspects at work, including work at height, construction work and electrical work, the requirement to appoint a safety committee, a safety supervisor and a professional manager in the various projects. In accordance with the provisions of the Safety Ordinance, the Company entered into an agreement with a third party that provides the services of a safety officer.

In addition, the Company, as the owner of systems under construction, ensures that the contractors in its facilities operate in accordance with the safety regulations applicable in the country of operation.

4.9.7 Business licenses

In accordance with the Business Licensing Order (Businesses that Require Licensing), 5773-2013, power plants are required to have a business license. According to the Electricity Sector Law, a power plant is a facility used to produce electricity with a capacity exceeding 5 megawatts.

4.10 Legal proceedings

²⁰⁹ For more details, see the Electricity Authority's Guidelines - instructions for installing a charging system for an electric vehicle (November 19, 2019).

During the Report Period, one of the minority shareholders in Blue Sky filed lawsuits in a California court against Blue Sky, Nofar USA, the Company, and officers of the Company in Blue Sky regarding representations made to him regarding the purpose of acquiring Blue Sky, the manner of managing Blue Sky, etc. As part of the lawsuit, monetary compensation and declaratory relief were sought, including a request to purchase his holdings at fair value and monetary compensation based on proof of damages. At the same time, Nofar USA and Blue Sky filed claims against the minority shareholder for breach of representations under the Blue Sky acquisition agreement and breach of fiduciary duty by the minority shareholder. In addition, as of the Report Date, legal proceedings are being conducted between Blue Sky and the companies it owns and the construction contractor of several projects it owns, which to the best of the Company's knowledge is owned by the same minority shareholder, in connection with several projects constructed by the construction contractor owned by the minority shareholder. Given the preliminary stages of the procedure, as of the Report Date, the lawyers are unable to assess the prospects of the lawsuit.

4.11 Business strategy and objectives

Nofar Energy is committed to positioning itself as one of the leading players in the renewable energy sector, with an emphasis on **organic growth and a focus on markets with high return potential**.

The Company's operating model is based on **local platforms**, which combine **initiation, development, establishment, operation and financing** capabilities in the markets in which the Company operates. The Company's strategy focuses on three main segments:

- **C&I** - Industrial and commercial sector, characterized by highly profitable projects and guaranteed long-term income.
- **Electricity storage** - a strategic growth engine in which the Company has developed knowledge, which allows the integration of storage systems in existing and new projects, and constitutes an enabler for the development of renewable generation projects.
- **Utility Solar** - Activity focused on initiating, developing, constructing and maintaining large-scale solar projects.

The Company's business strategy is based on several key principles:

1. **Focusing on profitable segments with rapid growth potential** – storage and C&I, in which the Company has a distinct competitive advantage.
2. **Activity in selected markets** – where optimal market conditions exist, including significant growth potential and expectations of high profitability in relation to risk.
3. **Creating alternative sources of capital** – through value-adding platforms and projects to support accelerated growth.
4. **Management** – Synergistic management between the platforms and the Group's management,

with a clear and effective division of responsibility.

The goals detailed in this section above, regarding the Company's strategy of operation, are forward-looking information, as defined in the Securities Law, based to a substantial extent on the Company's expectations and assessments regarding economic, sectoral and other developments, and their integration into these. These goals may not be realized or may be realized differently, including materially, from the Company's estimates listed above, due to factors beyond the Company's control, such as: difficulty in locating funding sources necessary for the development of the Company's activities, difficulty in establishing systems of the various types, difficulty in locating partners, difficulty in locating land to establish systems, the failure to obtain the approvals required for the establishment of the systems, difficulty in communicating with various parties necessary for the implementation of the Company's plans and goals, the non-publicization of competitive procedures for the establishment of systems, changes in regulations, electricity rates, transportation issues, the costs of establishing the systems, the continuation of the Iron Swords war and the consequences, the continued challenges of transportation on the Red Sea, in a way that will bring the Company to the conclusion that there is no economic feasibility for the implementation of the strategies listed above, etc. or that the existence of one of the risk factors listed in Section 4.14 below occurred.

4.12 Expectation of development in the next year

In accordance with the Company's growth strategy, the Company intends to focus in 2025 on establishing projects of significant scope, in parallel with the possibility of adding value through the sale of rights in projects or taking project financing.

Establishment and development goals

- **Project completion** – Construction of solar projects and storage projects on a significant scale.
- **Rate fixing** - rate fixing for projects in various countries through PPA, Tolling, CFD and Capacity Market agreements.
- **Continued development within existing platforms** - while focusing on the profitable and growing markets in which the Company operates.
- **Financing new projects** – Completing **project financing** for unfunded projects that are in the construction or commercial operation stages.
- **Refinancing consideration** - Active management of the capital structure, including the possibility of **refinancing** to improve debt terms and attract additional capital to finance future growth.
- **Partner introduction and asset realization** - Realization of value by introducing partners to platforms / projects / selling assets to create internal sources of capital to support the Company's growth and improve the risk management system.

The expectation of the development in the upcoming year, as set forth above, is forward-looking information, as this term is defined in the Securities Law, based significantly on the expectations and assessments of the Company regarding the realization of its business plan. These plans may not materialize or materialize in a materially different way than predicted by the Company, among other things due to factors beyond the Company's control, such as: difficulty in locating sources of funding necessary for the development of the Company's activities, difficulty in setting up the various types of systems, difficulty in obtaining the approvals necessary to set up the systems, changes in the regulations, changes in electricity tariffs, in the costs of setting up the systems, delays in the publication of competitive procedures, transportation costs, difficulty in identifying potential partners or purchasers, failure to reach an agreement with potential purchasers, investors or financiers, changes in electricity prices, changes in demand for renewable energy projects, continued crisis in the Red Sea, the continuation of the Iron Swords War and its consequences and so on, in a way that will bring the Company to the conclusion that there is no economic feasibility for the establishment of the systems, etc., and/or that there is a concern of the realization of some of the risk factors in Section 4.14 listed below.

4.13 Financial information regarding geographic areas

For details about financial information broken down by geographic regions, see Note 31 in the Company's Financial Statements.

4.14 Discussion of risk factors

4.14.1 Macro-economic risk factors

4.14.1.1 Lack of funding sources and changes in interest rates - A necessary condition for the establishment of an electricity generation system and its commercial operation is the ability to raise credit, senior debt or mezzanine, which are required for the establishment of the systems. Therefore, the macroeconomic conditions of the economy in general and the credit market in particular, have a substantial effect on the Group's ability to raise debt. A slowdown in economic activity in Israel and/or in Europe and/or in the US and/or restriction of credit, for any reason, by banking corporations or institutional entities in Israel and/or in Europe and/or in the US, which provide the bulk of the senior debt of the Group Companies necessary to establish the systems for electricity generation, as well as an increase in the financing rates, could constitute a barrier to the ability to establish the systems for electricity generation and the realization of the Company's plans, or harm the viability of establishing the projects.

4.14.1.2 Exposure to changes in exchange rates - As of the Report Date, the Company is engaged in initiating systems in Israel, the USA, Spain, Poland, Germany, Romania, Italy, the UK, Serbia, and Greece, and is also considering entry into other territories.

Most of the investments in these countries are made in dollars or euros and some in the local currency (NIS, dollars, euros, pounds, zlotys, Laos, Kornots, dinars, etc.). On the other hand, the revenues in these countries are expected to be received in the local currency, while at the time of the report the Company's funding sources are in NIS. Also, making an investment in foreign currency may create balance sheet exposure for the Company. In addition, as part of the Company's contracting activity, a substantial part of the purchases of system parts are made from suppliers abroad in foreign currencies (mainly dollars and euros). Accordingly, the Group is exposed to changes in the exchange rates.

- 4.14.1.3 [Exposure to changes in the index](#) - Changes in the index affect the costs of setting up and maintaining the various systems, which affects the profitability of the various projects. In addition, an increase in the index affects the Company's financing costs. The Group Companies have several facilities in Israel for which the income from electricity is at a rate that is updated once a year in accordance with changes in the consumer price index. In addition, there is a certain compatibility between the increase in the index and the increase in electricity prices. On the other hand, the rate paid for some of the systems owned by the Group Companies is fixed and is not linked to the index, which creates exposure for the Company to an increase in the index.
- 4.14.1.4 [The state of the economy](#) - Due to the nature of the Group's activity in the field of electricity production, a slowdown in economic activity, the state of employment, the state of the capital markets, changes in government policy and the policies of central banks in the various policies in which the Company is active, may adversely affect the results of the Group's activities. In addition, the state of the global economy and the state of the markets in Israel, the USA and Europe may affect the Company's share price and its ability to raise capital and financing for its operations.
- 4.14.1.5 [The increase in input prices](#) - The increase in the price of inputs (including the prices of photovoltaic panels, trackers, shipping costs, and storage components) may have an effect on the increase in the price of the raw materials used to manufacture the Company's systems and, as a result, on the price at which the Company will purchase its systems from the manufacturers and suppliers. Any such change may affect the Company's cash flow in the future and has the potential to affect the economic viability of purchasing and establishing the systems or their components.
- 4.14.1.6 [Global changes in the supply chain and shipping costs](#) - Significant global changes such as delays in the supply chains, delays in shipping times due to closures, weather, etc., an increase in shipping costs, wars, trade wars, and epidemics may lead to higher prices for raw materials, higher shipping costs, and delays in

shipments that may lead to delays in establishing the Company's projects and to a decrease in their profits. In this context, it should be noted that the developments in the last few months in the Red Sea region may cause an increase in transportation costs and delays in the supply of system parts.

4.14.1.7 The security situation in Israel - A deterioration in the security situation in Israel could negatively affect the ability to initiate new projects in localities exposed to security risks. Also, a security incident in Israel may cause damage to the systems owned by the Group Companies in Israel. In addition, a significant security deterioration could cause the diversion of budgets from the field of renewable energy in Israel to other areas and thereby damage the scope of the market. It should be noted that the 'Iron Swords' war had an immaterial effect on the Company's activities, and this is mainly in light of the fact that today most of the Group's activities are focused outside of Israel.

4.14.1.8 Gas and oil prices - A drop in gas and oil prices could have a negative impact on the viability of investing in the renewable energy sector, and cause the solar energy sector to be a more expensive and less economically attractive alternative (and vice versa). However, in light of the fact that the promotion of photovoltaic systems is carried out as part of a policy to reduce greenhouse gas emissions, in the Company's estimation this risk is not material in the Group's areas of activity. In addition, a decrease in gas and oil prices leads to a decrease in electricity prices, and accordingly in the Company's revenues from the various projects.

4.14.1.9 Trade war and tariffs - As detailed in Section 3.4.3 above, after the change of administration in the US in 2025, the new US administration initiated a policy of imposing various tariffs, including on iron and aluminum products, and on imports of products from Mexico, Canada and China. In response, Canada and China imposed tariffs against the US, and the European Union announced that it was considering imposing tariffs against American products. The Company estimates that a global trade war, including the imposition of tariffs and retaliatory tariffs, could cause uncertainty and changes in the US and global economies, and cause, among other things, changes in the macroeconomic situation and increases in input, raw material and supplier prices.

4.14.2 Industry risk factors

4.14.2.1 Failure to publish quotas and failure to win competitive proceedings - The Group's activities in Israel and Italy depend to a significant extent on the publication of quotas and competitive proceedings by the relevant authorities. Non-renewal of quotas, failure to win or cancellation of competitive procedures may adversely affect

the Group's goals in various countries, its plans and its business strategy. In this context, it should be noted that in light of the transition to the "market model," this risk has decreased significantly compared to the market in Israel.

4.14.2.2 Changes in the regulatory environment - As mentioned above, the Group's activities in the various countries are subject to the regulations and the obtaining of the regulatory approvals required to establish systems (connection approvals, construction permits, compliance with environmental requirements, etc.). The field of renewable energy is a developing field and therefore the regulation will continue to develop with it and even change and affect the Group's activities. Therefore, the realization of the Company's plans as well as its revenues are exposed to changes in the regulatory environment.

4.14.2.3 Dependence on obtaining permits and approvals - In order to establish electricity production systems, it is necessary to carry out work and obtain all the relevant approvals and permits from the various authorities (such as: the Electricity Authority, municipal bodies, electricity company, the manager of the distribution grid or the transportation grid, planning bodies and government offices such as the Ministry of Health, Ministry Agriculture, the Ministry of Environmental Protection, etc.). There is no certainty that all the permits and approvals will actually be granted or will be granted in accordance with the schedules planned for each project. In addition, the aforementioned permits may be subject to various conditions, which may result in the postponement of schedules, the forfeiture of guarantees, a decrease in project revenues or the cost of procedures, until the project becomes unprofitable and at times, even the loss of the connection approval or the cancellation of the quota that the Company won.

4.14.2.4 Electricity Rates - The Company's activity in Europe is based mainly on the electricity rates at the time of entering into electricity sales agreements (PPA) or within a competitive electricity trading market (electricity exchange). Additionally, the Group Companies in Israel have systems that operate by virtue of a net meter arrangement, competitive and default procedures that allow self-consumption of the electricity produced in the facility. The electricity rate paid to the Group Companies operating under these regulations is in accordance with and in relation to the rate paid by the electricity consumers at that time to their electricity supplier (IEC, a private electricity producer). In addition, Blue Sky revenues are based on US electricity rates minus a certain discount. Accordingly, a decrease or increase in electricity rates may damage or improve the Company's income from the sale of electricity as well as the returns of the projects. In this context, it should be noted that after the energy crisis that hit Europe, the years 2021 and 2022 were characterized by the increase in electricity

prices in most European countries, which had a positive effect on project returns. However, 2023 was characterized by a significant decline in electricity prices, and this trend continued throughout 2024. However, in late 2024 and early 2025, high electricity prices were again observed due to the cessation of gas flows from Russia, weather conditions, and a decrease in natural gas reserves across Europe. In addition, in 2022, the Electricity Authority changed the tariff rates and moved the peak hours to hours when solar systems are not active. These changes negatively affects the income and yield of the various projects.

4.14.2.5 [Weather conditions and climate changes](#) -The Group's ability to generate electricity in solar energy systems, and the Group's income from selling electricity as mentioned above, are largely affected by weather conditions (radiation level and hours of radiation, temperature conditions, wind regime and other climatic parameters). Excessive cloudiness, snow, and weather conditions that are not optimal may significantly affect the output of the solar panels in a certain season, and as a result - the Group's income. Accordingly, a substantial change in the climate may have an impact on the revenues of the Group Companies and the results of their operations. Also, extreme weather conditions may also lead to delays in the establishment of projects or in extreme cases to delays in the delivery of the equipment and a temporary shutdown of the power generation systems. In addition, weather conditions may also have an effect on electricity prices, and accordingly on the Company's revenues in the markets where the Company has market exposure to electricity prices.

4.14.2.6 [An increase in the prices of inputs](#) - An increase in the prices of the components used by the Group (including the prices of the photovoltaic collectors, converters, coatings, lithium batteries, etc.), may affect the Group's profitability, and as a result also the economic viability of setting up the systems, as long as there is no correlation between the cost of the components and the rate obtained from the sale of electricity. It should be noted that until 2020 (inclusive) there has been a consistent price drop in the prices of the various components. During 2021, there was an increase in the prices of various components, and starting in 2022, there was a significant decrease in prices. Today, the prices of the Company's main equipment, which are photovoltaic collectors and a storage system, are at historic lows, which significantly reduces the construction costs of the projects.

4.14.2.7 [Delays in component delivery dates](#) - The Group is exposed to disruptions in the delivery of the various system components, as a result of various reasons (such as supply line disruptions, port closures or shutdowns due to security, health and strike events, as well as security events that prevent passage through landlocked routes).

These cases may cause a delay in the establishment of the systems, and accordingly also the non-compliance with schedules. It should be noted that the attack by the Houthis in the Red Sea led to the extension of shipping times from the Far East to Europe, disruptions in the supply of components to Israel, as well as an increase in shipping costs and shipping insurance.

4.14.2.8 Costs of execution contractors and subcontractors - The construction activity of the systems is performed, among other things, through subcontractors. Accordingly, this activity outline exposes the Group to changes in the cost of hiring subcontractors, which may harm the economic viability of the various projects. In addition, the construction of the projects in Europe and the USA is carried out through main contractors (construction and maintenance). Accordingly, this activity outline exposes part of the Group's activities in Europe and the USA to changes in the ownership of the contractors (including their subcontractors), which may harm the economic viability of the various projects in Europe and the USA.

4.14.2.9 Exposure to the scope of electricity consumption and entering into electricity sales agreements with the customers in the area of the system - The Group's revenues from systems operating under consumer regulations as well as Blue Sky's revenues are received from the consumers or system managers in whose consumer areas the systems are installed. Therefore, difficulty in concluding an agreement for the sale of electricity with the consumers located in the system's territory, a decrease in the volume of electricity consumption by the consumer or the customers in the system's territory, the departure of customers or the taking of insolvency proceedings against the consumer, may harm the revenues of the joint project corporation, and accordingly the revenues of the Group. Accordingly, a decrease in electricity consumption, as well as an error in the calculation of the customers' electricity consumption at the time of the establishment of the project, difficulty in entering into an electricity sale agreement and the cessation of the customers' activity may result in a decrease in the revenues received from these systems or in revenues short of the Company's estimates.

4.14.2.10 Substantial customers - As detailed in Section 3.1.6 above, a part of the income of the Group Companies is received from Israel Electric Company, as well as a part of the income of the initiation and investment sector in Europe and the USA is received from TELECOR. There is a risk that in the event of taking insolvency proceedings against the IEC, the income of these companies will be harmed. However, given the importance of IEC to the Israeli economy, the risk that IEC will not repay its liabilities is not high. Also, in the event of TELECOR's insolvency, Olmedilla and Sabinar may be forced to write off the debt towards them. In addition to the aforementioned

event, there may be consequences for the financing agreements of these projects. However, in light of the fact that the payment for the electricity is made every month and that even in the aforementioned case, the project companies will be allowed to sell the electricity in the open market, in the Company's estimation the main risk will be in the writing off of the debt towards the project companies at that time.

4.14.2.11 Violations on the part of the system administrator or an essential service provider -

The flow of the electricity produced in the Group's facilities into the electricity grid and its sale depends, among other things, on the availability of the electricity grid to receive said electricity. Violations on the part of the electricity grid administrator (TSO and DSO), may cause the Group to be exposed for electricity that will not be accepted in the grid and that it is not compensated for.

4.14.2.12 The integrity of the facilities, natural disasters and terrorism -

The Group's income depends on the integrity of its system and the production of electricity from them. Therefore, the Group is exposed to natural wear and tear as well as problems with the integrity of its systems. Also, the Group may be exposed to terrorist incidents, vandalism, accidents, thefts, fires, etc. All of these may cause a delay in planned project schedules, an interruption of production and the flow of electricity to the grid, and additional costs. It should be noted that some of the aforementioned harmful events are supposed to be covered, at least in part, by the various insurance policies or under the responsibility of the construction contractor. In this context, it should be noted that the period of time needed to manufacture and install some of the system components (mainly transformers) is long and may last for many months. Accordingly, in the event of damage to the aforementioned transformer that requires its replacement, there may be an impact on the flow of electricity to the grid and receiving payment for it. It should be noted in this context that during 2023 there was a fire in the substation of the projects in Spain, which caused a temporary stop in the flow of electricity to the grid, until the substation renewal work is completed.

4.14.2.13 Disclosure on real estate issues -

The establishment of electricity generation systems requires the creation of a tie to the land on which the systems are erected and the receipt of various permits and approvals for the purpose of transferring infrastructure and placing equipment required for the Group's systems. The associated costs for the purpose of creating the tie may have a substantial effect on the level of viability and profitability in the projects that the Group promotes. These costs may be substantial in particular within the framework of the activity in Europe, when connecting ground systems in Europe to the electricity grid, from the land on which the system is installed, may require cooperation with adjacent land owners and the establishment of substantial and/or shared infrastructures for the

purpose of connecting the systems to high voltage, including obtaining rights of use from land owners nearby, the transfer of long power lines and the construction of substations for switching from low voltage to high voltage in the electricity grid. Also, damage to the tie to the land intended for the establishment of the Group's systems as a result of the violation of the land agreements by virtue of which the tie is created may cause delays in the construction of the projects or their cancellation. In this context, it should be noted that in accordance with Polish law, in certain cases, in the case of real estate lien enforcement procedures, the lien owner may cancel the lease agreement with respect to the pledged real estate.

- 4.14.2.14 [Non-compliance with schedules for the establishment of solar systems](#) - To the extent that the Group Companies do not meet the schedules for the establishment of solar systems set forth in the various regulations or the dates set in the connection approvals, they may be exposed to the loss of the quota or the connection approval, and sometimes also to the forfeiture of guarantees given by the Group Companies as part of the winning in the competitive procedure or as part of the approval of the connection. Also, in the event of non-compliance with the schedules, additional costs that were not planned in advance may be imposed on the Group Companies, including substantial additional financing costs.
- 4.14.2.15 [Competition](#) - The field of renewable energy continues to develop, and attracts many initiatives, and therefore the competition in the industry is great and is expected to increase. Extensive competition in the industry may negatively affect the Group's ability to win projects, receive production quotas, receive connection approvals, as well as the cost of development, establishment and operation of the projects, and as a result on its plans, revenues, profits and cash flow of the Group. Also, a massive entry of competing solar projects, either through sales at market prices or as part of tariff tenders, in the markets relevant to the Group's activity in which electricity is sold to the grid at market prices, may lead to an effect in which electricity prices during the hours when the Group's solar projects generate electricity will drop more from an average decrease in electricity prices due to the effect known as "cannibalization".
- 4.14.2.16 [Limited manufacturer's warranty, wear and tear, loss of output and equipment repair expenses](#) - The manufacturer's warranty of the equipment used to set up and operate the electricity generation systems is limited (either due to the expiration of the manufacturer's warranty period or due to the non-applicability of the manufacturer's warranty to a certain component) and is often very difficult to enforce. Therefore, control of an event that requires repair and/or replacement of the equipment may create financial costs for the Group Companies at the same time

as loss of income, which may harm the Company's financial results and require the Group Companies to invest significant amounts.

4.14.2.17 Safety - The activity carried out by the Company within the scope of the construction and maintenance activity involves safety risks arising from the performance of contract work, work at height, electrical work, etc. In addition, similar work with similar safety risks is carried out at the various sites abroad. The Company takes the necessary safety measures to prevent work accidents or safety risks and also requires its contractors to act in a similar manner and in accordance with the provisions of the law in the relevant country. However, the occurrence of such events may expose the Company, its employees, and contractors to physical, mental, and financial harm, and may even have a negative impact on the Company's name and financial situation. The Company has insurance policies that cover claims for bodily and property damage, and requires its contractors to purchase such policies. In the event that the insurance policies do not cover those damages, all or part of them, the Group may pay substantial sums to those victims.

4.14.2.18 Competition for the grid resource - The Company's activity in the various territories is characterized by competition in relation to obtaining a commitment for the date of connection to the grid from the authorized party (distribution companies, transmission companies, system administrators, etc.). Not only do these processes involve in most cases the posting of guarantees in large sums, but they have an element of uncertainty regarding the connection date that does not depend on the Company. To the extent that the authorized party does not have the ability to connect the Company's facilities to the grid, then in most cases the commercial operation of the facility will be postponed and accordingly the revenue projections that the Company expected may not be fulfilled. In addition, in the event of the lack of ability to connect to the grid, the Company may be exposed to losses of the funds it paid or the guarantees it posted for the connection costs.

4.14.2.19 Cyber risks - The Company makes regular use of technology, information, communication and data processing systems. Any damage to these systems could expose the Company to delays and disruptions in the supply of electricity produced by the Company's facilities and/or cause damage to the information in the Company's possession. In addition, the Company has various databases (suppliers, customers, partners, payments, employees, etc.) that are used by the Company for its current activities. For the purpose of documenting the databases, the Company uses, among other things, various technology systems. The Company works with the help of various external consultants to protect its various systems against a cyber attack and to preserve the ability to quickly recover in the event of an attack. At the

same time, there can be no certainty regarding the Company's ability to prevent cyber attacks. The occurrence of such an event may have a material impact on the Group's activities. In addition, the Group may be required to bear the costs for the protection of the information systems, as well as for the repair of damage caused by such vulnerabilities, as they occur.

4.14.2.20 Limitations on the price of selling electricity and determining the payment of excess tax for the sale of electricity - the Company's revenues and profits depend on electricity prices. The years 2021 and 2022 were characterized by the increase in electricity prices (mainly in Europe), which had a positive effect on the profits and returns of the projects. Imposing limits on electricity prices and/or excess tax on revenues from the sale of electricity above a certain amount harms the profitability of the projects, the Company's revenues and the returns of the various projects. In this context, it should be noted that in October 2022 the European Union approved temporary regulations (Council Regulation (EU) No. 2022/1854) for the treatment of energy prices, within which it was determined that the member states of the European Union will establish temporary regulations with the aim of reducing electricity consumption and reducing electricity prices. As part of the Council Regulation No. 2022/1854, among other things, a maximum price for electricity was proposed (EUR 180 per MWh) until the end of 2023, as well as targets for reducing the volume of consumption (a 5% decrease). In addition, it was proposed that the member states of the Union would use the surplus revenues from limiting electricity prices to support consumers affected by the increase in electricity prices and to reduce the volume of electricity consumption. Based on Council Regulation No. 2022/1854 provisions were established in several countries in the European Union regarding the limitation of electricity prices. As of the Report Date, the restrictions in some countries (including Spain and Poland) have been lifted, and as of the Report Date, the restriction in Romania is also expected to be lifted during March 2025.²¹⁰ For details, see Section 1.5.7 of the Board of Directors' Report for the third quarter of 2022, which was published on November 30, 2022 (Reference No. 2022-01-115374), which is included in this Report by way of reference.

4.14.3 Unique risk factors

4.14.3.1 Early termination of lease agreements - Some of the systems owned or promoted by the Group are located on real estate owned by the Company's partner in the joint project corporation (owner of the system), or a third party, by virtue of lease

²¹⁰ https://www.euronews.com/next/2022/12/08/energy-crisis-tax?utm_source=chatgpt.com

agreements. Some lease agreements include conditions precedent and conditions subsequent clauses. In addition, the lease agreements can be canceled by any of the parties in cases of material breaches of the lease agreements and in some territories also in the event of the realization of a lien by the land owner. Also, some of the agreements allow the land owners to order the facility to be moved to another area. In the event of the termination of the agreement, the project corporation (owner of the system) is obliged to vacate the land according to the schedule detailed in each agreement. In the case of moving the facility, the owner of the system has to bear the disassembly and assembly costs, which do not necessarily correspond to the compensation received from the land owner. Also, sometimes the conditions of the new location are less favorable than the initial location, which may harm the project's income.

4.14.3.2 Early termination of electricity sales agreements to end consumers - As mentioned above, part of the electricity produced by the Group Companies in Israel, Europe and the USA is sold to consumers (some of them are located near the system and some of them are sold virtually). There is a concern that in the event of the end customer entering insolvency proceedings, or the customer leaving the system area, the project company (the owner of the system that sells the electricity to the consumer) will not be able to collect the full debt towards it. It should be noted that in the Company's estimation, in light of the variety of customers, except in the case of the insolvency of Telecom in Italy, which may result in the write-off of a significant amount of debt for the Group, the insolvency of another customer of the Group is not expected to have a material effect on the Group.

4.14.3.3 Termination of engagement with performance contractors and subcontractors - As mentioned above, the Group's activities in Europe and the US involve contracting with performance contractors to perform all construction and maintenance work (including through their subcontractors). There is a risk that in the event of early termination of engagements with any of the execution contractors, this will cause a delay in the establishment of the systems and/or the Group's profitability. Also, as mentioned above, within the field of construction and maintenance activities, the Company uses, among other things, subcontractors. There is a risk that in the event of early termination of contracts with any of the Group's subcontractors, this will cause a delay in setting up the systems and/or in the Group's profitability.

4.14.3.4 Activities together with partners - The Group's activities are based on cooperation agreements with third parties in Israel, Europe and the USA. Also, most of the photovoltaic systems are set up together with partners. There is a fear that disputes will arise between the Company and its partners in a way that will delay the

establishment of the systems by them. In addition, there is a fear that one of the partners will run into difficulties, which will affect the activities of the Company and the partner.

4.14.3.5 Dependence on tax partners and compliance with the conditions required to receive tax benefits in the US - The establishment of the systems in the US is based on a set of tax incentives that allows the project company to sell to a tax partner some of the tax benefits (ITC) or bring in a tax partner - with significant tax liabilities - who invests in the joint project corporation at the time the project is connected to the electricity grid, in exchange for receiving most of the tax benefits for the project. The non-extension of the regulation, the cancellation of the tax benefits, as well as difficulty in locating tax partners, failure to comply with the requirements or the law, or the tax partner may cause an increase in the equity that the project companies will be required to provide for the establishment of the various projects and even the cancellation of projects, due to damage to returns.

4.14.3.6 Changes in the tax policy - The operating costs of the various projects include various taxes, including municipal or designated taxes for the field of renewable energy. Changes in the tax policy in the countries where the Company operates may affect the profitability of the projects.

Below are the Company's assessments regarding the degree of influence of the aforementioned risk factors on the group:

	Extent of Impact of the Risk Factor		
	Major effect	Moderate effect	Minor effect
Macro-economic risks			
Lack of funding sources and changes in interest rates	X		
Exposure to changes in the exchange rate	X		
Exposure to changes in the index	X		
State of the economy	X		
Input prices costs	X		
Global changes in the supply chain and shipping costs	X		
Security situation in Israel			X
Gas and oil prices	X		
Trade war and tariffs		X	
Industry risks			
Failure to publish quotas and winnings in competitive procedures		X	
Changes in the regulatory environment	X		
Reliance on receipt of permits and approvals	X		
Electricity rates	X		
Weather conditions and climate change		X	
Delays in component delivery dates	X		

	Extent of Impact of the Risk Factor		
	Major effect	Moderate effect	Minor effect
Cost of performance contractors and subcontractors	X		
Exposure to the scope of electricity consumption		X	
Significant customers		X	
Violations by the system administrator or essential service provider		X	
The integrity of the facilities, natural disasters and terrorism		X	
Exposure to real estate issues		X	
Failure to meet schedules		X	
Competition		X	
Limited manufacturer's warranty, wear and tear, and loss of productivity and equipment repair expenses			X
Safety		X	
Competition for the network resource	X		
Cyber risks		X	
Limits on the price of selling electricity and determining the payment of excess tax for the sale of electricity	X		
Unique risks			
Early termination of the lease agreements		X	
Early termination of electricity sales agreements for end consumers		X	
Termination of engagement with performance contractors and subcontractors		X	
Activity together with partners		X	
Dependence on tax partners and compliance with the conditions required to receive tax benefits		X	
Changes to the tax policy		X	

The information regarding the above risk factors and their impact on the company is forward-looking information, as defined in the Securities Law. This information is based, among other things, on the Company's assessments based on past experience and knowledge with the markets relevant to its fields of activity and information on regulatory developments relevant to the Company's fields of activity. The Company may be exposed in the future to additional risk factors and the impact of each risk factor, if realized, may be different than the Company's estimations. As mentioned, forward-looking information is information based on information available in the Company at the time of the report. The actual results may be materially different from the results estimated or implied from this information.

Date: March 30, 2025

O.Y. Nofar Energy Ltd.

Via:

Ofer Yannay, Chairman of the Board of Directors

Nadav Tenne, Co-CEO

Shahar Gershon, Co-CEO

Part B

The Board of Directors' Report



Board of Directors Report on the State of the Corporation's Affairs for the Period Ended on December 31, 2024

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 on the State of the Company's Affairs as of December 31, 2024 (hereinafter: the **"Date of the Statement of Financial Position"**) and for the year ending on the Date of the Statement of Financial Position (hereinafter: the **"Report Period"**), pursuant to Article 10 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. All of the data in this report relates to the Company and the companies held thereby (the Company, its controlled companies, and associates); balance sheet data refers usually to the Company and consolidated investee companies (hereinafter jointly: the **"Group"**), unless stated otherwise.

1. Explanations of the Board of Directors regarding 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 this term is defined in the Companies Law, 5769-1999).

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, electricity supply, 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 solar projects, wind systems and storage systems, 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.

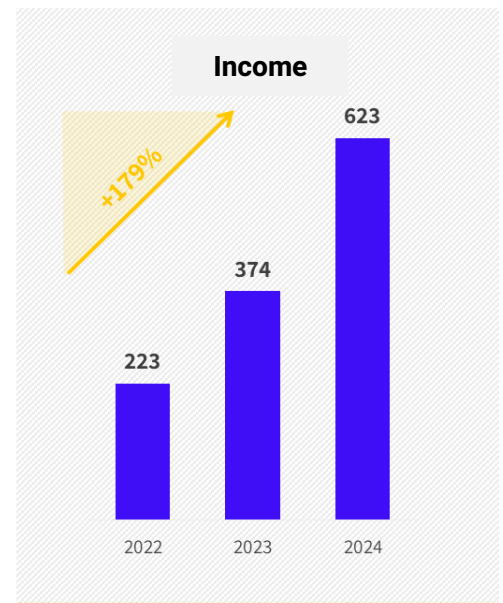
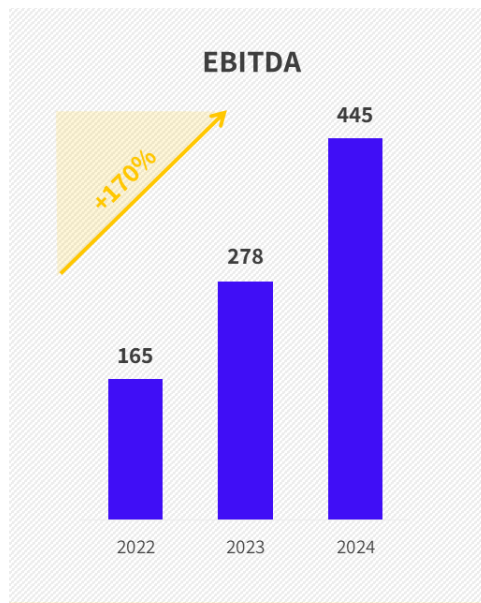
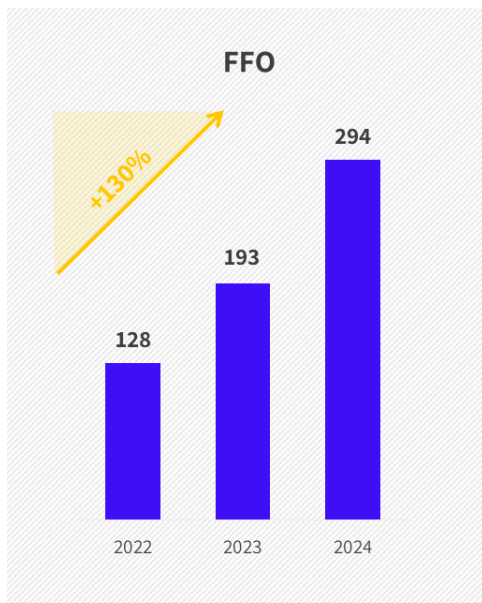
For details about the Company's areas of activity as of the date of the Report, see Sections 1.2.2, 3.1, 3.2 and 3.3 of the chapter Description of the Corporation's Business - Part A of the Periodic Report for the year 2024, as well as Note 31 to the Financial Statements.

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 2024.

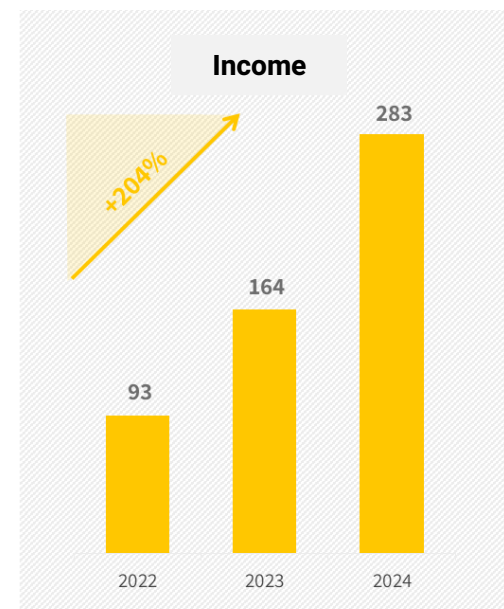
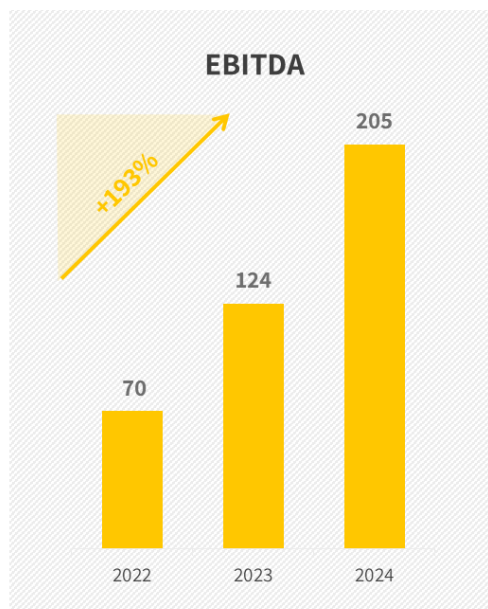
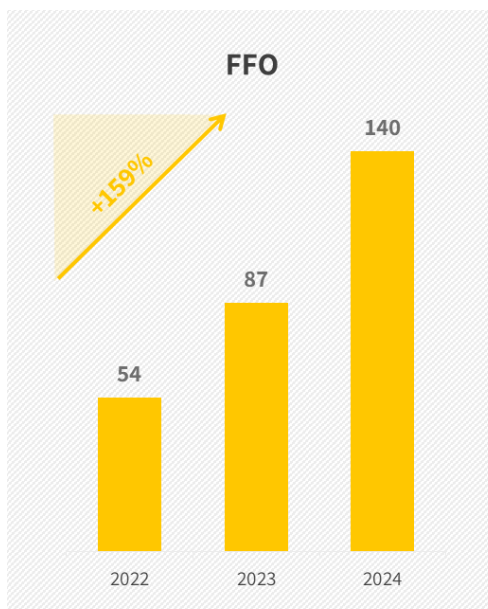
1.3 Key indicators in the Company's activity

Continued significant growth in all parameters

Project financial data, systems in commercial operation, NIS millions, 100%



Project financial data, systems in commercial operation, NIS millions, Company share



1.4 Main data regarding the systems in commercial operation, ready for connection, setup, in advance of setup, advanced development and development

The following tables briefly describe the data of the Group's companies' systems (based on 100%) in commercial operation, ready for connection, setup, in preparation for setup, advanced development, and development:

Projects in commercial operation^(*)

			Israel ⁽¹⁾	USA ^{(5) (6)}	Italy ⁽⁵⁾	Spain ⁽⁵⁾		England	Poland	Romania	Total
						Olmedilla	Sabinar I & II	Buxton ⁽⁸⁾	Krzywinski	Ratesti ⁽⁹⁾	
Rates rage ⁽²⁾ (NIS/kWh, as of December 31, 2024)			0.16-2.5	0.01-1.66	2.8-6.81	0.1-0.77	0.1-0.77	2.219-2.224	0 - 1.49	0.529 - 0	---
Number of systems	Solar	Dec. 31, 2022	1,157	20	25	1	1	---	---	---	1,204
		Dec. 31, 2023	1,399	23	84	1	1	---	1	1	1,510
		Dec. 31, 2024	1,523	28	196	1	2	1	1	1	1,753
	Storage	Dec. 31, 2023	7	---	---	---	---	---	---	---	7
		Dec. 31, 2024	27	2	---	---	---	1	---	---	30
Total installed power (100%)	Solar (MWp)	Dec. 31, 2022	253.7	14.6	19.4	169	155	---	---	---	612
		Dec. 31, 2023	302	15.7	70	169	155	---	20	155	887
		Dec. 31, 2024	329	18	178	169	238	---	20	155	1,107
	Storage (MWh)	Dec. 31, 2023	21	---	---	---	---	---	---	---	21
		Dec. 31, 2024	80	2	---	---	---	60	---	---	142
Total setup costs (in NIS thousands)		Dec. 31, 2022	1,098,753	164,804	65,805	485,263	517,163	---	---	---	2,331,788
		Dec. 31, 2023	1,316,595	189,663	224,384	531,675	575,894	---	76,434	436,393	3,351,038
		Dec. 31, 2024	1,433,533	230,767	645,265	510,712	832,823	127,490	79,547	427,459	4,287,596
Equity balance provided by the Company (NIS millions) ⁽⁷⁾		Dec. 31, 2024	108	62	75	122	151	41	80	92	731
Total senior debt balance (NIS thousands)		Dec. 31, 2022	789,134	75,267	50,145	208,861	---	---	---	---	1,123,407
		Dec. 31, 2023	901,323	72,465	190,727	231,877	302,370	---	---	240,696	1,939,457
		Dec. 31, 2024	1,046,349	67,680	516,212	201,690	461,303	75,476	---	211,372	2,580,082
Balance of the senior debt period, in years (weighted average)		Dec. 31, 2024	17	5	11	14	22	6	---	9	---
		2022	152,258	9,944	5,766	30,721	16,859	---	---	---	215,548

		Israel ⁽¹⁾	USA ^{(5) (6)}	Italy ⁽⁵⁾	Spain ⁽⁵⁾		England	Poland	Romania	Total
					Olmedilla	Sabinar I & II	Buxton ⁽⁸⁾	Krzywinski	Ratesti ⁽⁹⁾	
Income (NIS thousands)	2023	205,602	12,692	18,189	75,906	56,792	---	220	2,451	371,852
	2024	285,746	17,599	54,555	89,817	62,013	4,423	5,584	97,400	617,137
Income from Tax Equity	2022	---	7,629	---	---	---	---	---	---	7,629
	2023	---	2,575	---	---	---	---	---	---	2,575
	2024	---	6,038	---	---	---	---	---	---	6,038
Total income (NIS thousands)	2022	152,258	17,574	5,766	30,721	16,859	---	---	---	223,178
	2023	205,602	15,267	18,189	75,906	56,792	---	220	2,451	374,427
	2024	285,746	23,637	54,555	89,817	62,013	4,423	5,584	97,400	623,175
Total project EBITDA ⁽³⁾ (NIS thousands)	2022	103,271	12,587	4,665	28,693	15,356	---	---	---	164,572
	2023	131,085	9,277	15,143	69,123	51,194	---	115	2,407	278,344
	2024	161,507	18,443	45,920	72,218	47,193	4,142	3,937	92,083	445,443
Total project FFO ⁽³⁾ (NIS thousands)	2022	77,642	8,797	3,749	22,866	15,356	---	---	---	128,410
	2023	376,65	4,279	8,386	57,895	42,975	---	115	2,407	192,710
	2024	89,223	14,647	20,978	64,188	32,193	3,795	3,937	64,864	293,825
Total free flow after senior debt service (NIS thousands)	2022	49,165	4,511	3,749	15,353	15,356	---	---	---	88,134
	2023	34,783	103	8,386	38,457	42,975	---	115	2,407	127,226
	2024	33,245	8,223	4,549	44,858	13,164	3,795	3,937	51,611	163,382
Company's share of the free cash flow after debt service	2024	16,367	8,223	2,388	23,550	6,911	3,605	3,937	25,805	90,786
Rate of the Company's holdings ⁽⁴⁾ , indirectly (weighted average)	Dec. 31, 2022	37%	67%	28.6%	50%	47%	---	72%	50%	46%
	Dec. 31, 2023	40%	67%	32%	50%	47%	---	72%	50%	45%
	Dec. 31, 2024	42%	67%	33%	50%	47%	75%	80%	50%	47%

(*) Projects in commercial operation are projects connected to the electricity grid as of December 31, 2024, 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.

(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 21 years at a rate according to a weighted average) and the average rate was about NIS 0.43 NIS/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 0.3 and 35 dollars per kWh. It should be noted that during the Report Period, the average rate paid to Blue Sky was about 19 dollar cents per kWh for electricity sold to consumers and about 14 dollar cents per kWh produced. As detailed in the Company's periodic report, Blue Sky enters into agreements with tenants of the property for the sale of credit for the electricity supplied to the grid until the end of the tenant's lease agreement.

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 by Sunprime on the free market was about 10 euro cents per kWh. As detailed in the Company's Periodic Report, Sunprime projects operate under the GSE series, which provides a guaranteed rate for a period of 20 years.

The range of tariffs in Spain, Poland, and Romania is due to the fact that the electricity (and in the case of Spain, some of the electricity) is sold on the open market (Merchant) at prices that change every few minutes, depending on the demand and supply of electricity at that moment. As of the Report date, the sale of the electricity of the Olmedilla and Sabinar projects is carried out under PPA agreements for periods of 3-9 years as well as in the open market (Merchant). Furthermore, until October 2024, the electricity sales of the project in Romania, and until August 2024, the electricity sales of the project in Poland, were conducted within the framework of the Balancing Market, pending the receipt of a production license. With respect to the project in Romania – in accordance with regulatory provisions, from the date of completion of acceptance tests with the grid operator until receipt of the production license, the electricity flow to the grid was restricted.

(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 of the companies 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 (income, 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 income and the 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 interest payments 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 income generated by the systems. It should be noted that with respect to projects during their construction period, where interest payments were funded from the project financing proceeds (Buxton and Sabinar II projects), the amount of FFO and free cash flow included only the interest and principal payments made from the project's income (as opposed to interest payments made from the loan facility).

Net cash flow is calculated based on FFO less principal payments on the senior debt loan.

Adjustments to the application of the equity method include the elimination of the Company's and partners' share in each of the indices (income, 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):

	2024	2023	2022
Gross profit	306,392	184,221	106,475
Systems depreciation	139,051	94,122	58,097
EBITDA	445,443	278,344	164,572
Senior debt interest expenses	151,619	85,633	36,162
FFO	293,825	192,710	128,410

It should be emphasized that the project EBITDA presented in the above table is different from the EBITDA used to calculate the 'debt to EBITDA ratio' standard set in the trust deeds of the Bonds (Series B, C, and D) of the Company.

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 the year ended on December 31, 2024:

	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	623,175	(235,539)	387,636
EBITDA	445,443	(160,727)	284,716
FFO	293,824	(94,551)	199,273
Free cash flow	163,383	(44,344)	119,039
Equity profits (losses)	---	---	18,137

For the year ended on December 31, 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	374,427	(131,924)	242,503
EBITDA	278,343	(89,392)	188,951
FFO	192,710	(52,132)	140,578
Free cash flow	127,225	(23,741)	103,484
Equity profits (losses)	---	---	(31,637)

For the year ended on 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 profits (losses)	---	---	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 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 of NIS 3.647 per dollar, and an average exchange rate for the Report Period of NIS 3.69 per dollar, as applicable. The data regarding the systems in Europe are based

on exchange rates as of the Report Date of NIS 3.796 to the euro and an average exchange rate for the Report Period of NIS 4.002 to the euro, as applicable.

- (6) 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 income listed in the table do not reflect the full potential of income from the sale of Blue Sky's electricity.
- (7) As detailed in Sections 3.1 and 3.3.1.1 in the Description of the Corporation's Business chapter, 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.
- (8) With regard to the Buxton Project, it should be noted that the first part of the project commenced a gradual connection in June 2024. However, for most of the Report Period and up to this date, the project operated only partially. The second part of the project was connected in November 2024. In addition, the income includes insurance compensation for loss of income. Accordingly, the above results do not reflect the representative results of the project.
- (9) With regard to the Ratesti Project, it should be noted that the income include a payment in the amount of approximately EUR 7.7 million, as compensation from the construction contractor. It should also be noted that pursuant to Romanian regulations, in December 2024, the project was disconnected from the grid until a production license was obtained, which was received in February 2025. No income was generated by the project during this period.

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

Segment/ project name	Israel		Italy	Poland	Serbia	Total
	PV	Storage	Sunprime	Dziewoklucz I	ADA	
Projected power (MWp)	25.6	---	91.5	19.7	26.6	163.4
Storage capacity (MWh)	---	32.8	---	---	---	32.8
Weighted rate (NIS)	0.35	---	0.31	0.29	0.38	---
Projected annual production hours (KWh/KWp)	1,725	---	1,380	1,133	1,298	---
Expected income for the first full year of operation ^{(5) (6)}	15.7	5.6	39.7	6.5	13.1	80.5
Total projected setup costs ⁽³⁾⁽¹⁰⁾	67.7	16.2	249.5	60.6	75.4	469.5
Equity provided by the Company by December 31, 2024	13	39	—	60	72	184
Projected operating cost for the first year of operation ^{(6) (7)}	2.3	0.5	5.2	1.5	3.0	12.4
Projected EBITDA for the first year of operation ^{(6) (7)}	13.4	5.1	34.4	5.0	10.1	68.1
Predicted leverage rate (senior debt) ⁽¹⁰⁾	85%	80%	82%	53%	56%	---
Projected loan period (years) ⁽⁴⁾	20	20	16	16	7	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	9.5	4.2	24.4	2.7	7.6	48.4
Rate of holdings ⁽⁹⁾	40%	25%	33%	80%	85%	---
Company's share in the cash flow for the first operating year	40%	100%	33%	100%	100%	---
Has senior debt been provided	In relation to some of the projects	No	Yes	No	No	---

Projects under construction or nearing construction as of the Report Date ⁽¹⁾ (financial data in NIS millions)

	Projects under construction							Projects nearing construction					
	Israel		Romania					Italy	Italy		Romania	Israel	
Segment/ project name	PV	Storage	Iepuresti	Corbii Mari (PV)	Ghimpati	Slobozia	Volter	PV	PV	Storage	Corbii Mari (BESS)	PV	Storage
Projected power (MWp)	21.4	---	169.4	265.9	146.0	73.6	178.8	167		---	---	13.3	---
Projected storage capacity (MWh)	---	107.7	---	---	---	---	---	---	---	396.9	120.0	---	34.5
Weighted rate (NIS) for first full year of operations	0.39	---	0.35	0.34	0.35	0.21	0.34	0.29	0.29	---	---	0.30	---
Projected annual production hours (KWh/KWp)	1,725	---	1,403	1,393	1,384	1,540	1,392	1,455	1,455	---	---	1,725	---
Expected income for the first full year of operation ^{(5) (6)}	14.2	18.3	84.1	125.7	71.5	23.3	84.4	29.2	40.5	91.9	22.8	7.0	5.9
Total projected setup costs ⁽³⁾⁽¹⁰⁾	59.6	54.6	489.5	627.7	399.1	222.4	383.3	196.8	273.6	320.2	95.7	53.0	17.3
Equity provided by the Company as of December 31, 2024	6	6	290	129	198	134	74	---		12	---	1	15
Projected operating cost for the first year of operation ^{(6) (7)}	2.6	1.5	12.2	19.2	10.7	5.5	12.9	4.0	5.5	21.9	5.9	2.0	0.5
Projected EBITDA for the first year of operation ^{(6) (7)}	11.6	16.8	71.9	106.5	60.8	17.8	71.5	25.2	34.9	70.1	16.9	5.0	5.4
Predicted leverage rate (senior debt) ⁽⁴⁾⁽¹⁰⁾	85%	80%	45%	65%	45%	70%	65%	85%	85%	70%	65%	85%	80%
Projected loan period (years) ⁽⁴⁾	20.0	20.0	12.0	12.0	12.0	15.0	12.0	20.0	20.0	7.0	12.0	20.0	20.0
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	8.3	13.8	59.4	83.4	50.6	9.0	57.4	17.6	22.0	58.3	13.3	3.0	4.4
Rate of the Tax Equity in the investment	---	---	---	---	---	---	---	---	---	---	---	---	---
Projected setup completion date ⁽²⁾	2025	2025	H2 2025	H2 2026	H2 2025	H2 2025	H2 2026	2025	2025-2026	H1 2026	H2 2026	2025	2025
Rate of holdings ⁽⁹⁾	60%	25%	95%	95%	95%	95%	95%	33%	33%	33%	95%	79%	40%
Company's share in the cash flow for the first operating year	60%	100%	100%	100%	100%	100%	100%	33%	33%	33%	100%	79%	100%
Has senior debt been provided	Partial	No	No	No	No	No	No	Partial	No	No	No	No	No

Continued - Projects under construction or nearing construction as of the Report Date

	Projects under construction			Projects nearing construction						
	UK	Germany	USA	Poland		USA		Spain	UK	Total
Segment/ project name	Cellarhead	Stendal	Blue Sky	Cybinka	Krzywinski II	Blue Sky	Bracero (BESS)	Sabinar III	Turners Farm	
Projected power (MWp)	---	---	2.1	40.0	5.0	1.2	---	40.0	33.1	1,156.8
Projected storage capacity (MWh)	624.0	209.0	---	---	---	---	460.0	---	---	1952.1
Weighted rate (NIS) for first full year of operations	---	---	0.61	0.34	0.32	0.78	---	0.17	0.30	---
Projected annual production hours (KWh/KWp)	---	---	1,519	1,110	1,062	1,600	---	1,664	971	---
Expected income for the first full year of operation ⁽⁶⁾	129.9	95.1	1.9	15.1	1.7	1.5	160.5	11.0	9.7	1045.2
Total projected setup costs ⁽³⁾⁽¹⁰⁾	1044.6	342.5	28.3	90.8	8.2	12.0	754.9	69.9	56.3	5600.5
Equity provided by the Company as of December 31, 2024	272	96	---	9	---	13	---	0.8	2	1,257.8
Projected operating cost for the first year of operation ⁽⁶⁾ ⁽⁷⁾	30.6	16.4	0.6	2.4	0.4	0.3	35.7	2.3	1.6	194.7
Projected EBITDA for the first year of operation ⁽⁶⁾ ⁽⁷⁾	99.3	78.7	1.4	12.7	1.3	1.2	124.7	8.8	8.2	850.5
Predicted leverage rate (senior debt) ⁽⁴⁾⁽¹⁰⁾	62%	70%	35%	56%	56%	35%	23%	59%	55%	---
Projected loan period (years) ⁽⁴⁾	6.5	7.0	5.0	12.0	7.0	5.0	5.0	23.0	12.0	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	55.7	67.7	0.7	9.8	1.0	0.9	111.1	6.4	6.2	660.0
Rate of the Tax Equity in the investment	---	---	35%	---	---	35%	35%	---	---	---
Projected setup completion date ⁽²⁾	H1 2027	H2 2025	2025	H2 2026	H2 2025	2025	H1 2027	H1 2026	H1 2026	---
Rate of holdings ⁽⁹⁾	75%	100%	67%	100%	80%	67%	90%	47%	80%	---
Company's share in the cash flow for the first operating year	100%	100%	100%	100%	100%	100%	100%	53%	100%	---
Has senior debt been provided	No	No	No	No	No	No	No	No	No	---

Licensed projects as of the Report Date ⁽¹⁾ (financial data in NIS millions)

Country	Israel		USA			Italy (Sunprime)		Poland	England			
Segment/ project name	PV	Storage	Blue Sky		Fairway	PV	Storage	PV	Noventum Distribution	Noventum Transmission	Toton	Total
			PV	Storage								
Projected power (MWp)	123.5	---	11.3	---	---	301.0	---	210.0	852.2	1,568	---	3,066.1
Projected storage capacity (MWh)	---	1590.8	---	320.0	240.0	---	1038.0	---	---	---	260.0	3,448.8
Weighted rate (NIS) for first full year of operations	0.39	---	0.72	---	---	0.29	---	0.30	0.35	0.34	---	---
Projected annual production hours (KWh/KWp)	1,725	---	1,330	---	---	1,455	---	1,072	1,012	1,000	---	---
Expected income for the first full year of operation ^{(5) (6)}	82.9	270.4	10.8	97.4	80.2	125.5	240.4	66.9	298.7	535.6	53.0	1,861.7
Total estimated setup costs ^{(3) (10)}	520.9	786.4	124.9	781.9	426.7	846.9	837.4	516.2	1747.1	3214.5	405.0	10,208.0
Equity provided by the Company as of December 31, 2024 ⁽¹¹⁾	---	5	8	---	---	18	55	32	23	7	2	150
Projected operating cost for the first year of operation ^{(6) (7)}	17.4	22.2	2.7	24.9	19.0	17.1	57.1	10.9	48.5	89.3	13.3	322.6
Projected EBITDA for the first year of operation ^{(6) (7)}	65.4	248.2	8.1	72.6	61.3	108.4	183.2	55.9	250.1	446.3	39.7	1,539.1
Predicted leverage rate (senior debt) ⁽¹¹⁾	85%	80%	35%	40%	23%	85%	70%	56%	55%	55%	60%	---
Projected loan period (years) ⁽⁴⁾	20.0	20.0	5.0	7.0	5.0	20.0	7.0	7.0	12.0	12.0	10.0	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	45.5	204.8	5.0	50.7	53.6	74.2	152.4	39.8	188.0	332.0	23.1	1,169
Rate of the Tax Equity in the investment	---	---	35%	30%	35%	---	---	---	---	---	---	---
Projected setup completion date ⁽²⁾	2026-2027	2026-2027	2026-2027	2026-2027	H2 2027	2026-2028	H2 2026	2028	2030	2031	2028	---
Rate of holdings ⁽⁹⁾	94%	93%	67%	67%	90%	33%		80%	80%		75%	---
Company's share in the cash flow in the first operating year	94%	100%	100%	100%	100%	33%		100%	100%		100%	---

Projects under development as of the Report Date ⁽¹⁾

Country	Israel	USA	Poland	UK	Greece	Romania	Italy	Total
		Blue sky	Electrum	Noventum	Storage	Storage	Sunprime	
Power (MW)	242	24	418	2,646	---	---	---	3,330
Projected storage capacity (MWh)	60	380	3,094	---	1,356	200	786	5,876
Rate of holdings ⁽¹⁰⁾	100%	---	80%	80%	100%	100%	33%	---
Company's share in the cash flow	100%	---	80%	75%	100%	100%	33%	---

The balance of expenses in advance for projects in development amounted, as of December 31, 2024, to a total amount of approximately NIS 27,713 thousand.

Aggregate disclosure regarding licensing and development projects

Licensing projects														
	Projects included in the Dec. 31, 2023 reports		Projects added during the period		Projects acquired during the period		Projects whose licensing procedures have ended		Projects sold during the period		Projects moved to the "nearing construction" stage		Projects included in the Dec. 31, 2024 reports	
	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh
PV projects	2,744	---	506	---	---	---	74	---	---	---	110	---	3,066	---
Integrated storage projects	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Stand Alone storage projects	---	863	---	3,592	---	---	---	---	---	---	---	1,006	---	3,449
Projects in development														
	Projects included in the Dec. 31, 2023 reports		Projects added during the period		Projects acquired during the period		Projects whose development procedures have ended		Projects sold during the period		Projects moved to the "licensing" stage		Projects included in the Dec. 31, 2024 reports	
	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh
PV projects	2,083	---	2,058	---	---	---	373	---	---	---	438	---	3,330	---
Integrated storage projects	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Stand Alone storage projects	---	5,580	---	2,882	---	---	---	---	---	---	---	2,586	---	5,876

- ⁽¹⁾ For details regarding the conditions for recognizing projects ready for connection, construction, nearing construction, advanced development, and development, see Section 1.1 of the Description of the Corporation's Business Chapter.

It should be noted that the disclosure in relation to projects in Israel, Italy and Blue Sky, which include a large number of projects, none of which is significant to the Company in terms of system suppliers in terms of megawatts, as well as in relation to projects under licensing in the United Kingdom and in relation to all projects under development, are aggregate data, and that the disclosure in relation to the

rest of the projects, their types, and geographic location, constitute a separate disclosure in relation to each project.

The data in relation to projects in Poland, Romania, and Italy, are based on an exchange rate of NIS 3.796 to the euro; the data in relation to projects in the United States are based on an exchange rate of NIS 3.647 to the dollar; the data in relation to the UK are based on an exchange rate of NIS 4.574 to the pound.

Regarding the projects in development, advanced development, construction and nearing construction, 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, non-expiration of any of the approvals received by the same date, receipt of construction permits, arrival of the projects to readiness for setup by the long stop date set forth in their purchase or financing 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 the UK 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 Company's estimates regarding connection dates; The projected construction completion dates of the Iepuresti, Ghimpati, Slobazia, Stendal, Corbii Mari and Cellarhead projects are based on the dates provided in the construction agreements of the projects and the Company's systems regarding construction delays; the dates for completion of the construction of the other projects in Poland, Romania, 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, and in projects related to which construction contracts are signed - the dates set forth in the project construction agreements and the Company's assessments of the construction delays; The projected operating dates of Blue Sky and Nofar USA projects are based on the Company's assessment of the pace of development and construction of the projects.

- (3) With respect to systems for which the terms for the purchase of system components and/or the loan terms for financing the construction of the systems have not yet been finalized, the estimates were calculated based on the costs and financing terms of projects under construction for which such terms have been finalized, while factoring in changes in construction, transportation, and financing costs that occurred during the past year. The construction costs for Sunprime projects are based on Sunprime management's estimates of construction costs per installed megawatt. The construction costs for projects in Poland are based on the cost of acquiring rights in the projects, development costs detailed in the various development agreements, development costs by Electrum, and the Company's estimates of construction costs based on construction costs of other projects; and for the Cybinka project, also based on indications from negotiations regarding the construction agreement. The construction costs of the projects in Romania are based on the cost of acquiring the rights in the projects and construction costs according to signed construction agreements, bids received from contractors, or the Company's estimates of the project construction costs. It should be noted that as part of the construction of the Iepuresti Project, the project company is required to construct a substation that will serve the Iepuresti, Ghimpati, and Volter projects, as well as an additional project to be constructed in the area. The construction costs of these projects were calculated under the assumption that such costs would be allocated among the four projects to be connected to the substation (accordingly, the construction costs do not include an amount of approximately EUR 4 million, which the Company estimates will be received upon the connection of additional project(s) to the same substation). The construction costs of the projects in Serbia are based on the cost of acquiring the rights in the projects and the costs set forth in the construction agreements. The construction costs for the Sabinar III project are based on the Company management's estimates, taking into account the construction costs of the Sabinar II project and changes that have occurred in the market. The construction costs of the Blue Sky projects are based on estimates by Blue Sky management. The construction costs for the Cellarhead project are based on the signed construction, procurement, and maintenance agreements related to the project. The construction costs for the Toton project are based on the Company management's estimates, taking into consideration the construction agreements for the Buxton and Cellarhead projects. The construction costs of the Stendal project are based on the cost of acquiring the rights in the project and the construction and procurement agreements for this project.
- (4) With respect to systems in Israel for which financing terms have not yet been finalized, the leverage ratio and margin are based on the leverage ratio and margins of projects currently under construction.

For the Sunprime projects, the leverage ratio is based on the terms of the financing agreements signed by Sunprime. For the projects in Poland, an indicative financing ratio of approximately 54% was assumed, at an interest rate of 5.6%–7.0%, based on indications received during negotiations and the EURIBOR Swap Rates for the estimated loan periods. For the projects in Romania, an indicative financing ratio of approximately 45%–70% was assumed, at an interest rate of 5.7%–6.4%, based on the financing agreements signed for the Iepuresti and Ghimpati projects, indications received during negotiations, and the EURIBOR Swap Rates for the estimated loan periods. For the projects in Serbia, an indicative financing ratio of approximately 50%–60% was assumed, at an interest rate of 5.5%–7.0%, based on financing costs in Poland and the EURIBOR Swap Rates for the estimated loan periods. For the Blue Sky projects, it was assumed that the leverage ratio would be 28%. 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 or purchase the ITC benefit against a cash payment. In this regard, it was assumed that the tax equity partners would invest an amount equal to 34% of the project cost, in accordance with the investment rates in commercially operational projects that sold the tax benefits. With respect to the Buxton and Cellarhead projects, the financing costs are based on the terms of the signed financing agreements and the SONIA Swap Rates for the estimated loan periods. With respect to the Toton project, indicative financing of approximately 50%–70% of the project cost was assumed, at an interest rate of 6%–7%, based on the financing terms of Buxton and Cellarhead and market assessments regarding the interest rate. 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 project, it is noted that the Company has not yet completed its purchase (which is expected to arrive at the time of its arrival to RTB).

- (5) The rates and income 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 income on the table of the storage systems in Israel are based on an annual income assumption of between NIS 150 and NIS 190 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 income 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 income in the table with respect to projects in Romania are based on a forecast of electricity tariffs for sale on the open market in the first year of operation of each project received from an international consulting firm or a forecast of income from battery projects (plus index linkage according to the consulting firm's estimates and the forecast of green certificate tariffs in the country) and an assumption of working hours of sunshine as detailed in the table above, and for the Slobozia project, in accordance with the tariff set in the CfD tender. It should also be noted that to the extent that the project company enters into a PPA agreement, wins CfD tenders or engages in the Tolling Agreement, the actual income will be lower than the income in the open market; The income of the projects in Poland are based on a forecast of electricity rates sold on the open market in the first year of operation of each project as detailed above received from an international consulting company (plus index linkage according to the consulting company's estimates and the forecast regarding prices of green certificates in the State) and a working assumption of between 1,046 and 1,138 hours of sunlight per year, depending on the location of the project, and regarding the Dziewoklucz project, according to the rate determined in the CfD tender; The income in the table in relation to Sunprime's project are based on the rates won by Sunprime in the tenders (which range from 75.5 to 88 euros per kWh, and which stand on average at about EUR 79 per 1 megawatt hour) and a working assumption of about 1,394 average hours of sunshine per year, and regarding the storage projects, on the assessments of consulting firms regarding storage project income in the first operating year; The income 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 (in addition to linkage to the index based on the estimates of the consulting company and the forecast of rates for green certificates in the State), and the working assumption of about 1,300 sunshine hours per year; The income in the table in relation to the Blue Sky project are based on the average rate of 18 cents per kWh, estimates regarding the amount of sunshine hours per year (between 1,330 for 1,600 hours, depending on the geographic location of the system), and estimates that all the electricity produced in the systems will be sold to consumers. It should be noted that during the Report Period, the average rate paid to Blue Sky was about 19 cents per kWh for electricity sold to consumers (and about 14 cents per kWh produced, since Blue Sky did not allocate all the electricity produced in the systems, did not collect payments for any electricity produced in its systems, and that electricity not associated with a specific customer was fed into the grid against payment of a negligible amount); The income in the table in relation to the US batteries is based on forecasts of external consulting companies and assessments of the local management. The income in the table in relation to the Cellarhead, Buxton and Toton projects are based on a forecast of income from the sale of electricity and from 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). The income in the table in relation to the Stendal

Project are based on the terms of the Tolling Agreement signed for the project, pursuant to which, during the first year of operation, part of the electricity will be sold on the open market and part at a fixed price.

- (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 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 in relation to two projects and the Company's assessment; Regarding the projects in Romania, operating expenses were assumed in accordance with the maintenance agreements in which the Group Companies engaged and regarding battery projects, according to the Group's assessments; Regarding the projects in Serbia, operating expenses were assumed according to the maintenance agreements in which the Group Companies engaged; Regarding Blue Sky - it was assumed that the annual operating expenses will be in accordance with the average operating expenses per kilowatt in the connected systems. Additionally, the depreciation of the systems was calculated assuming a 5-year spread. It is noted that the past 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. In new agreements with tax partners, the transaction structure is designed so that the tax partner benefits from tax benefits without receiving a percentage of the proceeds, and accordingly, the operational costs that these distributions incurred are expected to decrease for the tax partner in new projects. The EBITDA and the FFO are presented net after the payment of the partner's share; Regarding the storage projects - according to the assessments of the consulting firms regarding the prices of the electricity; 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 amounts agreed with the construction and maintenance contractor; regarding the Toton project, operating costs were assumed in accordance with the offers received in relation to Cellarhead and Buxton, regarding the Stendal project, the operating costs in the maintenance and services agreements signed with the construction contractor, the battery supplier, and the terms of the Tolling Agreement.

(8) The FFO is calculated as EBITDA less financing expenses (interest payments) for senior debt loans, based on the assumptions that are 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, Toton projects, the projects in Romania (other than Ratesti, Iepuresti, and Ghimpatu), Poland, Serbia, 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. Furthermore, with respect to the financing agreements that were signed but from which no drawdowns have yet been made, it should be clarified that as of the date of the Report, there is no certainty regarding the project companies' compliance with the drawdown conditions.

(9) The share of the Company's holdings is calculated as a weighted average, indirectly, in relation to the system providers.

It should be noted that all holdings in the project corporations of Olmedilla, Sabinar, Buxton, Cellarhead, Sunprime (the project corporations in which financing was taken), Ratesti, Iepursti, Ghimpatu and Stendal are pledged, as of the Report Date, in favor of the banks financing these projects.

(10) 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.

(11) 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 date of the Report, certain projects in Israel, Poland, Serbia, certain Sunprime projects, Blue Sky projects, Noventum projects, and Romania (Slobozia, Corbii Mari, Volter), are funded by 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, annual production hours, commercial operation dates, construction costs, operation cost, loan period, leverage rates, income, 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, or may materialize differently, including materially, 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, delays in the connection work required by the administrator of the electric 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 or a connection point 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 work performed by the system administrator required for the project's connection, delays in completing the compliance tests, 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 income in the 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 outbreak of a crisis and consequential limitations, a change in the security or state situation, including 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 the Description of the Corporation's Business chapter of the 2024 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, licensing, 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 connection response, available quotas, meeting the tests of the Electricity Authority, connection approval, etc.), as detailed in Sections 3.1.1.1, 3.3.1.3, 3.3.1.5, 4.9 and 4.14 in the chapter of the Description of the Corporation's Business, 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. 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, including forfeiture of guarantees provided in relation to the project, 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

The last year was characterized by continued development in the Company's activity, which was reflected in several aspects as follows:

1.5.1 Romania – During 2024, construction of the Iepuresti, Ghimpati, and Slobozia projects began (with a total capacity of approximately 390 MW), and the project companies of the Corbi Marii and Volter projects entered into panel purchase agreements, which set the prices of the panels. In addition, in the first quarter of 2025, the project company of Corbi Mari entered into a construction agreement. As of the Report Date, the local development platform is engaged in developing storage projects near the solar projects, negotiating construction and maintenance agreements for the remaining projects, and is also engaged in identifying and purchasing potential sources of electricity to be generated by its facilities. Moreover, in August 2024, project financing agreements were signed for the Iepuresti and Ghimpati projects in an amount of up to EUR 122 million, as detailed in the immediate report published by the Company on August 21, 2024 (Reference No.: 2024-01-085962), while the information therein is included in this Report by way of reference. Additionally, in the first quarter of 2025, the project company of Slobozia (approximately 73.6 MW) won a Contract for Difference (CfD) tender held by the Romanian Ministry of Energy, at the highest tariff set in the tender, amounting to approximately EUR 54.18 per MWh (linked to an index), for a period of 15 years.

In addition, as of the date of the Report, the Group is working on securing financing for the remaining projects in Romania. Beyond that, as of the Reporting Date, the local platform is considering the initiation, purchase and development of solar projects and other storage projects in Romania, including the addition of storage for projects that it owns¹.

1.5.2 Italy - The Company is active in Italy through the company Sunprime HoldCo SRL ("**Sunprime**") which is held indirectly at a rate of approximately 33.3% by the Company, which specializes in roof projects in Italy at secured and high rates (CfD). During 2024, Sunprime continued to establish and connect projects, while continuing to expand its project backlog. In July 2024, corporations from the Sunprime Group entered into an additional project financing agreement in the scope of up to EUR 204 million (EUR 170 million as a CAPEX facility and the remainder for VAT, True-up, DSRA, and guarantees facilities), which will be used to finance the construction of projects with an estimated capacity of approximately 220 megawatts. In August 2024, the first drawdown under the financing was made in the amount of approximately EUR 17.8 million, as detailed in the Company's immediate reports dated July 23, 2024 (Reference No.: 2024-01-075612) and August 4, 2024 (Reference No.: 2024-01-079077), while the information therein is included in this Report

¹ 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.

by way of reference. This financing will bring the total amount of senior financing (Capex) closed by Sunprime to EUR 330 million.

Furthermore, during the first quarter of 2025, Sunprime won a Capacity Market tender in relation to projects with a total capacity of approximately 56 megawatts. As of the date of the Report, Sunprime is engaged in preparation for the construction of storage projects, with 397 megawatt-hours in a status of readiness for construction and an additional 1.8 gigawatt-hours in advanced development and early-stage development, in addition to the construction and development of its owned solar projects. For additional details, see the immediate report dated March 23, 2025 (Reference No.: 2025-01-019017), which is included in this Report by way of reference.

1.5.3 [Spain](#) - As of the Report Date, the Company owns four solar projects which are connected, ready to connect, or nearing construction in the country with an aggregate capacity of 447 MW. Of this, the supplier of about 274 megawatts sells the electricity it produces under PPA agreements for a period of between 3 and 10 years. In September 2024, the electrification of the Sabinar II project was completed, and the injection of electricity into the grid commenced, in parallel to the continued development of the Sabinar III project. In parallel with these projects, the Group is engaged in the development of a storage project that will also be connected to the substation of the Olmedilla and Sabinar projects and is examining the development of additional projects that will also be connected to the same substation.

1.5.4 [Stand Alone Storage in the UK](#) - During 2024, Atlantic Green UK Limited ("**Atlantic Green**"), the Company's storage platform in the UK, which is 75% owned by the Company, continued to lead the construction and connection activity of the Buxton and Cellarhead projects. These actions included entering into construction and maintenance agreements for the Cellarhead project, with a capacity of approximately 624 megawatt hours², which is one of the largest in the UK, and the completion of the connection works and the acceptance tests of the Buxton project with a capacity of 60 megawatt hours, to the electricity grid.

In April 2024, Atlantic Green entered into EPC and O&M agreements, and in November 2024, it entered into a senior project financing agreement for the Cellarhead Project in the scope of approximately GBP 152 million (of which GBP 142 million is a CAPEX facility) with a consortium of leading international banks. For details, see the Immediate Reports published by the Company on April 30, 2024 (Reference No.: 2024-01-041053) and November 17, 2024 (Reference No.: 2024-01-616101). This agreement joins the financing agreement for the Buxton project which was financed by Goldman Sachs to the extent of GBP 16.5 million.

1.5.5 [Israel](#) - As of the Report Date, the scope of solar projects connected and ready to connect in Israel

² For additional details regarding the terms of the construction and maintenance agreements, see the immediate report published by the Company on April 30, 2024 (Reference No.: 2024-01-041053), which is included in this Report by way of reference.

is about 355 megawatts³. In addition, the Company has accumulated storage projects that are connected, ready to connect, under construction, nearing construction, licensing and development, with a total storage capacity of approximately 1,906 megawatt hours.

1.5.6 [Noventum company](#) - A British platform established by Nofer in 2021 together with a local partner, with Nofer owning 80% of the company and financing the partner's share, in an interest-bearing loan. The platform focuses on the development of renewable energy projects. The Company has developed capabilities and expertise at all levels of developing renewable projects in the country and has created a significant backlog of projects of approximately 5.1 gigawatts, most of which have been approved for connection to the electricity grid. During 2024, Noventum continued to develop and promote its backlog of projects in parallel to considering the realization of projects that received the majority of the permits required for their establishment.

1.5.7 [Germany](#) - During 2023, the Company expanded its operations for Germany after completing a transaction in December 2023 to purchase a battery storage project with a capacity of 104 megawatts in Germany (Stendal project).⁴ Later in 2024, the project company entered into agreements with a battery supplier and a construction contractor for the purchase, construction, and maintenance of the batteries. Additionally, the Company signed a Tolling Agreement that includes a fixed annual payment for the Tolling component, and it also entered into a financing agreement for the receipt of credit facilities in a total scope of approximately EUR 86.5 million. For additional details, see the immediate reports published by the Company on December 8, 2024 (Reference No.: 2024-01-619949), and March 1, 2025 (Reference No.: 2025-01-013676), which are included in this Report by way of reference.

1.5.8 [Poland](#) - During 2023, Electrum Nofar SP Zoo ("**Electrum Nofar**"), a corporation owned 80% by the Company, completed the construction and connection of the Krzywinski project (a solar project with a capacity of about 20 megawatts)⁵.

As of the Report Date, Electrum Nofar holds connected projects totaling approximately 40 megawatts and is also engaged in the construction, development and initiation⁶ of solar projects and storage projects with a total capacity of approximately 673 megawatts and 3,094 megawatt hours. In addition, in light of changes in regulation in Poland, as of the Report Date, Nofar Europe is working to increase the supplies of the Cybinka, Dziewoklucz and Krzywinski projects.

³ For details regarding the percentage of the Company's holdings in projects that are connected and ready to connect, see Section 1.4 above.

⁴ For additional details, see the immediate report published by the Company on December 22, 2023 (Reference No.: 2023-01-117630), and December 31, 2023 (Reference No.: 2023-01-118153) which is included in this Report by way of reference.

⁵ 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.

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.

1.5.9 [Serbia](#) - Following Nofar Europe's entry into two solar projects with a total capacity of approximately 26.6 megawatts in Serbia, during 2023, the project companies engaged in construction agreements of the projects. During the first quarter of 2025, the projects were connected to the power grid, and as of the date of the Report, the projects are in trial operation stages.

1.5.10 [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. ⁷Blue 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 and the sale of the tax credit for them. During 2024 and 2025, Blue Sky entered into agreements regarding the development of storage projects with a total capacity of approximately 700 megawatt-hours. In parallel, Blue Sky is focusing on strengthening the organizational and administrative infrastructure, improving the projects and repairing existing defects, 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, and entering into additional segments in the United States.

Also, in the first quarter of 2025, a company 90% owned by Nofar USA entered into an agreement concerning the entry into two storage projects with a total capacity of approximately 700 megawatt-hours. For additional details regarding the terms of the agreement, see Section 3.4.1 of Chapter A of this Report. For details regarding the Company's assessment of the project construction costs and their results, see Section 1.4 above.

It should be noted that during the Report Period, one of the minority shareholders in Blue Sky and companies under his control filed claims against the Company, Nofar USA, and Blue Sky, and Nofar USA filed a claim against the minority shareholder and companies owned by him. For details, see Note 6.E. to the Financial Statements.

1.5.11 [Greece](#) - During the year 2023 the Company entered the field of storage in Greece in relation to the development of storage projects, which are, as of the Report date, in initial stages of development, with a capacity of approximately 1,356 megawatt hours. It should be noted that in light of delays in project development procedures and changes that have occurred in recent years, the Company is examining its market entry strategy for Greece.

For details regarding changes in inflation, interest rates, exchange rates, shipping and the effect of

⁷ 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, respectively), which is included in this Report by way of reference.

the 'Iron Swords' war on the Company's activities, see Section 2.2 in Part A of this Report (Description of the Corporation's Business chapter). It is noted that these changes - in Israel and around the world - have consequences for the Company's financing costs (at the corporate level and at the level of the 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.

1.5.12 Financial stability

In 2024 and up to the date of the Report, the Company raised approximately NIS 1.1 billion through the issuance of bonds (in addition to completing the tender offer for exchange of Bonds Series A and D, as detailed in Section 1.5.3.3 below), as follows:

- In February 2024, the Company completed a private placement, by way of a series expansion, to classified investors, of NIS 325 million par value Bonds (Series C). The Bonds (Series C) were issued against payment of an amount of 102.65 agorot per NIS 1 par value of Bond, and in total, consideration of NIS 333.6 for all of the aforesaid Bonds (Series C).
- In September 2024, the Company completed an issuance of NIS 355 million par value of Bonds (Series D), for a total gross consideration of approximately NIS 350 million. For details, see the report dated September 16, 2024 (Reference No.: 2024-01-603475), while the information therein is included in this Report by way of reference.
- In January 2025, the Company completed a tender offer for exchange of approximately NIS 379 million par value of Bonds (Series A) in consideration for an issuance by way of expanding the series of approximately NIS 401 million of Bonds (Series D), based on an exchange ratio of 1.059. For details, see the immediate report published by the Company on January 14, 2025 (Reference No.: 2025-01-003956), which is included in this Report by way of reference.
- In February 2025, the Company completed an issuance by way of expanding series of approximately NIS 92.4 million par value of Bonds (Series B), in consideration for NIS 1.065 for each NIS 1 par value, for a total gross amount of approximately NIS 98.4 million, and approximately NIS 286.3 million par value of Bonds (Series C), in consideration for NIS 1.053 for each NIS 1 par value, for a total gross amount of approximately NIS 301.5 million. For details, see the immediate report published by the Company on February 12, 2025 (Reference No.: 2025-01-010343), which is included in this Report by way of reference.



(*) Current assets net of inventory to current liabilities ratio.

(**) Net cash flow used in investing activities, less investment return from an associate.

1.5 Financial condition:

Section	As of				Explanations of the Board of Directors
	December 31, 2024		December 31, 2023		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Cash and cash equivalents	362,634	5.8%	661,388	11.7%	See the Statement of Cash Flows. The main decrease stems from the injection of capital into projects in Europe and Israel, compared to an increase from the issuance of bonds and the receipt of loans from banking corporations.
Shorts term deposits	47,498	0.8%	10,011	0.2%	The main increase is due to deposits into deposits.
Short term restricted cash	2,566	0.0%	---	---	
Customers	146,069	2.3%	217,172	3.8%	The main decrease is due receipts received and a decrease in the Company's income from the construction activity in Israel.
Accounts receivable	105,707	1.7%	54,956	1%	The main increase is from VAT balances receivable in subsidiaries and from the expansion of the group's activity and investments in initiating and developing projects whose construction has not yet begun in Israel and abroad, compared to a decrease in compensation receivable for loss of income from the construction contractor in projects in Spain.
Inventory	25,128	0.4%	58,058	1%	The decrease is due to the realization of inventory for projects.
Short term financial assets	11,803	0.2%	4,114	0.1%	
Total current assets	701,405		1,005,699		
Investments in investee companies accounted for using the equity method	1,018,961	16.4%	982,404	17.3%	The main increase stems from investments for the purpose of establishing projects (including through loans) as well as the Company's revaluation of fixed assets on roofs and floating systems in Israel during the Report Period.
Right of use asset	360,373	5.8%	307,700	5.4%	The increase is mainly due to consolidated companies in which control was obtained, and additional engagements of the Group during the Report Period.
Financial derivatives	25,966	0.4%	42,333	0.7%	

Section	As of				Explanations of the Board of Directors
	December 31, 2024		December 31, 2023		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Shareholders - long-term accounts payable	37,108	0.6%	36,370	0.6%	
Fixed assets	3,888,407	62.4%	3,084,619	54.4%	The increase in the balance of fixed assets is mainly due to the establishment of photovoltaic systems owned by the Group during the Report Period.
Long term deposits	307	0.0%	36,675	0.6%	Mainly in deposits in bank corporations.
Long-term restricted cash	25,277	0.4%	7,032	0.1%	Cash and deposits used to secure repayment of loans.
Deferred taxes	20,543	0.3%	12,569	0.2%	
Intangible asset	149,407	2.4%	152,866	2.7%	The balance mainly stems from goodwill from companies in which control was achieved.
Total non-current assets	5,526,349		4,662,568		
Total assets	6,227,754		5,668,267		
Short-term loans, and current maturities for long-term loans from banking corporations	166,097	2.7%	69,896	1.2%	The increase compared to previous periods is due to short-term project credits and current advances to project loans received.
Bonds - current maturities	137,294	2.2%	126,871	2.2%	
Current maturities of long-term lease liability	23,405	0.4%	19,634	0.3%	
Suppliers and service providers	100,722	1.6%	72,062	1.3%	The main increase is due to construction activity in Europe versus a decrease in construction activity in Israel.
Accounts payable	47,254	0.8%	54,807	1%	The main change is due to a decrease in the obligation to pay tax authorities in a consolidated company and provisions for antitrust proceedings and onerous contracts, versus an increase in liabilities to a tax partner and customer advances.
Financial derivatives	1,918	0.0%	---	---	
Related parties - short term payables	---	---	4,862	0.1%	
Total current liabilities	476,690		348,132		

Section	As of				Explanations of the Board of Directors
	December 31, 2024		December 31, 2023		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Long-term loans from banks	808,239	13.0%	688,996	12.1%	The main increase is due to project loans received from banking corporations in consolidated companies.
Lease liabilities	343,907	5.5%	291,712	5.1%	The increase is mainly due to consolidated companies in which control was obtained, and additional engagements of the Group during the Report Period.
Loans from a related party	21,462	0.3%	8,494	0.1%	The increase compared to previous periods is due to loans granted by minority shareholders.
Deferred taxes	149,592	2.4%	211,855	3.7%	
Bonds	1,539,557	24.7%	956,209	16.9%	The increase is due to the issuance of Bonds Series C and D (net of payments made).
Convertible bonds	375,317	6.0%	368,571	6.5%	
Other liabilities	102,201	1.6%	23,177	0.4%	The balance arises mainly from a liability to pay a minority shareholder in a subsidiary for the purchase of its holdings, a liability to the US tax partner, a liability for the use of the facility, and a liability for clearance and disposal in subsidiaries.
Total non-current liabilities	3,340,275		2,549,014		
Share capital and premium	1,716,256	27.6%	1,716,256	30.3%	
Surplus (loss balance)	(174,634)	(2.8%)	(153,354)	(2.7%)	
Capital funds	86,711	1.4%	259,105	4.6%	Composition of Reserves – In revaluation reserves, translation differences, share-based payments, cash flow hedges, transactions with non-controlling interests, and the convertible component of bonds.
Total capital attributed to shareholders of the Company	1,628,333		1,822,007		
Non-controlling interests	782,456	12.58%	949,114	16.74%	In respect of consolidated companies in which control was obtained.
Total capital	2,410,789		2,771,121		
Total liabilities and capital	6,227,754		5,668,267		

1.6 Results of operations:

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2024	2023	2022	
	NIS thousands			
Income from sale of electricity and construction	313,207	320,779	324,568	The main change stems from a decrease in income from the construction of solar installations in Israel, compared to an increase in income from electricity in Israel and abroad.
Compensation for loss of income	930	21,007	—	
Other income - tax partner	6,038	2,575	7,629	
Total income and profits	320,175	344,361	332,197	
Setup and operating costs	264,467	318,475	322,304	The main decrease compared to the same period stems from income from the construction of solar installations in Israel, compared to an increase in maintenance and operating expenses.
Marketing and sale expenses	6,867	9,301	8,757	
Management and general expenses	75,766	69,961	38,035	Mainly HR expenses, professional services, management, maintenance, and office fees.
Other expenses	13,936	39,197	23,356	The main expense stems from the decline in value of fixed assets and intangible assets in a consolidated company.
Total expenses	361,036	436,934	392,452	
Other income	5,269	51,282	209,948	Previous periods in respect of obtaining control of an associate company.
Operating profit (loss)	(35,592)	(41,291)	149,693	
Rate of operating profit from income	(%11.12)	(12%)	45%	
Financing expenses	104,567	125,525	52,457	Expenses mainly for interest and linkage on bonds and loans from banking corporations, less non-specific credit capitalization.
Financing income	56,506	70,103	46,684	The main change stems from a decrease in interest income from the company accounted for using the equity method as a result of the conversion of loans into equity and from an associate in which control was obtained, compared to an increase in income from exchange rate differences on foreign exchange balances, and interest on bank deposits.
Net financing expenses	48,061	55,422	5,773	
Profit (loss) after financing expenses	(83,653)	(96,713)	143,920	
Company's share in the profits (losses) of companies handled based on the equity method, net	18,137	(31,637)	9,371	Primarily derived from associates in Italy, Romania, and Israel.
Profit (loss) before withholding income tax	(65,516)	(128,350)	153,291	

	For a period of one year ended on December 31			Explanations of the Board of Directors
Section	2024	2023	2022	
	NIS thousands			
Rate of profit (loss) before withholding income tax	(20%)	(37%)	45%	
Income tax expenses (tax benefit)	(18,998)	(26,521)	4,783	
Profit (loss) for the year	(46,518)	(101,829)	148,508	
Profit (loss) for the year, attributable to Company shareholders	(26,905)	(88,661)	153,746	
Non-controlling interests	(19,613)	(13,168)	(5,238)	
Total net profit (loss)	(46,518)	(101,829)	148,508	
Rate of profit (loss) for the year	(%15)	(30%)	43%	
Adjustments arising from hedging transactions	(20,673)	(6,952)	---	The change is due to adjustments in the fund in a consolidated company.
Adjustments arising from translation of financial statements for foreign operations	(151,865)	145,252	62,062	The change is due to exchange rate translation differences in respect of foreign currency balances.
Reassessment for revaluation of fixed assets	391	6,391	653	The change is due to the update of the revaluation fund carried out by the Company regarding solar systems operating on rooftops in Israel.
Share in other comprehensive profit (loss) of corporations accounted for using the equity method	2,852	34,846	10,134	The change is due to the update of the revaluation fund carried out by the Company regarding solar systems operating on rooftops and floating systems in associates in Israel.
Total other comprehensive income (loss)	(169,295)	179,537	72,849	
Comprehensive profit (loss) for the year attributed to the Company's shareholders	(143,812)	29,238	219,629	
Non-controlling interests	(72,001)	48,470	1,728	
Total comprehensive profit (loss) for the year	(215,813)	77,708	221,357	

1.7 Liquidity:

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2024	2023	2022	
	NIS thousands			
Net cash flow from (for) current activities	43,249	(65,638)	(234,611)	See Consolidated Statements of Cash Flows. Cash flow arising from (used for) current activities in the Report Period arises mainly from a change in the Company's working capital.
Net cash flow used for investing activity	(1,066,337)	(384,206)	(1,066,377)	See Consolidated Statements of Cash Flows. The cash flow used for the investment activity and the increase resulted mainly from investments and loans in companies accounted for using the equity method, investments in fixed assets and obtaining control of companies.

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2024	2023	2022	
	NIS thousands			
Net cash flow arising from financing activities	713,264	890,715	602,484	See Consolidated Statements of Cash Flows. The cash flow resulting from financing activities resulted mainly from the expansion of the Series C Bonds and issue of Series D Bonds, and the receipt of long-term loans.

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 financial statements. As part of the Company's Board of Directors' meeting held on March 30, 2024, 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, cash balances available to the Company, 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, in the assessment of the Company's Board of Directors, a negative cash flow from current operations in the solo reports does not indicate a liquidity problem in the Company.

1.8 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:

- 1.8.1 The issue of shares - Following the Noy Fund's private investment in the Company in September 2020, in which it invested a total of approximately NIS 224.9 million, against the allotment of shares which at the time constituted approximately 24.64% of the Company's issued and paid-up capital, and for an initial public offering (IPO) of the Company's shares by virtue of the Company's prospectus, in which the company issued, during December 2020, approximately 5.8 million shares, for which the Company was paid a total of approximately NIS 578 million, on October 27, 2021, the Company completed a private placement and listing for trade of 7.74 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. 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, including the Harel Group, which became an interested party in the Company as a result of

this issue. 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.

- 1.8.2 Bond Issuance – The Company issues bonds from time to time, and as of the date of the Report, the Company has four bond series (Series A, B, C, and D) in a total amount of approximately NIS 2,419 million.

For details regarding the issuances carried out by the Company in 2024 and up to the date of publication of this Report, see Section 1.5.12 above.

For additional details regarding the Company's Bonds (Series A, Series B, Series C, and Series D) and their terms, see Appendix A to this Board of Directors' Report, as well as the trust deeds published on August 16, 2021 (Reference No. 2021-01-065944), on July 23, 2023 (Reference No.: 2023-01-083901 and 2023-01-083904) and on September 23, 2024 (Reference No.: 2024-01-605102), the information contained therein is incorporated by reference in this Report.

- 1.8.3 Long-term loans (including current maturities) - The average long-term credit was NIS 475.4 million in 2024, compared to about NIS 425.2 million in 2023, and about NIS 88.8 million in 2022.

The average rate of long-term credit cost was approximately 5.53% in 2024, compared to approximately 7.2% in 2023 and approximately 5.9% in 2022.

- 1.8.4 Short-term credit - The average short-term credit was in the amount of about NIS 39.6 million in 2024, compared to about NIS 163.3 million in 2023, and about NIS 130.4 million in 2022.

The average rate of the short-term credit cost was about 6.75% in 2024 compared to about 6.9% in 2023, and about 5.45% in 2022.

- 1.8.5 Suppliers - The credit provided to the Group by the suppliers ranges between cash and net+60. The average supplier days amounted to about 65 days in 2024, compared to about 65 days in 2023, and about 65 days in 2022.

The average credit balance of the suppliers amounted to about NIS 86.5 million in 2024, compared to about NIS 86.5 million 2023, and about NIS 71.1 million in 2022.

- 1.8.6 Customers - The credit provided by the Group to customers ranges between cash and net+60. The average customer days amounted to about 75 days in 2024, compared to about 75 days in 2023, and about 75 days in 2022.

The average credit balance of the customers amounted to about NIS 181.6 million in 2024, compared to about NIS 239.4 million 2023, and about NIS 284.1 million in 2022.

The gap between the balance of the suppliers and the balance of the customers stems from the fact that the Company usually provides customer credit to the project corporations in which it holds for relatively long periods, until financing is received by the project companies or the capital is

provided by the shareholders of the project company.

- 1.8.7 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.

1.9 Substantial loans and credits

For details regarding material loans and credits taken by the Group, see Section 4.5.5 of the Description of the Corporation's Business chapter, Section 4.5.5 in Part A of the Periodic Report for 2024, and Section 4.5.5 in Part A of the Periodic Report for 2024, 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, respectively), 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.

For details regarding the terms of the Bonds (Series D), see **Appendix A** to the Board of Directors' Report, Shelf Offering Report published by the Company on September 13, 2024 (Reference No. 2024-01-603157), Report on the Results of the Issuance dated September 16, 2024 (Reference No. 2024-01-603475) and the Trust Deed dated September 23, 2024 (Reference No. 2024-01-605102), the information contained therein is incorporated by reference in this Report.

For details regarding the Group Companies' compliance with the financial benchmarks to which they committed in relation to material credit, see Section 4.5.5 of the Description of the Corporation's Business chapter.

1.10 Material valuations

As of the Report Date, the Company has no material or very material valuations.

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 Securities Regulations (Periodic and Immediate Reports), 5730-1970, the provisions of Article 9b(c) of the Reporting Regulations do not apply to the Company before five years have passed from it becoming a reporting corporation (December 2020), 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 (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.

For linkage basis statements, see Note 32 to the Financial Statements.

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

At the meeting of the Board of Directors on September 30, 2020, the Board of Directors resolved, according to Section 92(a)(12) of the Companies Law, that the appropriate minimum number of directors with accounting and financial expertise, including the outside directors (to be appointed in accordance with the provisions of the Companies Law, subject to the company becoming a public company or a reporting corporation, as the case may be), is two (including outside directors) (hereinafter: the "**Appropriate Minimum Number**").

The Appropriate Minimum Number is determined taking into account, among other things, the size of the Company, areas of activity and nature of the accounting and financial matters that arise in the examination of the Company's financial situation, preparation of its financial statements and their approval.

In the assessment of the Company's Board of Directors, after the affidavits of the directors were brought before it, in which they detailed their education and business experience in accordance with the Company Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and for a Director with Professional Competence), 5766-2005, the members of the Company's Board

of Directors who have accounting and financial expertise are Mr. Yoni Tal, Mrs. Dafne Esther Cohen and Mr. Gili Cohen. For details regarding 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.

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, four of the directors of the Company (in other words, Mr. Yoni Tal, Ms. Dafne Esther Cohen, Mr. Gili Cohen, and Ms. Yonit Partok) are independent directors, as this term is defined in the Companies Law. It should be noted that on November 25, 2024, the Company's Audit Committee resolved to classify Ms. Yonit Partok as an Independent Director. In addition, Messrs. Zvi Levin and Uri Orbach meet the definition of independent directors, but are not classified as such. For details regarding Mr. Yoni Tal, Ms. Dafne Esther Cohen, Mr. Gili Cohen, and Ms. Yonit Partok, see Article 26 of Chapter D - Additional Details about the Corporation.

2.6 Auditor

On January 31, 2021, the Company's audit committee approved the appointment of Mr. Haim Halfon as the Company's internal auditor. Below are details regarding the internal auditor:

Name of the internal auditor:	Haim Halfon
Appointment date:	Jan. 31, 2021
Compliance with the conditions set forth in Sections 3(a) and 8 of the Internal Audit Law, 5752-1992, and 146(b) of the Companies Law:	The internal auditor is a certified public accountant with a bachelor's degree in economics and accounting from the Hebrew University and a master's degree in finance from the Hebrew University. In the assessment of the Company's Board of Directors, relying on the notice of the internal auditor, the internal auditor complies with the provisions of Section 146(b) of the Companies Law and the provisions of Sections 3(a) and 8 of the Internal Audit Law.
Holdings of securities of the corporation	To the best of the Company's knowledge, according to the notice of the internal auditor, the internal auditor does not hold securities of the Company or an entity related to the Company, as this term is defined in the Fourth Schedule to the Securities Regulations (Periodic and Immediate Reports), 5730-1970.
Material business relationships with the Company or a related body:	To the best of the Company's knowledge, based on the internal auditor's statement, the internal auditor has no material business relationships or other material relationships with the Company or with a body related to the Company, as defined in the Fourth Schedule to the Securities Regulations (Periodic and Immediate Reports), 5730-1970.
Corporate employee / service provider:	The internal auditor provides internal audit services as an external party to the Company through the accounting firm PKF Amit Halfon. The internal auditor provides his services personally and through the employees of his firm. It should be noted that the internal auditor does not play any additional role in the Company beyond his position as an internal auditor. To the best of the Company's knowledge, relying on the internal auditor's statement, the internal auditor does not hold a position outside the corporation that could create a conflict of interest with his role as an internal auditor in the Company.

Name of the internal auditor:	Haim Halfon
Approval of the appointment:	The internal auditor was appointed to the position in January 2021. The appointment of the internal auditor was approved by the Company's audit committee. When approving his appointment, the members of the audit committee relied, among other things, on the auditor's education and professional experience. In the assessment of the committee members, the scope, nature and continuity of the internal auditor's activities and his work plan are reasonable under the circumstances, and are able to fulfill the goals of the Company's internal audit, given the size, scope and complexity of its operations.
Organizational supervisor:	The supervisor over the internal auditor is the chairman of the audit committee, remuneration and the Company's committee for examining the financial statements. The decision regarding the appointment of the chairman of the audit and remuneration committee and the committee for examining the financial statements as responsible for the internal auditor was made in view of the fact that the entire audit plan is determined and is supervised by the Company's audit committee.
Work plan:	<p>The audit plan for 2021 included conducting a risk survey for the Company. In reliance on the results of the risk survey and the internal auditor's recommendation based on the same, at the audit committee meeting held in March 2022, the audit committee approved a multi-year audit plan, subject to adjustments as they arise over the years, and an audit plan for 2022.</p> <p>In February 2023, the audit committee approved an audit plan for 2023, in which it was determined that the internal auditor will audit the following subjects: (1) procurement and (2) project management in the licensing phase and in the engineering phase.</p> <p>In March 2024, the Audit Committee approved an audit plan for 2024, which will include an audit of Sunprime and the Company's platform in Romania (Nofar SRL and the project companies).</p> <p>On March 27, 2025, the Audit Committee approved an audit plan for 2025, which will include the following topics: (1) Information Systems, (2) Cybersecurity, and (3) Corporate Governance.</p> <p>The audit plan does not allow the internal auditor to deviate from it without the approval of the audit committee.</p> <p>As a rule, the audit plan refers to the Company and the Company's consolidated companies, in Israel and outside Israel.</p>
Scope of the transaction:	<p>In 2024, the internal auditor provided audit services amounting to 400 hours.</p> <p>The scope of audit hours was determined based on the internal auditor's recommendations regarding the scope of audit hours required for compliance with the annual audit plan.</p>
Professional standards:	<p>In accordance with the internal auditor's notice, the audit is conducted according to accepted professional standards for internal audit in Israel, including professional guidelines and briefings as approved by the Institute of Internal Auditors in Israel.</p> <p>Based on information provided to the members of the Board of Directors, in the opinion of the Company's Board of Directors, the internal auditor meets the requirements set forth in the professional standards.</p>
Free access to information:	During the Report Period, the internal auditor was given free access to the information requested thereby, including constant and unmediated access to the Company's information systems, including financial data.
Audit reports:	<p>In August 2024, the internal auditor submitted an audit report on the matter of procurement, which was discussed at the audit committee meeting on March 26, 2024. At the Audit Committee meeting held on November 25, 2025, the Internal Auditor's report was discussed regarding project management during licensing and engineering stages.</p> <p>In March 2025, the internal auditor submitted an audit report on Sunprime and the Company's platform in Romania (Nofar SRL and the project companies), which was discussed at the audit committee meeting on March 27, 2025.</p> <p>All audit reports discussed and submitted for approval by the audit committee were submitted in writing.</p>
Remuneration of the internal auditor:	<p>The internal auditor's fee for an internal audit is set at an amount of NIS 275 per hour of work in 2024 (all plus VAT).</p> <p>Given the internal auditor's salary, in the opinion of the Company's Board of Directors, the remuneration is reasonable and in its estimation will not influence the judgment of the internal auditor when auditing the Company.</p>

2.7 Details regarding the Company's auditor

On January 5, 2025, the general meeting of the Company's shareholders decided to appoint the accounting firm KPMG Somekh Chaikin as the Company's auditors, replacing the BDO firm Ziv Haft.

Below are details regarding the fees of the auditor:

Details of the Company	Name of Auditor	Type of service	2023	2024
The Company	BDO Ziv Haft	Audit, audit-related services, including tax services related to the audit	811,000	850,000
		Other services	108,000	265,750
Subsidiaries and associates	KPMG	Audit, audit-related services, including tax services related to the audit	1,260,000	813,673
		Other services	397,000	492,229

The fees of the auditors were presented for approval by the Company's Board of Directors. The fee amount is determined within discussions between the Company and the auditors based, among other things, on the scope of the audit hours and the market conditions, and in the opinion of the Company's management, is reasonable and acceptable given the nature of the Company and the scope of its activities.

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 1.9 above and Notes 17 and 34 to the Consolidated Financial Statements as of December 31, 2024. In addition to what is stated in the above Notes:

- On February 1, 2024, an annual and extraordinary general meeting of the Company's shareholders was held, during which the re-appointments of Ofer Yannay, Yoni Tal, Yonit Partok, Zvi Levin, and Uri Orbach as directors of the Company was discussed, the re-appointment of the accounting firm Ziv Haft (BDO) as the Company's auditors was reached, and the Company's Board of Directors was authorized to determine their remuneration, the re-appointment of Mr. Gili Cohen as an outside director of the Company was approved. For additional details, see immediate reports published by the Company on December 26, 2023 (Reference No.: 2023-01-116602), and February 4, 2024 (Reference No.: 2024-01-010543), which is included in this Report by way of reference.
- On March 10, 2024, the Company announced that it had entered into an agreement with Meitav Trade, whereby Meitav Trade will serve as a market maker in the Company's shares. For details, see the immediate report dated March 10, 2024 (Reference No.: 2024-01-020815) and reports dated March 10, 2024 and March 11, 2024, the contents of which are cited in this report by reference.
- On May 30, 2024, the Company published a prospectus for the issuance of options to employees. For details, see the immediate report dated May 30, 2024 (Reference No.: 2024-01-056994), the

information in which is included in this Report by reference. On May 19, 2024, the Company published a shelf prospectus dated May 20, 2024. For details, see the shelf prospectus published on May 19, 2024 (Reference No.: 2024-01-051456), the information in which is included in this Report by reference.

- On June 2, 2024, the Company reported a change in the holdings of Messrs. Ofer Yanay and Nadav Tenne following the purchase of shares on the stock exchange. On June 26, 2024, the Company reported a change in the holdings of Messrs. Ofer Yannay, Nadav Tenne, and Shahar Gershon following the purchase of the Company's shares on the stock exchange. On September 1 and September 7, 2024, the Company reported a change in the holdings of Mr. Ofer Yannay following the purchase of the Company's shares and the Company's Bonds (Series B), respectively, on the stock exchange. For additional details, see the Immediate Reports dated June 2, 2024, June 26, 2024, September 1, 2024, and September 7, 2024 (Reference Nos.: 2024-01-057723, 2024-01-064551, 2024-01-064863, 2024-01-091614, and 2024-01-601629).
- At a General Meeting of the Company held on January 5, 2025, the General Meeting approved the following: (1) The reappointment of Mr. Ofer Yannay as a Director of the Company and Chairman of the Board of Directors until the end of the next Annual General Meeting of the Company; (2) The reappointment of Mr. Yoni Tal, Ms. Yonit Partok, Mr. Zvi Levin, and Mr. Uri Orbach as Directors of the Company until the end of the next Annual General Meeting of the Company; and (3) The appointment of the accounting firm Somekh Chaikin KPMG as the Company's independent auditors (replacing BDO), and the authorization of the Company's Board of Directors to determine their remuneration. For additional details, see the meeting invitation report published on November 28, 2024 (Reference No.: 2024-01-620382), which is included in this Report by way of reference.
- On January 24, 2025, the Company announced a change in the holdings of Mr. Gili Cohen, an external director of the Company, following the sale of shares on the stock exchange. For details, see the immediate report published by the Company on January 24, 2025 (Reference No.: 2025-01-006567), 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,
Joint CEO

Shahar Gershon,
Co-CEO and VP of
Business Development

Date: March 30, 2025

Appendix A - Disclosure to Bondholders

The Bonds (Series A)

	Series A Bonds (Data in NIS thousands)
Issuance date	August 16, 2021, September 8, 2022 and May 10, 2023(*)
Scope of par value of bonds on the issue date	400,000, 717,005, 967,005
Balance of par value of bonds in circulation as of December 31, 2024	696,244 ^(*)
Par value including linkage as of Dec. 31, 2024	787,297 ^(*)
Amount of interested accrued	---
Is this a material series?	Yes
Fair value as included in the financial statements	760,301,382 ^(*)
Stock exchange value as of December 31, 2024	Approximately NIS 758,488 thousand ^(*)
Stock exchange value near the Report Date (March 20, 2025)	349,011 ^(*)
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.
Rating	A3.il with a stable outlook
Ranking company	Midroog
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. E-mail: 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

	Series A Bonds (Data in NIS thousands)
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 towards 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 550 million, the ratio between solo equity and the solo total net balance sheet (as these terms are defined in the trust deed), which 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), which will not exceed 15.</p> <p>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 No.: 2021-01-065944), which is included herein by way of reference.</p>
General meetings and reports on behalf of the trustee	<p>On June 28, 2023, the Company published an annual report on behalf of the trustee to the holders of Bonds (Series A) for 2022. For details, see the immediate report published by the Company on July 28, 2023 (Reference No.: 2023-01-060340), which is included in this Report by way of reference.</p> <p>On July 25, 2023, the meeting of holders of Bonds (Series A) convened, in which it was decided to approve the trustee's term of office until the full and final repayment of the Company's Bonds (Series A). For details, see the immediate report published by the Company on July 26, 2023 (Reference No.: 2023-10-070492), which is included in this Report by way of reference.</p>

- (*) It should be noted that on January 15, 2025, the Company completed an exchange purchase offer of approximately NIS 379 million par value Bonds (Series A) in exchange for the issuance, through an expansion of a series, of approximately NIS 401 million Bonds (Series D), based on an exchange ratio of 1.059. For details, see the immediate report published by the Company on January 14, 2025 (Reference No.: 2025-01-003956), which is included in this Report by way of reference.

Bonds (Series B and C)

	Series B Bonds (Data in NIS thousands)	Series C Bonds (Data in NIS thousands)
Issuance date	July 20, 2023, February 12, 2025	July 20, 2023, February 14, 2024, February 12, 2025
Scope of par value of bonds on the issue date	407,550, 499,993 (*)	233,951, 558,951, 845,321 (*)
Balance of par value of bonds in circulation as of December 31, 2024	407,550 (*)	558,951 (*)
Par value including linkage as of Dec. 31, 2024	407,550 (*)	558,951 (*)
Amount of interested accrued	---	---
Is this a material series?	Yes	Yes
Fair value as included in the financial statements as of December 31, 2024	375,317 (without the capital component)	564,725
Stock exchange value as of December 31, 2024	434,448	585,389
Stock exchange value near the Report Date (March 20, 2025)	516,993	894,857
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 (Data in NIS thousands)	Series C Bonds (Data in NIS thousands)
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> <p>In the event of an early redemption at the initiative of the stock exchange, the consideration for the redemption will be in the highest amount among the alternatives listed above, while regarding the sampling period and the market value of the remaining bonds will be determined with reference to the date of receiving the stock exchange's decision regarding the execution of the early redemption</p>
Rating	A3.il with a stable outlook	A3.il with a stable outlook
Ranking company	Midroog	Midroog
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	---	

	Series B Bonds (Data in NIS thousands)	Series C Bonds (Data in NIS thousands)
The Trustee	Mishmeret Trust Services Ltd., 48 Menachem Begin Ave., Tel Aviv. Telephone: 03-6374352; Fax: 03-6374344. Contact person: CPA Rami Sabati. E-mail: 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 failure 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 towards 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), which 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), which 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), which 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 2.5/2.7, 2.10/2.12, and 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 No.: 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	---	---

- (*) It should be noted that in February 2025, the Company completed an issuance by way of expanding series of approximately NIS 92.4 million par value of Bonds (Series B), in consideration for NIS 1.065 for each NIS 1 par value, for a total gross amount of approximately NIS 98.4 million, and approximately NIS 286.3 million par value of Bonds (Series C), in consideration for NIS 1.053 for each NIS 1 par value, for a total gross amount of approximately NIS 301.5 million. For details, see the immediate report published by the Company on February 12, 2025 (Reference No.: 2025-01-010343), which is included in this Report by way of reference.

The Bonds (Series D)

	Series D Bonds (Data in NIS thousands)
Issuance date	September 16, 2024, January 15, 2024
Scope of par value of bonds on the issue date	355,000, 756,289
Balance of par value of bonds in circulation as of December 31, 2024	355,000 ^(*)
Par value including linkage as of Dec. 31, 2024	355,000
Amount of interested accrued	---
Is this a material series?	Yes
Fair value as included in the financial statements as of December 31, 2024	351,824 ^(*)
Stock exchange value as of December 31, 2024	372,324 ^(*)
Stock exchange value near the Report Date (March 20, 2025)	804,162 ^(*)
Nominal interest (fixed)	6.69%
Principal repayment date	The Bonds are due for repayment (principal) in eight (8) unequal semi-annual installments, whereby the first and second payments, in the amount of 5% of the par value of the Bonds each, will be paid on June 30 and December 31, 2030, and the following six payments (third through eighth), in the amount of 15% of the par value of the Bonds each, will be paid on June 30 and December 31 of each of the years 2031 through 2033 (inclusive).
Payment and interest dates	The interest will be paid in semi-annual installments on June 30 and December 31, with the first interest payment being paid on December 31, 2024, and the last interest payment being paid together with the final repayment of the principal, on December 31, 2033.
Linkage	---
Right to convert the Bonds	---



	Series D Bonds (Data in NIS thousands)
Right to early redemption	<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 1.25%. 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>In the event of an early redemption at the initiative of the stock exchange, the consideration for the redemption will be in the highest amount among the alternatives listed above, while regarding the sampling period and the market value of the remaining bonds will be determined with reference to the date of receiving the stock exchange's decision regarding the execution of the early redemption.</p>
Rating	A3.il with a stable outlook
Ranking company	Midroog
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. E-mail: 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?	Yes
Are there grounds for immediate repayment of the Bonds?	<p>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 failure 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. In addition, and among other things, there are grounds for early repayment in the event that the Bonds cease to be rated for a period exceeding 60 consecutive days, except in the event that the cessation of the rating is due to reasons or circumstances beyond the control of the Company, or if the Bond rating falls below the 'Baa3.il' rating or an equivalent rating.</p>

	Series D Bonds (Data in NIS thousands)
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 towards 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), which will not be less than 36% during two consecutive quarters, the ratio between net consolidated financial debt and EBITDA (as these terms are defined in the trust deed), which 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), which 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 2.5 of the trust deed), conditions regarding the issuance of additional series of bonds (as specified in Section 2.10 of the 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 2.5, 2.10, and 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 an immediate report on September 23, 2024 (Reference No.: 2024-01-605102), which is included herein by way of reference.</p>
General meetings and reports on behalf of the trustee	

- (*) It should be noted that on January 15, 2025, the Company completed an exchange purchase offer of approximately NIS 379 million par value Bonds (Series A) in exchange for the issuance, through an expansion of a series, of approximately NIS 401 million Bonds (Series D), based on an exchange ratio of 1.059. For details, see the immediate report published by the Company on January 14, 2025 (Reference No.: 2025-01-003956), which is included in this Report by way of reference.

Part C

**Consolidated Financial
Statements as of
December 31, 2024**





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Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'ah St., PO Box 609
Tel Aviv 6100601
8000 684 03

March 30, 2025

To
The Board of Directors of
O.Y. Nofar Energy Ltd. (the "**Company**")
1 HaTachana Street, Kfar Saba

To Whom It May Concern,

Re: Letter of consent in connection with a shelf prospectus of O.Y. Nofar Energy Ltd. dated May 2024

We hereby inform you that we agree to the inclusion of our reports (including by way of reference) detailed below in connection with the shelf prospectus from May 2024.

- a. The auditor's report dated March 30, 2025 regarding the consolidated financial statements of the Company as of December 31, 2024 and for the year ended on that date.
- b. The auditor's report dated March 30, 2025 regarding the separate financial information of the Company as of December 31, 2024, and the year ended on that date, based on Article 9c of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Somekh Chaikin
Accountants

Auditors Report to the Shareholders of O.Y. Nofar Energy Ltd.

We have audited the consolidated statements of financial position attached of O.Y. Nofar Energy Ltd. (hereinafter: the **"Company"**) as of December 31, 2024, as well as the consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year ended on December 31, 2024. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion as to these financial statements based on our audit.

The Company's financial statements as at December 31, 2023 and for the years ended on December 31, 2023 and 2022 were audited by earlier auditors, whose report on the same dated March 28, 2024 included an unqualified opinion.

We did not audit the financial statements of an investee company accounted for using the equity method, in which the investment is approximately NIS 69,346 thousand as of December 31, 2024, and the Company's share of its profits is approximately NIS 32,329 thousand, for the year ended on December 31, 2024. The financial information of the same company was reviewed by other auditors, whose review reports were provided to us, and our opinion, inasmuch as it relates to the amounts included in respect of that company, is based on the review reports prepared by the other auditors.

We have conducted our audit in accordance with the customary auditing standards, including the standards set forth in the Accountant Regulations (Mode of Performance of an Accountant), 5733-1973. Based on these standards, we are required to plan the audit and execute it in order to obtain a reasonable degree of certainty that the financial statements do not contain a material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes a review of the accounting rules applied and the significant estimates used by the Company's board of directors and management, as well as an evaluation of the accuracy of the presentation in the financial statements generally. We believe that our audit and the other accountant reports provide a sufficient basis for our opinion.

In our opinion, based on our audit as well as the reports by the other accountants, the aforesaid consolidated financial statements reflect fairly, in all material respects, the financial state of the Company and its consolidated companies as of December 31, 2024, and the results of their operations, the changes to equity and their cash flows for the year ended on December 31, 2024, in accordance with the International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

Key points in the Audit

Key matters in the audit listed below are the matters that were communicated, or were required to be communicated, to the Company's board of directors and which, according to our professional judgment, were most significant in the audit of the consolidated financial statements for the current period. These matters include, among others, any matter which: (1) relates, or may relate, to material sections or disclosures in the financial statements, and (2) our judgment regarding it was particularly challenging, subjective or complex. These matters are answered as part of our audit and formation of our opinion on the consolidated financial statements as a whole. The communication of these matters below does not change our opinion on the consolidated financial statements as a whole and we do not use it to give a separate opinion on these matters or on the sections or disclosures to which they refer.

Capitalization of costs of fixed assets under construction

Why was the matter determined to be a key issue in the audit?

As described in Note 11 to the Company's consolidated financial statements, the Company has fixed assets under construction in the amount of NIS 1,442 million. The total capitalized costs for fixed assets under construction in the consolidated statement of financial position as of December 31, 2024, amount to approximately NIS 827 million.

The Company examines whether the costs are eligible for capitalization by evaluating the status of the asset and the feasibility of its construction, using specific information regarding each asset and its characteristics, such as location, expected revenues, and estimated construction costs.

The capitalization of costs for fixed assets under construction is a key audit matter due to the materiality of these assets and, among other things, the judgment involved in determining the commencement and cessation dates of capitalization, and in assessing the costs eligible for capitalization. A change in the determination of these dates or in the types of expenses to be capitalized may impact the asset's cost in the Company's financial statements and the total costs recognized in profit or loss. Auditing the capitalized costs involves the auditor's judgment, as well as knowledge and experience, in order to assess the reasonableness of the assumptions and data used by management in determining the commencement and cessation dates of capitalization, as well as in evaluating the costs eligible for capitalization.

Response given to the key issue in the audit

The following are the main procedures we performed in relation to this key audit matter as part of our audit:

- Examination of the Company's existing process for determining costs eligible for capitalization and for determining the commencement and cessation dates of capitalization. This includes controls implemented by management in relation to the determination of such eligible costs.
- Examination of the reasonableness of the assumptions and data used by management in determining the commencement date of capitalization.
- Substantive sampling of the costs capitalized during the year to projects, and evaluation of whether they are eligible for capitalization.
- Assessment of the accuracy of the costs incurred and obtaining related project agreements such as construction agreements with contractors and acquisition agreements of property companies with assets under construction.
- Examination of the interest capitalization calculation for non-specific borrowing costs and performance of an independent calculation.

Somekh Chaikin
Accountants

March 30, 2025

Consolidated Statements of Financial Position

		As of December 31	
		2024	2023
	Note	NIS thousands	
Assets			
Current assets:			
Cash and cash equivalents	5	362,634	661,388
Deposits in bank corporations and others	6	47,498	10,011
Restricted use deposits		2,566	-
Customers	7	146,069	217,172
Financial assets	32	11,803	4,114
Accounts receivable	8	105,707	54,956
Inventory		25,128	58,058
Total current assets		701,405	1,005,699
Non-current assets:			
Investments in investee companies accounted for using the equity method	9	1,018,961	982,404
Right of use asset	10	360,373	307,700
Fixed assets	11	3,888,407	3,084,619
Intangible assets	12	149,407	152,866
Restricted use deposits and cash		25,277	7,032
Financial assets	32	25,966	42,333
Deferred taxes	28	20,543	12,569
Other receivables	30	37,108	36,370
Deposits in bank corporations and others	6	307	36,675
Total non-current assets		5,526,349	4,662,568
Total assets		6,227,754	5,668,267

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

Consolidated Statements of Financial Position

		As of December 31	
		2024	2023
	Note	NIS thousands	
Liabilities and equity			
Current liabilities:			
Short-term loans and current maturities for long-term loans from banks	14	166,097	69,896
Current maturities of lease liabilities	10	23,405	19,634
Current maturities of bonds	19	137,294	126,871
Suppliers and service providers	15	100,722	72,062
Liability for deferred consideration in a business combination	13	-	4,862
Accounts payable	16	47,254	54,807
Financial derivatives	32	1,918	1,918
Total current liabilities		476,690	350,050
Non-current liabilities:			
Long-term loans from banks	18	808,239	688,996
Liabilities for leases	10	343,907	291,712
Loan from a related party	30	21,462	8,494
Deferred taxes	28	149,592	211,855
Bonds	19	1,539,557	956,209
Convertible bonds	19	375,317	368,571
Other liabilities	20	102,201	21,259
Total non-current liabilities		3,340,275	2,547,096
Capital:			
Capital attributed to shareholders of the Company			
Share capital and premium	21	1,716,256	1,716,256
Loss balance		(174,634)	(153,354)
Capital funds		86,711	259,105
Total capital attributed to shareholders of the Company		1,628,333	1,822,007
Non-controlling interests		782,456	949,114
Total capital		2,410,789	2,771,121
Total liabilities and capital		6,227,754	5,668,267

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

March 30, 2025

**Date of approval of the financial
statements
for publication**

**Ofer Yannay
Chairman of the
Board**

**Nadav Tenne
CEO**

**Oren Ben Shimol
Acting CFO**

Consolidated Statements of Profit or Loss and Other Comprehensive Profit

		For the year ended on December 31		
		2024	2023	2022
	Note	NIS thousands		
Revenue from sale of electricity and construction	23	313,207	320,779	324,568
Compensation for loss of income	23	930	21,007	-
Income from tax partner	17(6)	6,038	2,575	7,629
Total income and profits		320,175	344,361	332,197
Setup and operating costs	24	264,467	318,475	322,304
Marketing and sale expenses		6,867	9,301	8,757
Management and general expenses	25	75,766	69,961	38,035
Other expenses	26	13,936	39,197	23,356
Total expenses		361,036	436,934	392,452
Other income	26	5,269	51,282	209,948
Operating profit (loss)		(35,592)	(41,291)	149,693
Financing expenses	27a	104,567	125,525	52,457
Financing income	27b	56,506	70,103	46,684
Financing expenses, net		48,061	55,422	5,773
Profit (loss) after financing expenses		(83,653)	(96,713)	143,920
Company's share in the profits (losses) of companies handled based on the equity method, net	9	18,137	(31,637)	9,371
Profit (loss) before taxes on income		(65,516)	(128,350)	153,291
Income tax expenses (tax benefit)	28	(18,998)	(26,521)	4,783
Profit (loss) for the year		(46,518)	(101,829)	148,508
Profit (loss) for the year attributed to:				
Shareholders of the Company		(26,905)	(88,661)	153,746
Non-controlling interests		(19,613)	(13,168)	(5,238)
		(46,518)	(101,829)	148,508
Basic and diluted profit (loss) per share (in NIS) attributed to the owners of the Company	29	(0.76)	(2.49)	4.57

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

Other comprehensive profit (loss):

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Profit (loss) for the year	(46,518)	(101,829)	148,508
<u>Total other comprehensive income (loss) (after tax impact):</u>			
<u>Amounts that will be classified or reclassified to profit or loss</u>			
Adjustments arising from translation of financial statements for foreign operations	(151,865)	145,252	62,062
Adjustments arising from cash flow hedging transactions	(20,673)	(6,952)	7,590
Disposal of adjustments arising from cash flow hedging transactions following obtaining control of associate company	-	-	(7,590)
<u>Items not reclassified later to profit and loss:</u>			
Part of other comprehensive income of corporations accounted for using the equity method	2,852	34,846	10,134
Revaluation for fixed assets	391	6,391	653
Total other comprehensive income (loss)	(169,295)	179,537	72,849
Total comprehensive profit (loss) for the year	(215,813)	77,708	221,357
<u>Total profit (loss) for the year attributed to:</u>			
Shareholders of the Company	(143,812)	29,238	219,629
Non-controlling interests	(72,001)	48,470	1,728
	(215,813)	77,708	221,357

The notes attached constitute an integral part of the consolidated financial statements.

Consolidated Statements of Changes to Equity

For the year ended on December 31, 2024

	Capital attributed to shareholders of the Company										
	Capital Shares 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	Non-controlling interests	Total capital
	NIS thousands										
Balance as of January 1, 2024	1,716,256	25,452	120,736	105,542	(3,629)	14,813	(3,809)	(153,354)	1,822,007	949,114	2,771,121
Loss for the year	-	-	-	-	-	-	-	(26,907)	(26,907)	(19,611)	(46,518)
Other comprehensive profit (loss) for the year	-	-	3,243	(110,694)	-	-	(9,455)	-	(116,906)	(52,389)	(169,295)
Portion of minority interests in the injection of capital to a consolidated partnership	-	-	-	-	-	-	-	-	-	6,140	6,140
Return of capital for non-controlling interests	-	-	-	-	-	-	-	-	-	(99,952)	(99,952)
Transaction with non-controlling rights	-	-	-	-	(54,285)	-	-	-	(54,285)	(846)	(55,131)
Share-based payment	-	-	-	-	-	4,424	-	-	4,424	-	4,424
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(5,627)	-	-	-	-	5,627	-	-	-
Balance as of December 31, 2024	1,716,256	25,452	118,352	(5,152)	(57,914)	19,237	(13,264)	(174,634)	1,628,333	782,456	2,410,789

Consolidated Statements of Changes to Equity

For the year ended on December 31, 2023

	Capital attributed to shareholders of the Company										
	Capital Shares 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	Non-controlling interests	Total capital
	NIS thousands										
Balance as of January 1, 2023	1,568,696	-	83,339	25,071	-	9,441	-	(68,533)	1,618,014	906,605	2,524,619
Loss for the year	-	-	-	-	-	-	-	(88,661)	(88,661)	(13,168)	(101,829)
Other comprehensive profit (loss) for the year	-	-	41,237	80,471	-	-	(3,809)	-	117,899	61,638	179,537
Entry into consolidation	-	-	-	-	-	-	-	-	-	18,163	18,163
Portion of minority interests in the injection of capital to a consolidated partnership	-	-	-	-	-	-	-	-	-	110,425	110,425
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	-	-	-	-	-	5,372	-	-	5,372	-	5,372
Issue of shares	147,560	-	-	-	-	-	-	-	147,560	-	147,560
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(3,840)	-	-	-	-	3,840	-	-	-
Balance as of December 31, 2023	1,716,256	25,452	120,736	105,542	(3,629)	14,813	(3,809)	(153,354)	1,822,007	949,114	2,771,121

Consolidated Statements of Changes to Equity

For the year ended on December 31, 2022

	Capital attributed to shareholders of the parent company							
	Capital Shares and premium	Capital fund for revaluation of fixed assets	Adjustments arising from transaction of financial statements for foreign operations	Capital reserve for share-based payment	Loss balance	Total capital attributed to shareholders of the Company	Non-controlling interests	Total capital
	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 for the year	-	10,787	55,096	-	-	65,883	6,966	72,849
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 attached notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Cash flow from current operations:			
Profit (loss) for the year	(46,518)	(101,829)	148,508
Expenses (revenues) not involving cash flows (Appendix A)	139,782	164,733	(200,705)
Changes in working capital (Appendix B)	(50,015)	(128,542)	(182,414)
Net cash from (used in) current activities	43,249	(65,638)	(234,611)
Cash flows from investment activities:			
Investments in corporations accounted for using the equity method	(53,877)	(265,018)	(517,680)
Repayment of a loan from an associated company	21,049	171,946	-
Investment in other receivables	(432)	-	-
Acquisition of shares from non-controlling interests	(1,215)	(3,131)	-
Repayment of deferred consideration	(4,903)	(121,139)	-
Investment in financial asset	-	(20,637)	-
Obtaining control of consolidated companies (Appendix D)	(102,419)	(349,795)	(95,350)
Deposit to restricted use deposits	(21,329)	(3,819)	(1,800)
Deposit (redemption of) deposits	657	516,134	(364,303)
Investments in fixed assets	(903,868)	(308,747)	(87,377)
Consideration from the exercise of fixed assets	-	-	133
Net cash used for investing activity	(1,066,337)	(384,206)	(1,066,377)
Cash flows from financing activities:			
Issue of shares (less issuance expenses)	-	147,560	-
Short term credit from banks, net	98,147	(305,920)	260,807
Issue of bonds, net	684,881	873,558	311,673
Repayment of bonds	(130,251)	(168,260)	-
Repayment of lease liabilities	(26,038)	(19,641)	(6,996)
Portion of minority interests in the injection of capital to a consolidated partnership	6,140	110,425	-
Return of capital for non-controlling interests	(99,952)	(135,047)	-
Receipt of loan from affiliated party	11,524	-	529
Repayment of a loan from a related party	-	(11,365)	-
Receipts from tax partner	18,356	-	18,908
Receipt of long term loans from bank corporations and others	207,184	427,429	23,544
Payment of long term loans from bank corporations and others	(56,727)	(28,024)	(5,981)
Net cash arising from financing activities	713,264	890,715	602,484
Increase (decrease) in cash and cash equivalents	(309,824)	440,871	(698,504)
Balance of cash and cash equivalents at beginning of year	661,388	237,865	904,345
Impact of changes in foreign exchange rates for cash and cash equivalents	11,070	(17,348)	32,024
Balance of cash and cash equivalents at end of year	362,634	661,388	237,865

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

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Appendix A: Adjustments required to present cash flows from current activities:			
Current tax expenses	11,744	12,797	-
Depreciation and amortization	96,966	80,226	14,696
Net financing expenses	48,061	55,422	5,773
Company's share in the (profits) losses of companies handled based on the equity method, net	(18,137)	31,637	(9,371)
Impairment of Assets	2,762	33,082	-
Other income for tax partner	(6,038)	(2,575)	(7,629)
Profit from gaining control of an associate	-	(51,228)	(209,885)
Capital gain	-	-	(23)
Share-based payment expenses	4,424	5,372	5,734
	139,782	164,733	(200,705)
Appendix B: Changes in working capital (changes in sections of assets and liabilities):			
Decrease (increase) in inventory	32,930	(6,378)	4,939
Decrease (increase) in customers	31,319	(33,363)	(165,929)
Decrease (increase) in receivables	(55,657)	5,681	(19,614)
Increase (decrease) in accounts payable	70,858	(9,327)	36,057
Increase (decrease) in suppliers and service providers	23,840	(9,563)	(26,785)
Change in deferred taxes	(29,267)	(39,318)	4,783
<u>Additional Information:</u>			
Income tax paid	(11,650)	(6,021)	-
Taxes received	-	16	4
Interest received in cash	15,296	34,659	7,500
Interest paid in cash	(127,684)	(64,928)	(23,369)
	(50,015)	(128,542)	(182,414)

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

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Appendix C: Substantial non-cash transactions			
Initial recognition of usufruct asset and lease liability	56,995	90,037	29,319
Purchase of fixed assets against supplier credit	-	-	27,660
Liability for deferred consideration	-	4,862	109,244
Classification of clients for investment	39,598	67,383	120,006
Appendix D: Obtaining control of consolidated companies			
Working capital, net, excluding cash and cash equivalents	5,543	(1,360)	(25,319)
Investment in an investee company	-	-	306,634
Disposal of investment in an investee company	-	(102,720)	(685,706)
Advances on account of investments	(18,532)	-	-
Liability for deferred consideration	-	(4,862)	(109,244)
Fixed assets and intangible assets	115,408	642,555	1,744,191
Right of use asset	22,792	11,541	109,107
Related parties	-	-	29,810
Lease liability	(22,792)	(11,802)	(106,963)
Other long-term liabilities	-	-	(9,570)
Deferred taxes	-	(18,163)	(133,547)
Non-controlling interests	-	(18,163)	(850,655)
Short term and long term loans from bank corporations and others	-	(153,087)	(235,725)
Financial derivative	-	-	27,568
Goodwill	-	5,856	34,769
	102,419	349,795	95,350

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

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's securities were listed for trade on the Tel Aviv stock Exchange Ltd.

The Company is engaged, as of the date of the report, 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, the exercise of assets, 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 projects (solar projects and battery storage project and charging stations), and 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 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, in parallel to the developments of the development platforms and the company's project backlog.

Definitions in these financial statements:

The Company -	O.Y. Nofar Energy Ltd.
The Group -	The Company and its consolidated companies.
Consolidated Companies / Subsidiaries -	Corporations, including companies and partnerships, whose reports are fully consolidated, directly or indirectly, with the Company's reports.
Investee Companies -	Consolidated companies and subsidiaries, including partnerships or a joint transaction, in which the Company's investment is included, directly or indirectly, in the financial statements on a balance sheet value basis.
Interested Parties -	As defined in Paragraph (1) of the definition of "Interested Parties" in a corporation in Section 1 of the Securities Law, 5728-1968.
Affiliated Party -	As defined in International Accounting Standard (2009)24 regarding affiliated parties.

The term "Nofar Group Companies" or the Group in these financial statements refers to the company or its investee companies.

B. Changes to interest rates

During the Report Period, there was a decrease in the interest rates carried by some of the loans taken by the Group companies, which are linked to the base interest rate. There was also a decrease in the interest rates set by the central banks, which are used as a basis for determining the interest rates taken by the Group Companies. These changes impact the financing costs of variable interest loans carried by the Group Companies and also affect the financing costs of projects in the initiation and construction stages for which financing has not yet been taken. According to estimates, during the coming year, the decline in interest rates abroad will continue, while in Israel the interest rate is expected to remain relatively stable with a moderate decline. Naturally, a change in interest rates affects the profitability of projects and their ability to be financed.

C. Changes in exchange rates

The revenues of the group companies as developers in Israel are in NIS, the construction price of the projects in Israel is denominated in NIS, and a substantial part of the Company's funding sources is in NIS. On the other hand, some of the components of the systems are purchased in foreign currency (mainly dollars, US, euros and sterling) and the Company's investment activities abroad are carried out in foreign currency (euro, dollar, sterling, zloty, krone, lei, etc.). Accordingly, fluctuations in the exchange rates of the relevant currencies may affect both the scope of the Company's sources of financing in foreign currency, both the results of the construction and maintenance sector, and the rates of return on capital that the Company's projects abroad will generate.

D. Changes in inflation

The Bonds (Series A) that the Company issued are linked to the consumer price index. Also, some of the loans taken by the Group Companies are linked to the Israeli consumer price index. Accordingly, an increase in inflation causes an increase in the Company's financing expenses. In addition, an increase in the inflation rate in Israel and the other countries in which the Group operates affects the costs of establishing and operating the projects. 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 changes in electricity prices are one of the causes of an increase in inflation, as well as 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).

E. Iron Swords War

On October 7, 2023, the "Iron Swords" war began, which is still going at present. The war may have macroeconomic consequences, including an effect on an increase in the consumer price index as a result of a shortage of workers or a shortage of various products, the weakening of the shekel against foreign currencies, an increase in interest rates (or the avoidance of lowering interest rates) as part of a restrictive monetary policy or consequences as a result of the downgrading of Israel's credit rating. At the same time, as of the Report Date, it appears that these indices are stable or have moderated.

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.

Notes to the Consolidated Financial Statements for December 31, 2024

f. Regulation

As a general rule, activity in the field of electricity and energy is an activity that is regulated and supervised by the relevant regulatory bodies in each country. Various legislative and regulatory processes in the countries where the Company operates have a significant impact on the Company's activities and results. In recent years, there has been a trend of developing incentives for renewable energies by the regulators in various markets, which affect the projects under development and the competition in the Company's business environment. Changes in regulation, changes in the policies of the governments and regulators or their approach in the interpretation of the regulation may have different effects on the Group's projects or projects that the Group intends to develop as well as on the viability of establishing new projects. Regulatory arrangements may also affect electricity supply activity and competition, including electricity prices.

Note 2 - Significant accounting policies:

The accounting policy set forth below was implemented in the financial statements consistently in all of the periods presented, unless stated otherwise.

a. Declaration of compliance with the international financial reporting standards

The consolidated financial statements were prepared by the Group in accordance with International Financial Reporting Standards (IFRS Accounting Standards, hereinafter – “IFRS”). Additionally, the financial statements are prepared in accordance with the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

The financial statements are prepared on a cost basis, excluding part of the fixed asset items measured based on the revaluation model, assets and financial liabilities (including derivative instruments) presented at fair value through profit or loss, and investments in joint transactions and associates, presented based on the equity method. The financial statements are presented in New Shekels (NIS) and all amounts are rounded to the nearest thousand, unless otherwise stated.

b. Operating cycle period

The Company's operating cycle is up to one year.

c. Consolidated Financial Statements

The consolidated financial statements include the reports of companies over which the Company has control (subsidiaries). Control exists when a company has the power to impact an investee entity, exposure or rights to variable returns as a result of its involvement in the investee entity and the ability to use its power in order to impact the amount of yield determined from the investee entity. In examining control, the impact of potential voting rights is only taken into account if they are real. Consolidation of the financial statements is performed as of the date on which control is obtained and until the control ceases.

The financial statements of the Company and subsidiaries are prepared as of the same dates and for the same periods. The accounting policy in the financial statements of the subsidiaries were applied consistently and in a uniform manner with those applied in the financial statements of the Company. Material mutual transactions and balances and the losses arising from transactions between the Company and the subsidiaries were eliminated in full in the consolidated financial statements.

Non-controlling rights for the subsidiaries represent the equity in the subsidiaries that cannot be directly or indirectly attributed to the Parent Company. The non-controlling rights are presented separately within the capital of the Company. Profit or loss and any component of other comprehensive income are attributed to the Company and to non-controlling rights. Changes in the holding rate in a subsidiary, which do not lead to a situation of loss of control, are recognized as a change in capital

Notes to the Consolidated Financial Statements for December 31, 2024

by adjusting the balance of rights that do not confer control against the capital attributed to the Company's shareholders and by deducting/adding consideration paid or received.

d. Acquisition of assets

When purchasing an asset or a group of assets that do not constitute a business, the Company identifies the identifiable individual assets acquired and the liabilities assumed and acknowledges them. The total cost is allocated to the individual identifiable assets and liabilities based on their relative fair value values at the date of acquisition, transaction costs are recognized as a cost reduction. A transaction or event of this type does not create goodwill.

e. Investments accounted for using the equity method

Initial investments in associates, at the time of the establishment of the project corporations, including shareholder loans, are accounted for according to the equity method, since they form part of the partners' investments.

Under the equity method, the investment in the associate is shown at cost plus post acquisition changes in the Company's share of net assets, including other comprehensive income of the associate.

The financial statements of the Company and associated company are prepared as of the same dates and for the same periods. The accounting policy in the financial statements of the associated companies were applied consistently and in a uniform manner with those applied in the financial statements of the Company. The equity method is applied until the time the material influence in the Company is lost or their classification as an investment held for sale.

Loans that are part of net investment in foreign activity

Loans and other financial balances of the Group vis-a-vis the foreign activity, whose settlement is not planned and which is unlikely to be settled in the foreseeable future, actually constitute part of the Company's net investment in the foreign activity. Exchange rate differences resulting from these items were recognized in other comprehensive income and accumulated in equity.

f. Functional currency, presentation currency

The functional currency is the currency that best reflects the economic environment in which the Company operates and its transactions, is determined separately for each company, including a company presented based on the equity method, and its financial position and the results of its operations are measured according to this currency. The financial statements of companies defined as foreign activities were translated.

[The financial statements of the foreign activities were translated into] the presentation currency of the Company using the following procedures:

1. Assets and liabilities for each statement of financial position were translated according to the immediate exchange rate at the end of that reporting period.
2. Income and expenses for each statement of profit or loss and other comprehensive income were translated according to the average exchange rates.
3. Share capital, capital funds and other capital transactions were translated according to the exchange rates at the time of their formation.
4. The surplus balance is based on the opening balance for the beginning of the reporting period plus transactions translated as stated in Sections 2 and 3 above.
5. The resulting exchange rate differences were recognized in other comprehensive income and accumulated in equity.

The Company's functional currency is the shekel.

g. Income recognition

Income from execution and construction works

At the time of entering into a contract with a customer, the Company recognizes the construction work as a performance obligation. The Company recognizes income from construction contracts over time. The Company measures the progress on the basis of the costs incurred by the Company in relation to the total projected costs of the project (method based on inputs). The Company obligates customers in the event of a performance obligation in accordance with the terms of the contracts with the customers. These charges are presented under the customers section in the Statement of Financial Position. The Company collects payments from its customers in accordance with the payment terms agreed upon in specific agreements, while the payments can be made before the provision of the service or during the service period, or after the provision of the service. In cases where income is recognized in profit or loss in respect of the fulfillment of a performance obligation and before the customers are charged, the amounts recognized that are unconditional are presented under the Income Receivable section.

Revenue from sale of electricity

Revenues from the sale of electricity are credited to the profit and loss statement over the period of electricity production. These revenues also include the sale of electricity produced by installations during the run-in period and the inspection of their correctness. The revenues are measured according to the fair value of the consideration received by the Group or about to be received, and are recognized in the financial statements as long as their collection is estimated as expected at the time of their recognition and when the amount of revenue can be reliably measured. Revenues in Israel are based on systems that operate by virtue of a net meter arrangement, competitive and default procedures that allow self-consumption of the electricity produced in the facility. The electricity rate paid to the Group Companies operating under these regulations is in accordance with and in relation to the rate paid by the electricity consumers at that time to their electricity supplier.

Revenues in the US are based on retail rates minus a discount determined in the engagement agreement with the client.

Revenues in Europe are based on the electricity rates at the time of entering into electricity sales agreements (PPA) or within a competitive electricity trading market (electricity exchange).

Effect of seasonality on income

In Israel, Europe and the USA, the winter months are characterized by a lower output compared to the other months of the year, when, as a rule, in the second and third quarters the output of the systems was higher.

h. Leases (International Financial Reporting Standard 16 - IFRS 16)

The Company treats the contract as a lease when in accordance with the terms of the contract a right is transferred to control an identified property for a period of time for consideration. On the first recognition date, the lease undertaking includes all of the lease payments not yet paid, capitalized at the interest rate inherent in the lease when it can be easily determined or the Company's incremental interest rate. After the commencement date, the Company measures the liability in respect of a lease using the effective interest method. The right of use asset at the commencement date is recognized in the amount of the liability in respect of a lease plus lease payments paid on or before the commencement date and plus transaction costs incurred.

The right of use asset is measured in the cost model and reduced over its useful life, or the lease term, whichever is shorter. The Company applies the Standard for the roofs of buildings or reservoirs, which it leases and on which it builds photovoltaic facilities, as well as for its offices and the Company's leasing vehicles. When signs of impairment occur, the Company examines an impairment of the right of use asset in accordance with IAS 36.

Notes to the Consolidated Financial Statements for December 31, 2024

Depreciation of a right of use asset

After the lease commencement date, a right-of-use asset is measured at cost, less accumulated depreciation and accumulated impairment losses, and adjusted for remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the earlier of the useful life or the contractual lease term, as follows:

	Depreciation period in years
Land and roofs	25-30
Office building	8-9
Vehicles	3

I. Income tax

Income taxes include current and deferred taxes. Current and deferred taxes are charged to the profit and loss statement unless the tax arises from a business combination, or are charged directly to equity or other comprehensive income if they arise from items that are recognized directly in equity or other comprehensive income.

J. Fixed assets

Fixed asset items are presented at cost (other than a group of photovoltaic systems on roofs and floating systems in Israel that the Company has decided to measure, which are measured based on the revaluation model) in addition to direct purchase costs, less accumulated depreciation, less losses from impairment accumulated and do not include ongoing maintenance expenses. The cost includes replacement parts and auxiliary equipment used by the fixed assets.

Components of a fixed asset item that have a significant cost in relation to the total cost of the item are depreciated separately, according to the components method. Depreciation is calculated in equal annual rates on a straight-line basis over the useful life of the asset, as follows:

	Depreciation rate
Photovoltaic facilities	4%-3.3%
Electricity storage systems	6.6%
Office furniture and equipment	10%
Computers	33%
Vehicles	15%

Leasehold improvements are depreciated over the shorter of the useful life of the improvement and the lease term.

The revaluation of photovoltaic systems on roofs in Israel is charged to the revaluation fund shown in capital, through other comprehensive income minus the tax impact. A revaluation fund is transferred directly to surplus when the asset is depreciated, and also during the use of the asset according to the rate of its depreciation.

Revaluations are performed regularly, once every three to five years, in order to make sure that the balance in the financial statements does not differ substantially from the value that would have been determined according to the fair value on the reporting date.

At the revaluation date, the gross book value was adjusted in a way that is consistent with the revaluation of the property.

Impairment of a revalued asset is credited directly to other comprehensive income, up to the amount where there is a credit balance in the revaluation fund for the same asset. Additional impairment, if any, is charged to profit or loss. An increase in the value of an asset as a result of revaluation is recognized in profit or loss up to the amount by which it eliminates a decrease previously recognized in profit or loss. Movement recognized in profit or loss Any further increase thereafter is credited to the revaluation fund through other comprehensive income. For more details on fixed assets, see Note 11.

Intangible asset

An intangible asset is initially recognized at cost including costs that can be directly attributed to the acquisition of the intangible asset. The cost of an intangible asset is an amount equivalent to the cash price at the time of recognition. An outlay for an intangible item, which was first recognized as an expense, will not be recognized as part of the cost of an intangible asset at a later date. An intangible asset acquired in a business combination was first recognized according to its fair value at the time of purchase.

In the periods following initial recognition:

An intangible asset, with the exception of goodwill, is shown at cost less accumulated depreciation and less accumulated impairment losses; an intangible asset with an indefinite useful life is shown at cost less accumulated impairment losses and is not amortized; goodwill resulting from business combinations and the acquisition of rights in joint activities whose activities constitute a business is measured at the amount recognized at the time of acquisition, less accumulated losses from impairment.

I. Measurement of fair value

The measurement of fair value is based on the assumption that the transaction occurs in the main market of the asset or liability, or in the absence of a main market, in the most advantageous market. For more details about measuring fair value, see Note 32.

M. Hedge accounting

The effective part of the changes in fair value of derivatives intended for cash flow hedging was recognized in other comprehensive income and accumulated in equity. The ineffective part of the above fair value change was recognized in profit or loss. Amounts recognized in other comprehensive income are reclassified to profit or loss as an adjustment for reclassification in the periods during which the projected cash flows that were hedged affect profit or loss.

N. Business combinations

When the Group first gains control of one or more businesses (hereinafter the “**Acquiree**”), the business combination is handled by the acquisition method. Under this method, the Company identifies the buyer, determines the date of acquisition and sale of identifiable assets acquired and liabilities taken in accordance with fair value, excluding exceptions. Components of minority interests in the acquiree that are present ownership rights that entitle their holders to a proportionate share of the acquiree’s net assets.

The Group recognizes goodwill at the date of acquisition as a surplus of the total amount of consideration transferred, of the amount of minority interests, and in combination with businesses acquired in stages, of the fair value at the acquisition date of capital rights previously acquired by the Group, over the net amount at the acquisition date of identifiable assets acquired and of the liabilities taken. The Company measures the consideration transferred in accordance with the fair values of the assets delivered, the liabilities taken and the capital instruments issued.

Notes to the Consolidated Financial Statements for December 31, 2024

When the consideration transferred includes contingent consideration arrangements, the Company measures the contingent consideration at the acquisition date at fair value. In subsequent periods, changes in the fair value of contingent consideration, not classified as capital, are recognized in profit or loss.

O. Goodwill

Goodwill created as a result of the acquisition of subsidiaries is presented under intangible assets. In subsequent periods, goodwill is measured at cost less accumulated impairment losses.

P. Impairment of non-financial assets

Timing of impairment examination

The book value of the Group's non-financial assets, other than inventory and deferred tax assets, is reviewed at each reporting date to determine whether there are any signs of impairment. If there are signs, as mentioned, an estimate of the recoverable amount of the property is calculated. Once a year on a fixed date, for each cash-generating unit that includes goodwill, or intangible assets that have an indefinite life or are not available for use, the Group performs an assessment of the recoverable amount, or more frequently if there are signs of impairment.

Recoverable amount measurement

The recoverable amount of an asset or of a cash-generating unit is the higher of value in use and fair value, minus exercise costs. In determining the value in use, the Group capitalizes the forecasted future cash flows according to the discount rate before taxes, which reflects the assessments of market participants regarding the time value of money and the specific risks relating to the asset or the cash-generating unit, for which the future cash flows expected to arise from the asset or the cash-generating unit have not been adjusted.

Recognition of an impairment loss

Impairment losses are recognized when the book value of an asset or cash-generating unit exceeds the recoverable amount, and are credited to profit and loss. Regarding cash-generating units that include goodwill, an impairment loss is recognized when the book value of the cash-generating unit, after realizing the remaining goodwill, exceeds its recoverable amount. Impairment losses recognized with respect to cash-generating units are allocated first to reduce the book value of goodwill attributed to these units and then to reduce the book value of the other assets in the cash-generating unit, proportionately.

Convertible bonds

The bonds that can be converted into company shares constitute a complex financial instrument, which at the time of issuance is separated into a financial liability component presented under long-term liabilities (except for current maturities, which are presented under current liabilities) and an equity component (the right to convert the bonds into a fixed number of company shares according to a fixed conversion ratio in advance) presented as part of the Company's capital. Determining the fair value of the liability component is based on the interest rate for similar debt instruments, which do not include a conversion option. This component is treated on a rolling basis at a depreciated cost according to the effective interest method. The balance of the consideration for the convertible bonds is attributed to the conversion option inherent in the bond. This component is credited to capital minus the effect of taxes on income and is not remeasured in subsequent periods. The issuance costs were allocated proportionally to the components of the complex financial instrument in accordance with the allocation of the proceeds.

R. Commitment for costs for the dismantling and removal of an item and the restoration of the site where the item is located

The cost of a fixed asset item includes, among other things, costs for the dismantling and removal of the item, and the restoration of the site where it is located, for which the entity has an obligation when the item is purchased or as a result of using the item for a certain period, not for the purpose of inventory production during that period. After the date of initial recognition, estimate changes in the said obligation until the end of the item's reduction period, will be added or subtracted from the asset in the current period. Changes in said obligation due to the passage of time are recognized in profit or loss as financing expenses.

S. Capitalization of credit costs

Credit costs include interest expenses according to the effective interest method, rate differentials and linkage differentials. Specific credit costs were capitalized directly for the construction of electricity production facilities whose preparation requires a significant period of time (and therefore constitute eligible assets) during the period required for completion and construction until the time they are ready for their intended use.

Non-specific credit costs were capitalized to qualifying assets over the period directly required for the development and construction of electricity generation facilities until the date they are ready for their intended use. These costs were determined in accordance with the multiple of the part of the investment cost in the eligible property weighted in the period that was not financed through specific credit by the group's general credit discount rate. This discount rate is determined according to the weighted average of all the group's credit costs that exists during the period, with the exception of specific credit costs received to finance a qualified asset during its establishment period. The company capitalizes index linkage differences for specific credit and non-specific credit (for the part of the investment in the qualified property that is financed through index-linked credit) according to the actual increase rate of the index each period. Other credit costs are credited to the financing expenses in profit and loss as incurred.

T. Initiation expenses

The company credits to the profit and loss statement all the initiation costs for projects it develops up to the stage where the feasibility of establishing the project is proven, in the management's opinion. From the time that the project is feasible, development and construction costs are capitalized on the cost of the project. A project is considered to be feasible when, in the estimation of the company's management, the likelihood of the realization of the project and the production of future economic benefits from it is greater than the chance of its non-realization.

U. Transactions with a controlling shareholder

An asset transferred to the company from its controlling shareholder is shown in the company's financial statements according to its fair value at the time of the transfer. Any difference between the amount of consideration determined for the asset and its fair value was recognized in equity.

V. Tax partner – tax benefits in U.S. projects and agreement with tax partner in connection therewith

Developers holding photovoltaic projects in the united states are entitled, under U.S. law, to certain tax benefits (including, inter alia, accelerated depreciation and investment tax credit (ITC)), which can be utilized against federal tax liabilities in the united states. In cases where the developer does not have sufficient tax liability to utilize the full benefit, it is common practice for the developer to enter into an agreement with a party that does have tax liability, transferring to that party all or part of the said tax benefits in exchange for an amount to be invested by such party in the project (hereinafter: the "**Tax Equity Partner**"). The group has entered into several agreements with a tax equity partner in accordance with the foregoing structure. The consideration is primarily for the transfer of most of the tax benefits related to the relevant project under such arrangement, mainly consisting of the tax credit under the ITC and depreciation expenses for tax purposes related to the photovoltaic facilities (hereinafter: the "**Tax Benefits**"), as well as participation in an agreed proportional share of the available cash flow for distribution. The right to participate in a portion of the available cash flow remains valid until the tax equity partner achieves a rate of return on its investment as specified in the agreement. Once this return threshold is met, the tax equity partner's share in the profits and cash flow is reduced to a minimal percentage, as set forth in the agreement.

Notes to the Consolidated Financial Statements for December 31, 2024

The amounts received from the tax equity partners are presented as a liability under the item "liability in respect of agreement with tax equity partner" in the statement of financial position. Forecasted amounts to be paid to the tax equity partners from the distributable cash flow in respect of their investment in the project constitute a financial liability, which is measured at amortized cost using the effective interest method. The forecasted amounts of tax benefits to be transferred from the project partnerships to the relevant tax equity partner constitute a non-financial liability, which is recognized in profit or loss as income from the tax equity partner on a straight-line basis over a period of five years (the period during which the company is required to meet various conditions in order to be eligible for the tax benefits), except for depreciation benefits, which are recognized in profit or loss over the benefit period, typically 12 years.

W. Proactive change in accounting policy

Until 2023, the Company presented its share of the results of companies treated according to the equity method as part of the revenue section, because these corporations are project corporations that are part of the core of the Company's business. As of 2023, the Company presents its share of the results of companies treated according to the equity method as a separate section after financing expenses, net. As of 2023, the results of the associated companies are mainly (98%) for the company Sunprime Holdings srl which is a company that operates independently through an active workforce and management and whose activity results mainly include headquarters costs and extremely significant financing costs. In the Company's opinion, the aforementioned change adequately reflects the economic essence and management's approach and will provide a clearer presentation to the readers of the reports. The Company applied the new accounting policy retroactively in 2023. In the process of applying the main accounting policies in the Financial Statements, the Company used discretion and weighed the considerations regarding the following matters which have a substantial impact on the amounts recognized in the financial statements:

Note 3: - Significant considerations, estimates and assumptions in the preparation of the Financial Statements:

a. Use of estimates and discretion

Control

The Company assesses whether it has control over companies in which warrants have been granted to third parties to acquire the Company's share. The Company examines whether the warrants give third parties the current ability to outline the relevant operations. For a right to be substantive, the right holder must have the practical ability to exercise the right. Determining whether the rights are substantive requires discretion while taking into account the facts and circumstances. As of the date of the Company's financial statement, there are a number of investee companies at varying holding rates, for which the partner has an option to purchase shares of the investee company so that it will leave the Company at various lower holding rates. In the Company's estimation, the options are substantive because it is in the money and can be exercised immediately. Therefore, these corporations were not consolidated and treated in accordance with the equity method.

Significant effect

For the purpose of examining a significant effect on investee companies, the Company takes into account the existence of potential voting rights that can be exercised immediately and that essentially provide the ability to influence the financial and operational policies of the associates. This determination requires discretion while taking into account the facts and circumstances.

b. Estimates and assumptions

Upon the preparation of the financial statements, the management is required to use estimates and assumptions that impact the implementation of the accounting policy and the reported amounts of assets, liabilities, income and expenses. Changes to the accounting estimates are recognized in the period in which the change of the estimate took place.

The following are the main assumptions used in the financial statements in connection with the uncertainty as of the reporting date and the critical estimates calculated by the Company, and for which a substantial change to the estimates and assumptions may change the value of assets and liabilities in the financial statements in the following year.

Revaluation of fixed assets

The Company assesses photovoltaic facilities in Israel that constitute fixed assets in revalued amounts, and the changes in fair value are recognized in other comprehensive income. The fair value is determined mainly according to the method of discounting the unleveraged future cash flows generated from the systems. Cashflows were capitalized at the weighted capital price, which reflects the level of risk of the activity. At each cut-off date, the Company's management examines whether there is a material impact on the updated valuation of systems connected in previous periods, and the fair value is measured when they are connected to the grid. As material differences are discovered, the fair values of these systems is updated. Revaluations are performed regularly, once every three to five years, in order to make sure that the balance in the financial statements does not differ substantially from the value that would have been determined according to the fair value on the reporting date.

The Company strives to determine objective fair value whenever possible, but the process of estimating the fair value of fixed assets also includes subjective components stemming from, among other things, the Company management's past experience and its understanding of projections for developments and relevant market scenario at the time of estimating the fair value. Therefore, and in light of the above, the determination of the fair value of the Company's fixed assets requires exercising discretion, and therefore changes to assumptions used in determining the fair value may significantly affect the fair value of the fixed assets.

Deferred tax assets

Deferred tax assets are recognized for losses transferred for tax purposes and for deductible temporary provisions that are not yet used, in the event that future taxable income is expected against which they may be used. An estimate of the management is required in order to determine the deferred tax asset amount that can be recognized based on the timing, expected taxable income amount, source and the tax planning strategies.

Determining the transaction price and the amounts allocated to performance obligations

When determining the price of the transaction with its customers, the Company takes into account the effect of any variable consideration in the contract, such as discounts, penalties, incentives, the existence of a significant financing component in the contract and non-cash consideration. In addition, for each transaction that includes variable consideration, the Company examines which method will better represent the amount of consideration that the Company will be entitled to: the expected value method or the most likely amount method.

Qualified property

For the purpose of determining whether projects that are in the initiation and development stages constitute assets eligible for capitalization, the Company's management evaluates whether it is expected that the projects will reach the completion of construction and commercial operation in order to generate economic benefits for the Company. This evaluation is carried out based on past experience and on the basis of the entire relevant factual basis, including the necessary statutory permits, the affinity to the land, the ability to connect to the grid, etc.

Notes to the Consolidated Financial Statements for December 31, 2024

c. Exchange rates and linkage basis:

- 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.
- 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.
- Below are data on exchange rates and the index:

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Consumer price index (in points):			
Based on index for	108.4	105.0	102.0
Based on known index	108.7	105.1	101.7
US dollar (in NIS for 1 dollar)	3.647	3.6270	3.5190
Pound sterling (in NIS for 1 pound)	4.574	4.6209	4.2376
EUR (in NIS for 1 euro)	3.796	4.0116	3.7530

	<u>For year ended on</u>		
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2024</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Consumer price index:			
Based on index for	5.26	2.96	3.24
Based on known index	5.28	3.34	3.43
USD	13.15	3.07	0.55
Pound Sterling	0.82	9.05	(1.01)
Euro	6.62	6.89	(5.37)

Note 4 - Disclosure of new IFRS standards in period prior to their adoption:

On April 9, 2024, IFRS 18 was published (replacing International Accounting Standard 1 – Presentation of Financial Statements). The objective of the Standard is to improve the way entities communicate information to users of their financial statements. The Standard focuses on the following areas:

1. Structure of the Statement of Profit or Loss – Presentation of defined subtotals and classification into categories within the statement of profit or loss.
2. Requirements for Improved Aggregation and Disaggregation of information in the financial statements and the notes thereto.
3. Disclosure of Management-Defined Performance Measures (MPMs) – performance measures that are not based on accounting standards (Non-GAAP), in the notes to the financial statements.

The Standard will come into effect for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted, subject to disclosure of such early adoption. However, the Authority has decided not to allow early adoption before annual periods beginning on January 1, 2025.

The Company is evaluating the impact of IFRS 18, including the impact of amendments to other IFRS standards resulting from its implementation, on the financial statements.

Note 5 - Cash and cash equivalents:

	As of December 31	
	2024	2023
	NIS thousands	
Israeli currency	18,805	26,656
In foreign currency	284,218	319,886
Deposits in Israeli currency (*)	59,611	282,203
Foreign currency deposits	-	32,643
	362,634	661,388

(*) Shekel deposits at a fixed annual interest rate of 4.2%-4.5%. The deposits can be repaid within a period of up to seven days.

Note 6 - Deposits from bank corporations and others:

a. Shorts term deposits:

	As of December 31	
	2024	2023
	NIS thousands	
Deposits in Israeli currency	-	10,011
Foreign currency deposits	47,498	-
	47,498	10,011

b. Long term deposits:

	As of December 31	
	2024	2023
	NIS thousands	
Deposits in Israeli currency	307	285
Foreign currency deposits (*)	-	36,390
	307	36,675

(*) Deposits mainly in EUR currency.

Note 7 - Customers:

	As of December 31	
	2024	2023
	NIS thousands	
Open debts	26,032	32,167
Related parties(*)	110,124	107,090
Doubtful debts	(359)	(74)
Income receivable from related parties (*)	10,272	77,989
	146,069	217,172

(*) For more details regarding related party balances, see Note 30.

Note 8 - Accounts receivable:

	As of December 31	
	2024	2023
	NIS thousands	
Expenses in advance	27,713	22,610
Value added tax institutions	42,317	-
Advances to suppliers	17,368	15,277
Income receivable	1,077	15,105
Income tax institutions	3,969	1,964
Other receivables	13,263	-
	105,707	54,956

Note 9 - Investments in investee companies accounted for using the equity method and material subsidiaries:**a. Composition:**

	As of December 31	
	2024	2023
	NIS thousands	
Investments	740,189	741,752
Loans	278,772	240,652
	1,018,961	982,404

Details of investment composition:

In Israel the Company contracts with third parties (mostly kibbutzim and moshavim), in an agreement to establish a joint corporation held in agreed percentages. The Company is building photovoltaic installations for the joint corporation. The financing of the facility is done in part by a loan and shareholder investments and the rest by a bank loan. The income of the joint corporation is from the production of electricity. Abroad, the Company operates through local partnerships held by the Company in various holding rates, as well as companies fully owned by the Company. For the details of the corporations held by the Company as of the Report Date, see the Holdings Appendix.

Corporation	Associated corporations	RATESTI SOLAR PLANT SRL	SunPrime Holdings SRL	Advances on account of investments (2)	Total
Country	Israel	Romania	Italy	Europe	
Rate of indirect holdings	42%	50%	63.5%		
	NIS thousands				
Balance as of December 31, 2023	298,382	41,283	379,822	22,265	741,752
Investments during the year, net	(4,624)	-	52,241	249	47,866
Classification of balances as investment, net (1)	(13,124)	-	-	-	(13,124)
Cash flow hedging	-	(531)	(13,826)	-	(14,357)
Company's share of profits (losses)	(8,541)	32,329	(5,651)	-	18,137
Adjustments arising from the translation of financial statements for foreign operations	-	(3,735)	(21,826)	250	(25,311)
Obtaining control of associates	-	-	-	(18,532)	(18,532)
Share in revaluation of fixed assets capital reserve (3)	3,758	-	-	-	3,758
Balance as of December 31, 2024	275,851	69,346	390,760	4,232	740,189

1. [The Company] sorted compensation to which the Company is entitled as a construction contractor, which is paid (by way of offset) by a capital investment of the Company as an owner of the investee corporations and constitutes a settlement of the debt of the investee corporations towards the Company for the construction. The investment will be repaid from the current flow of the investee corporation and/or from the financing received by the investee corporation. In 2024, financing funds totaling approximately NIS 10 million were received, which were returned to the Company (in 2023 - an amount of approximately NIS 44 million).
2. In 2023, the Company entered into an investment agreement to purchase the Sun Kingdom SRL corporation that owns the Slobozia project in April 2024. For details about corporations in which control was obtained, see Note 13a(1).

Year 2023:

Corporation	Associated corporations	RATESTI SOLAR PLANT SRL	ELECTRUM NOFAR ENERGY sp. z o.o	SunPrime Holdings SRL	Advances on account of investments	Total
Country	Israel	Romania	Poland	Italy	Europe	
Rate of indirect holdings	40%	50%	80%	61.7%		
	NIS thousands					
Balance as of December 31, 2022	258,727	34,364	(333)	180,801	33,774	507,333
Investments during the year, net	(21,628)	-	-	47,911	20,831	47,114
Classification of balances as investment, net	17,923	-	-	-	-	17,923
Loan to equity conversion	-	-	-	170,408	-	170,408
Company's share of profits (losses)	(2,049)	1,622	-	(31,210)	-	(31,637)
Adjustments arising from the translation of financial statements for foreign operations	-	5,632	-	11,912	1,434	18,978
Capital reserve for hedging		(335)				(335)
Profit from gaining control	1,426	-	-	-	-	1,426
Obtaining control of associates	(962)	-	333	-	(33,774)	(34,403)
Share in revaluation of fixed assets capital reserve	44,945	-	-	-	-	44,945
Balance as of December 31, 2023	298,382	41,283	-	379,822	22,265	741,752

Composition of loans to investee companies

		As of December 31	
	Interest	2024	2023
	%	NIS thousands	
Associated corporations in Israel (1)	3%-6.5%	181,498	142,166
Ratesti Solar Plant SRL	6%	53,995	53,870
SunPrime Holdings SRL	9%	43,279	44,616
		278,772	240,652

(1) The balance includes sorting the consideration in the amount of NIS 16 million (in 2023, NIS 26 million) to which the Company is entitled as a construction contractor, which is paid (by way of offset) by a loan of the Company as an owner of the investee corporations and constitutes a settlement of the debt of the investee corporations towards the Company for the construction. The loan will be repaid from the current flow of the investee corporation and/or from the financing received by the investee corporation, while loans are measured at depreciated cost.

b. Additional information regarding corporations held according to the equity method:

1. 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 63.5% (without adjustment to the ownership rates held by the Company). For additional details, see Note 17(a)(2).

In the Statement of Financial Position as of the Report Date

	As of December 31	
	2024	2023
	NIS thousands	
Current assets	184,786	369,633
Non-current assets	1,076,075	710,242
Current liabilities	(253,678)	(136,956)
Non-current liabilities	(749,962)	(681,619)
Capital attributed to shareholders of the Company	(257,221)	(261,300)

Results of the joint venture's operations

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Income	80,115	31,542	9,265
Loss for the year	(8,899)	(56,740)	(17,090)
Total loss for one year	(48,217)	(45,244)	(17,090)

2. Ratesti Solar Plant SRL ("Ratesti"):

In the Report Year, the Company's share in the total profit or loss, in absolute value, of Ratesti constituted approximately 69.5% of the Company's total profit or loss, in absolute value, over the four quarters ended as reported in the statement of financial position. However, in 2023, the Company's investment in Ratesti constituted less than 20% of the Company's total assets in the statement of financial position, and the Company's share in Ratesti's total profit or loss, in absolute value, also constituted less than 20%. In addition, the Company estimates that in 2025, its investment in Ratesti will constitute less than 20% of the Company's total assets in the statement of financial position, and its share in the total profit or loss, in absolute value, of Ratesti will also constitute less than 20%. Furthermore, since Ratesti is a property company—one of many held by the Company—whose entire assets and operating results are limited to a single solar project, the Company estimates that Ratesti is not significant to the Company's business or operations, either in their current form or in the future. Moreover, since the Company's financial statements already include detailed disclosure regarding the composition of the investment in Ratesti, including details on its assets and liabilities, cash flow results, and material agreements, the inclusion of its financial statements does not add any useful information to the users of the Company's financial reports and is therefore deemed immaterial with respect to the Company's financial statements.

In light of the above, in accordance with the provisions of Section 23(b) of the Securities Regulations (Annual Financial Statements), 5770-2010, the annual report does not include the reports of Ratesti. The following is additional information regarding the financial position and the aggregate results of operations of Ratesti, which is an associate with an indirect rate of holdings of 50% (without adjustment to the ownership rates held by the Company):

In the Statement of Financial Position as of the Report Date

	As of December 31	
	2024	2023
	NIS thousands	
Current assets	55,632	25,285
Non-current assets	363,091	394,114
Current liabilities	(28,997)	(33,072)
Non-current liabilities	(306,404)	(331,077)
Capital attributed to shareholders of the Company	(83,322)	(55,250)

Results of the joint venture's operations

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Income	97,371	2,470	-
Profit (loss) for the year	64,630	3,275	(3,316)
Comprehensive profit for the year	55,572	24,706	5,331

Results of cash flows

Ratesti loan

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Net cash flow arising from (used for) current activities	63,085	21,735	(19,272)
Net cash flow used for investing activity	(3,462)	(35,990)	(256,293)
Net cash flow that resulted from (used for) from financing activities	(26,254)	26,503	284,423

In

2023, Ratesti took out a loan in the total amount of EUR 60 million, under the terms as specified in Note 17A(4). As part of the financing transaction, Ratesti hedged 75% of the loan interest at a rate of 2.49%. As part of the loan agreement, Ratesti undertook to complete the construction of the project by September. In light of delays in the acceptance tests, it was agreed with the financing bank to postpone the completion date to January 2025. Notwithstanding the above, Ratesti has begun making reductions in respect of the investment in the project starting on July 1, 2024.

3. Joint corporations in Israel:

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):

In the Statement of Financial Position as of the Report Date

	As of December 31	
	2024	2023
	NIS thousands	
Current assets	204,401	196,811
Non-current assets	1,514,387	1,411,597
Current liabilities	(248,405)	(309,779)
Non-current liabilities	(1,202,817)	(1,040,020)
Capital attributed to shareholders of the Company	(267,566)	(258,609)

Results of the joint ventures' operations

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Income	253,625	178,883	138,413
Profit (loss) for the year	(3,663)	4,617	23,266
Comprehensive profit (loss) for the year	(811)	39,463	33,400

c. Additional Information Regarding a Material Consolidated Company, Noy Nofar Renewable Energies Europe, Limited Partnership (the "Consolidated Company")

On December 28, 2022, the Group entered into an agreement with Noy Funds, Noy-Nofar Renewable Energies Europe, Limited Partnership ("Noy Nofar Europe") and the general partner of Noy Nofar Europe (the "General Partner") regarding the purchase of 12.5% of the rights of Noy Nofar Europe and the General Partner, an increase to control and holdings at a rate of 52.5% of the rights of Noy Nofar Europe and in the General Partner (the "Purchase Agreement"). As part of the Purchase Agreement, Nofar purchased 12.5% of the rights in Noy Nofar Europe and the General Partner from the Noy Fund. For more details, see Note 17(1).

The following is additional information regarding the financial position and results of operations of the Consolidated Company:

In the Statement of Financial Position as of the Report Date

	As of December 31	
	2024	2023
	NIS thousands	
Current assets	57,627	128,998
Non-current assets	1,810,156	1,864,476
Current liabilities	(74,570)	(74,356)
Non-current liabilities	(750,964)	(627,350)
Total net assets	1,042,249	1,291,768
Carrying value of rights that do not confer control	(752,512)	(891,573)

The results of the operations of the Consolidated Company

	For the year ended on December 31	
	2024	2023
	NIS thousands	
Income	151,830	101,506
Profit for the year	33,716	25,572
Comprehensive profit (loss) for the year	(24,910)	81,819
Profit allocated to non-controlling interests	8,105	4,229

The acquisition of control occurred on December 28, 2022, therefore the results of operations in 2022 were not included.

Note 10 - Right-of-use Asset and Liability

a. Information regard tight of use assets:

	Land and roofs	Office building	Vehicles	Total
	NIS thousands			
Cost:				
Balance as of January 1, 2024	311,495	13,848	7,770	333,113
Entry into consolidation	22,792	-	-	22,792
Additions	55,624	-	1,371	56,995
Adjustments arising from the translation of financial statements for foreign operations	(15,804)	-	-	(15,804)
Index effect	1,171	853	(87)	1,937
Balance at December 31, 2024	375,278	14,701	9,054	399,033
Accumulated depreciation:				
Balance as of January 1, 2024	19,336	2,982	3,095	25,413
Additions	10,071	2,202	974	13,247
Balance at December 31, 2024	29,407	5,184	4,069	38,660
Depreciated cost as of December 31, 2024	345,871	9,517	4,985	360,373

	Land and roofs	Office building	Vehicles	Total
	NIS thousands			
Cost:				
Balance as of January 1, 2023	200,753	12,460	6,393	219,606
Entry into consolidation	11,541	-	-	11,541
Additions	88,900	-	1,137	90,037
Adjustments arising from the translation of financial statements for foreign operations	9,679	-	-	9,679
Index effect	622	1,388	240	2,250
Balance as of December 31, 2023	311,495	13,848	7,770	333,113
Accumulated depreciation:				
Balance as of January 1, 2023	11,259	1,682	2,003	14,944
Additions	8,077	1,300	1,092	10,469
Balance as of December 31, 2023	19,336	2,982	3,095	25,413
Depreciated cost as of December 31, 2023	292,159	10,866	4,675	307,700

Notes to the Consolidated Financial Statements for December 31, 2024

b. Additional quantitative information regarding leases:

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Interest expenses in respect of lease obligations	6,867	4,560	3,366
Total cash flows paid for leases	26,038	19,641	6,996

c. Lease liabilities:

	Lands and roofs in Israel and abroad	Office building	Vehicles	Total
	NIS thousands			
Balance as of January 1, 2024	298,457	9,258	3,631	311,346
Entry into consolidation	22,792	-	-	22,792
New arrangements during the Report Period	55,624	-	1,371	56,995
Financing expenses	5,939	645	283	6,867
Index revaluation	1,171	853	(87)	1,937
Adjustments arising from the translation of financial statements for foreign operations	(6,587)	-	-	(6,587)
Payment	(20,245)	(3,261)	(2,532)	(26,038)
	357,151	7,495	2,666	367,312
Less current maturities of long-term lease liability	(19,653)	(1,579)	(2,173)	(23,405)
Balance as of December 31, 2024	337,498	5,916	493	343,907

Notes to the Consolidated Financial Statements for December 31, 2024

c. Lease liabilities:

	Lands and roofs in Israel and abroad	Office building	Vehicles	Total
	NIS thousands			
Balance as of January 1, 2023	194,111	10,035	4,072	208,218
Entry into consolidation	11,802	-	-	11,802
New arrangements during the Report Period	88,900	-	1,137	90,037
Financing expenses	3,632	645	283	4,560
Index revaluation	622	1,388	240	2,250
Adjustments arising from the translation of financial statements for foreign operations	14,120	-	-	14,120
Payment	(14,730)	(2,810)	(2,101)	(19,641)
	298,457	9,258	3,631	311,346
Less current maturities of long-term lease liability	(15,678)	(1,579)	(2,377)	(19,634)
Balance as of December 31, 2023	282,779	7,679	1,254	291,712

Note 11 - Fixed assets:
Composition and movement during the year:

	Systems P.V In the US	Systems P.V in Israel	PV systems In Europe	Storage systems in the UK	Systems under construction and initiated	Other	Total
	NIS thousands						
Cost:							
Balance as of January 1, 2024	201,194	147,798	1,847,344	-	986,258	9,519	3,192,113
Entry into consolidation	-	-	-	-	115,408	-	115,408
Additions	9,455	11,989	96,954	-	827,327	1,230	946,955
Transfers	-	8,790	241,438	125,823	(376,051)	-	-
Impairment (5)	(2,762)	-	-	-	-	-	(2,762)
Revaluation recognized in other comprehensive income (1)	-	4,448	-	-	-	-	4,448
Adjustments arising from the translation of financial statements for foreign operations	904	-	(65,363)	(1,557)	(110,526)	-	(176,542)
Balance at December 31, 2024	208,791	173,025	2,120,373	124,266	1,442,416	10,749	4,079,620
Accumulated depreciation:							
Balance as of January 1, 2024	12,914	19,470	71,869	-	-	3,241	107,494
Additions	8,541	6,062	65,212	1,723	-	2,181	83,719
Balance at December 31, 2024	21,455	25,532	137,081	1,723	-	5,422	191,213
Reduced cost as of December 31, 2024	187,336	147,493	1,983,292	122,543	1,442,416	5,327	3,888,407

Composition and movement during 2023

	Systems P.V In the US	Systems P.V in Israel	PV systems In Europe	Systems under constructi on and initiated	Other	Total
	NIS thousands					
Cost:						
Balance as of January 1, 2023	203,843	100,433	1,568,936	222,350	6,563	2,102,125
Entry into consolidation	-	18,343	102,703	527,609	-	648,655
Additions	11,235	14,092	64,635	224,128	2,956	317,046
Transfers	-	6,631	-	(6,631)	-	-
Impairment (5)	(20,153)	-	-	-	-	(20,153)
Revaluation recognized in other comprehensive income (1)	-	8,299	-	-	-	8,299
Adjustments arising from the translation of financial statements for foreign operations	6,269	-	111,070	18,802	-	136,141
Balance as of December 31, 2023	201,194	147,798	1,847,344	986,258	9,519	3,192,113
Accumulated depreciation:						
Balance as of January 1, 2023	6,468	9,158	14,446	-	1,518	31,590
Additions	6,446	4,165	57,423	-	1,723	69,757
Entry into consolidation	-	6,147	-	-	-	6,147
Balance as of December 31, 2023	12,914	19,470	71,869	-	3,241	107,494
Reduced cost as of December 31, 2023	188,280	128,328	1,775,475	986,258	6,278	3,084,619

1. Valuation techniques

- a. The fair value of the photovoltaic systems in Israel (hereinafter: the "**Systems**") is determined according to the provisions of IFRS 13. For the purposes of determining the fair value, the Company uses a valuation plan provided to it by external appraisers and carried out by the Company's analysis department, while relying on and controlling external information sources, in order to determine the discount rates and risk-free interest.
- b. The fair value is determined mainly according to the method of discounting the unleveraged future cash flows generated from the systems. Cashflows were capitalized at the weighted capital price, which reflects the level of risk of the activity. The fair value of the systems is measured when they are connected to the network. At each cut-off date, the Company's management examines whether there is a material impact on the systems measured at the time of their connection. As material differences are discovered, the fair value of these systems is updated at each cut-off period. In accordance with the Company's accounting policy, revaluations are performed regularly, once every three to five years, in order to make sure that the balance in the financial statements does not differ substantially from the value that would have been determined according to the fair value on the reporting date.
- c. The discount rates used to determine the fair value of the systems are 7.5% for December 31, 2024 and 2023.
- d. The fair value measurement is classified as level 3 in the fair value scale.

2. Additional details:

- a. The remaining photovoltaic systems in Israel, minus accumulated depreciation, if they were presented according to cost, for December 31, 2024 and 2023, is NIS 92,713 thousand and NIS 87,769 thousand, respectively.
- b. The depreciation method used by the Company to depreciate the fixed assets is the straight line depreciation method.
- c. Besides the photovoltaic systems owned by the Company, the Company owns many other photovoltaic systems, which are listed under the entities treated accounted for using the equity method.
- d. The balance of the revaluation fund for fixed assets as of December 31, 2024 is NIS 23,932 thousand (December 2023 – NIS 24,606 thousand).

3. Fixed assets under construction

During the years that ended on December 31, 2024, and 2023, the Company completed the construction of new systems for a total amount of approximately NIS 367,051 thousand and approximately NIS 6,631 thousand, respectively.

- 4.** For pledges and guarantees, see Note 17(b).

5. Impairment loss

During the fourth quarter in 2024 and 2023, a consolidated company in the USA identified signs of a decrease in the value of photovoltaic systems in the USA, in view of changes in market conditions. The impairment test was performed by the Company vis-a-vis an external appraiser, in accordance with international accounting standard IAS36. The Company tested the value in use using the method of discounting cash flows (DCF) predicted to result from the use of the systems. Upon inspection, it was found that the recoverable amount of a number of systems according to value in use is lower than the book value of the systems, therefore, the Company recognized an impairment of the same systems.

Notes to the Consolidated Financial Statements for December 31, 2024

Below are the main assumptions based on which the valuation was performed by an external appraiser:

1. Weighted discount rate (WACC) is estimated at 9.01% - 8.05%
2. Market prices and the supply - the market prices (electricity, availability, RECs, etc.) are based on market forecasts received from external and independent sources of information, taking into account the region and market relevant to each project as well as the relevant regulation.
3. The forecast years - represent the period between 2024 and 2063, and based on the estimate of the economic life of solar systems and storage systems and their value at the end of the forecast period.
4. A long-term annual inflation rate of 2%.

Note 12 – Intangible assets:

	As of December 31	
	2024	2023
	NIS thousands	
Backlog of projects(1)	538	5,293
Goodwill (2)	148,869	147,573
	149,407	152,866

- (1) For more details about the main assumptions on the basis of which the valuation was performed, see Note 11(5) and Note 26.
- (2) In accordance with the provisions of the IAS 36 standard as part of the impairment test, the Company carried out an examination by an external appraiser about the existing and future system backlog of the acquired subsidiaries. The recoverable amount of the cash-generating units at the valuation date is higher than the net value of the cash-generating units' book value at the working date. Therefore, in accordance with the provisions of the IAS 36 standard, there is no impairment of goodwill, as of December 31, 2024 and 2023.

Note 13 - Business combinations and acquisition of assets:

a. During the Report Period

1. Slobozia - solar project in Romania

On April 25, 2024, the acquisition of the entire share capital of a corporation engaged in the development of the Slobozia project in Romania, a solar project with an estimated capacity of approximately 73.6 megawatts, was completed. The consideration amounted to approximately NIS 49.5 million, which was allocated to a solar project under construction. A total of NIS 18.5 million was paid in 2023 and a total of approximately NIS 31 million was paid in cash at the date of completion of the transaction during the Report Period.

1.1 Identified assets and liabilities acquired:

	Recognized value On purchase date
	NIS thousands
Assets acquired and liabilities assumed:	
Cash and cash equivalents	74
Accounts receivable	3,295
Fixed assets	46,240
Total identifiable net assets	49,609

1.2 Cash flow from asset acquisition:

	As of the purchase date
	NIS thousands
Consideration paid in cash and cash equivalents	31,077
Cash and cash equivalents in the Company as of the purchase date	74
Total net cash flow	31,003

2. Valter - solar project in Romania

On August 26, 2024, Nofar Ratesti BV, a corporation wholly owned by the Company, acquired the entire share capital of a corporation engaged in the development of the Volter project in Romania, a solar project with an estimated capacity of approximately 175 megawatts.

The consideration was paid in cash at the time of completion of the transaction and amounted to approximately NIS 72 million, which was allocated to a solar project under construction.

2.1 Identified assets and liabilities acquired:

	Recognized value On purchase date
	NIS thousands
Assets acquired and liabilities assumed:	
Cash and cash equivalents	630
Accounts receivable	2,248
Fixed assets	69,168
Right of use asset	22,792
Lease liability	(22,792)
Total identifiable net assets	72,046

2.2 Cash flow from asset acquisition:

	As of the purchase date
	NIS thousands
Consideration paid in cash and cash equivalents	72,046
Cash and cash equivalents in the Company as of the purchase date	630
Total net cash flow	71,416

b. Year 2023

Identified assets and liabilities acquired:

	Nofar Lahav Agricultural Cooperative Society Ltd.	C&S+R&S	FOREST + SOLIS	RTG + Biolab	Lubuskie Elektrownie Słoneczne	Solis Imperium	Portland Trust Renewables 3 S.R.L.	Electrum Nofar Energy Sp.z.o.o	Stendal	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	Value recognized at the time of purchase									
	NIS thousands									
Cash and cash equivalents	178	-	104	(50)	-	-	10	2,213	250	2,705
Customers	788	-	-	278	-	-	-	-	-	1,066
Receivables	-	-	865	835	7	78	1,747	8,152	27	11,711
Fixed assets	12,145	37,868	15,413	104,449	14,015	48,916	107,947	239,058	62,744	642,555
Long-term loans from banking corporations and others	(5,788)	-	-	-	-	-	-	(147,299)	-	(153,087)
Right of use asset	-	-	-	-	-	-	-	11,541	-	11,541
Lease liability	-	-	-	-	-	-	-	(11,802)	-	(11,802)
Accounts payable	(1,305)	-	(695)	(871)	(3)	-	(640)	(32)	(139)	(3,685)
Suppliers and service providers	(627)	-	(15)	-	-	-	-	(9,810)	-	(10,452)
Deferred tax liabilities	(1,544)	-	-	-	-	-	-	(16,619)	-	(18,163)
Total identifiable net assets	3,847	37,868	15,672	104,641	14,019	48,994	109,064	75,402	62,882	472,389

Cash flow for business combination:

	Nofar Lahav Agricultural Cooperative Society Ltd.	C&S+R&S	FOREST + SOLIS	RTG + Biolab	Lubuskie Elektrownie Sloneczne	Solis Imperium	Portland Trust Renewables 3 S.R.L.	Electrum Nofar Energy Sp.z.o.o	Stendal	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	As of the purchase date									
	NIS thousands									
Consideration paid in cash and cash equivalents	1,000	37,868	15,672	79,660	13,929	46,024	95,466	-	62,882	352,501
Cash and cash equivalents in the Company as of the purchase date	178	-	104	(50)	-	-	10	2,213	250	2,705
Total net cash flow	822	37,868	15,568	79,710	13,929	46,024	95,456	(2,213)	62,632	349,796

Goodwill

Following the acquisition of control of Electrum Nofar Energy Sp.zoo, goodwill was recognized as detailed below:

	NIS thousands
Total consideration	-
Fair value of the holding before obtaining control	65,333
Non-controlling interests (see Section E below)	15,925
Less fair value of the identified assets, net	(75,402)
Goodwill as of purchase date	5,856

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 60 megawatt hours, and an estimated storage capacity supply with an estimated capacity of approximately 624 megawatt hours, in consideration for an amount of approximately NIS 37.9 million that was allotted to storage projects under construction.

3. FOREST + SOLIS - solar project in Serbia

In June 2023, Nofar Europe B.V. (hereinafter: "**Nofar Europe**"), a corporation wholly owned by the Company, 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 26.6 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

In May 2022, Nofar Europe entered into an agreement to purchase the entire share capital of corporations engaged in the initiation of the Iepuresti project in Romania, which is a solar project, with a capacity of approximately 169 megawatts and which received approval for connection to the electricity grid.

On May 17, 2023, the transaction was completed in exchange for a total of approximately NIS 103 million which was allocated to solar projects under construction. Of this, a total of NIS 23 million was paid at the time the transaction was completed.

5. Lubuskie Elektroownie Sloneczne - a solar project in Poland

On August 4, 2023, Nofar Europe 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 14 million, which was allocated to solar projects under construction.

6. Solis Imperium - a solar project in Romania

In November 2022, Nofar Europe entered into an agreement for the purchase of the entire share capital of a corporation engaged in the initiation of the Ghimpati project in Romania, which is a solar project with an estimated capacity of approximately 147 megawatts, located in close proximity to the Iepuresti project, which is intended to be connected to a substation of that project. On July 11, 2023, the transaction was completed and consideration was paid in the amount of approximately NIS 49 million which was allocated to a solar project under construction, of which a total of NIS 46 million was paid in cash at the time of the transaction. The balance will be paid during 2024.

7. Portland Trust Renewables - Solar project in Romania

In July 2022, Nofar Europe entered into an agreement for the purchase of the entire share capital of a corporation engaged in the initiation of a solar project in Romania, Corbii Mari, with an estimated capacity of approximately 266 megawatts, located in close proximity to a high voltage line that allows the direct flow of the electricity produced by the project to the high voltage line.

On December 6, 2023, the transaction was completed in exchange for a total of approximately NIS 109 million which was allocated to a solar project under construction, of which a total of NIS 11 million was paid in 2022 and a total of approximately NIS 95 million was paid in cash at the time of the transaction. The rest of the consideration was paid during 2024.

8. Electrum Nofar - Solar and storage projects in Poland

On December 29, 2023, Nofar Europe entered into an amendment to the partner agreement in Poland, Electrum Holdings SP Zoo ("Electrum"), regulating the activities of Electrum Nofar SP Zoo (hereinafter: "**Electrum Nofar**") following which it obtained control of Electrum Nofar without a change in the holding rate. As part of the amendment to the agreement, it was determined, among other things, that the CEO of Electrum Nofar will be appointed by the Company, and that the CEO will be allowed to recruit employees and use the services of third parties for the activities of Electrum Nofar. In addition, it was agreed that the member of the Management Board will be appointed and detailed in a normal resolution (i.e. - the consent of the Company) from among candidates proposed by Electrum. Also, within the framework of the agreement, the decisions subject to a special majority in the Supervisory Board and shareholders meeting of Electrum Nofar were reduced. Following the amendment to the shareholders' agreement, in the Company's assessment, it is able to independently direct the activities of Electrum Nofar. Accordingly, all the assets and liabilities of Electrum Nofar were included in the Company's consolidated balance sheet. The allocation of the share purchase cost (PPA) within the framework of obtaining control of the Partnership was carried out by an independent external appraiser.

9. Stendal Storge - a storage project in Germany

On October 22, 2023, the Company, through a partnership, Nofar Energy Holdings 36 Limited Partnership, which is fully held by the Company, 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). On December 28, 2023, the transaction was completed and an amount of NIS 63 million was paid, which was allocated to a storage project under construction. The project is in construction stages.

Note 14 - Short-term loans and current maturities for long-term loans from banks:

a. Composition:

	As of December 31	
	2024	2023
	NIS thousands	
Current maturities for long-term loans from banks	61,394	52,590
Loans from bank corporations	104,703	-
Loans from banking corporations in foreign currency presented in short term (1)	-	17,306
	166,097	69,896

1. In December 2023, a subsidiary company in the USA signed a renewed loan agreement with a lending bank for 5 out of 11 project loans that, starting at the end of 2022, did not meet the criteria with the bank. As part of the agreement, approximately USD 540,000 was paid to the bank and all five loans were consolidated into one loan of USD 2.7 million, which carries an annual interest rate of 6.4%. In this loan, the Company is required to meet a coverage ratio of 1.35 starting in the first quarter of 2024. The change in the terms of the agreement was treated as an immaterial change in terms in accordance with IFRS 9 and as a result financing expenses of approximately NIS 800 thousand were recorded. In August 2024, the subsidiary signed a renewed loan agreement with the lender for four additional loans from the 11 project loans as stated above. As part of the agreement, all four loans were consolidated into one loan of USD 2.7 million, which carries an annual interest rate of 6.65%. In this loan, the Company is required to meet a coverage ratio of 1.2 starting in the third quarter of 2024. The change in the terms of the agreement was treated as an immaterial change in terms in accordance with IFRS 9 and as a result financing expenses of approximately NIS 490 thousand were recorded.

For more details, see also Note 17(a)(6).

2. Financial Criteria:

As of the date of the financial statements, the Group meets the required standards.

Note 15 - Suppliers and service providers:

	As of December 31	
	2024	2023
	NIS thousands	
Open debts	76,062	49,634
Expenses payable	23,951	21,597
Checks payable	709	831
	100,722	72,062

Note 16 - Accounts payable:

	As of December 31	
	2024	2023
	NIS thousands	
Employees and institutions for wages	7,748	5,250
Provision for vacation and recreation	3,846	2,530
Liabilities to holders non-controlling interests	12,299	13,722
Value added tax institutions	2,154	6,830
Income tax institutions	-	5,223
Expenses payable	3,507	7,432
Current liability to tax partner (1)	8,709	4,038
Commitment to an onerous contract (2)	839	3,736
Advances from customers	5,762	-
Various payables	2,390	6,046
	47,254	54,807

(1) For more details, see Note 17(a)(6).

(2) Commitment of a subsidiary company in the USA to a number of demands from real estate investment funds, with which it entered into lease agreements intended for the construction of solar systems, for a demand for the payment of rent and commitments to act for the construction of the systems and the replacement of the roofs on which the systems are intended to be built. Therefore, if the subsidiary does not submit plans for replacing the roofs, act to obtain the required regulatory approvals and also make reasonable efforts to establish the systems, the letter will be considered a notice of violation. The Company estimates that the liability reflects the cost that would be required to exit the contract.

Note 17 - Contingent liabilities and commitments:

a. Engagements

1. Joint investment agreement with Noy Fund in Renewable Energies Europe:

On December 28, 2022, the Company entered into an agreement with Noy Funds, Noy-Nofar Renewable Energies Europe, Limited Partnership ("Noy Nofar Europe") and the general partner of Noy Nofar Europe (the "General Partner") regarding the purchase of 12.5% of the rights of Noy Nofar Europe and the General Partner, an increase to control and holdings at a rate of 52.5% of the rights of Noy Nofar Europe and in the General Partner (the "Purchase Agreement"). As part of the Purchase Agreement, Nofar acquired 12.5% from the Noy Fund of the rights in Noy Nofar Europe and the General Partner, in consideration for a total of EUR 57.34 million (the "Consideration"), of which, a total of EUR 28 million was paid on the date of completion of the transaction and the remainder of the consideration was paid by August 2023, from the loan funds received by Sabinar Hive SL. Accordingly, the consolidated financial statements in 2022 included a gain from control of NIS 210 million, a fair value of the net identified assets of NIS 1,716 million and goodwill as of the date of acquisition in the amount of NIS 35 million.

2. Sunprime

The Company is active in Italy through the company Sunprime Holdings SRL ("Sunprime") which is held indirectly at a rate of 63.5% by the Company, which specializes in roof projects and land systems. Since the purchase of Sunprime by the Company, Sunprime has won a significant share of the capacity allocated in the last six tender procedures carried out by the Italian Electricity Services Authority (GSE), which grant the winners a guaranteed rate (Contract for Differences) as well as additional ground systems, including ground solar systems and storage projects. As of the Report Date, the average tariff of the systems promoted by Sunprime that won the GSE tenders is about EUR 83 per megawatt. Over the past few years, the Sunprime platform has been engaged in increasing the backlog of projects under development that it owns, while continuing to establish and connect solar projects.

As of the Report Date, the Sunprime Group holds a backlog of solar projects totaling approximately 738 megawatts of solar capacity and approximately 2,221 megawatts of storage capacity (of which approximately 321 megawatts were awarded in GSE tender procedures), of which approximately 270 megawatts are connected and ready-to-connect projects, approximately 167 megawatts and approximately 397 megawatts are projects under construction or nearing construction, approximately 301 megawatts and approximately 1,038 megawatts are projects in advanced development, and the remainder are in various stages of development. At the same time as these actions, at the Report Date, Sunprime is engaged in the initiation of additional projects in Italy. In addition, Sunprime is working to create a backlog of storage projects. It should be noted that, to the best of the Company's knowledge, as of the Report Date, Sunprime is able to benefit from the high electricity prices currently prevailing in the Italian electricity market, through the activation of the guaranteed tariff. For further details, see Note 34(5) regarding winning events in the generation availability tender process.

During October 2022, Sunprime Generation Srl and Sunprime Energia Distribuita Srl (the "Borrowers"), together with Sunprime and the other corporations held by Sunprime, entered into a framework agreement to receive senior financing of up to EUR 150 million, which will be used to establish solar projects with an estimated capacity of about 216 MWp. In November 2022, the financial closing of the transaction and the first withdrawal of the loan funds was carried out. On March 26, 2023, ANDROMEDA SOLUTIONS KFT (hereinafter: "**Andromeda**"), a corporation indirectly held by the Company, at the rate of 52.5%, entered into investment and loan agreements with Sunprime, regarding the conversion of loans in the amount of up to EUR 15.7 million that it previously provided to Sunprime shares, so that after the conversion the holding rate increased to 55%.

Note 17 - Contingent liabilities and commitments (cont.):

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 a simple majority. Accordingly, Sunprime's results are presented in the Company's financial statements according to the equity method.

On November 30, 2023, Andromeda entered into loan agreements with Sunprime Holding, regarding the conversion of loans in the amount of EUR 25 million, so that after the conversion, Andromeda's holding rate increased to 60% of Sunprime Holding's share capital (and the Company's holding rate will increase to 31.5% indirectly).

In December 2023, the shareholders were required to make additional investments in the amount of EUR 25 million so that after the investments the percentage of holdings increased to 63.5% (33% indirectly).

On July 22, 2024, Sunprime MT S.R.L, a wholly owned subsidiary of Sunprime (the "Borrower"), which holds, directly and through two wholly owned project companies (the "Project Companies"), approximately 220 megawatts of solar projects under construction, nearing construction, and in advanced development stages across Italy (the "Projects"), entered into an agreement with the European Investment Bank and Natixis S.A. to obtain senior project financing in an amount of up to EUR 204 million, at an interest rate of 6-month Euribor plus a weighted margin of 1.8%–2.2%. The interest will be paid in semi-annual installments starting from the date of the first drawdown of the financing. The loan principal will be repaid in semi-annual, unequal installments, starting from September 30, 2027 until September 30, 2044 (the "Final Repayment Date").

On July 31, 2024, the first drawdown of the loan funds was made in the amount of approximately EUR 17.8 million.

3. Projects in Spain

The development activity in Spain is carried out through Noy-Nofar Europe, in collaboration with local developers who hold between 5% and 10% of the rights in the Olmedilla and Sabinar projects, as well as rights in Grid Hive S.L, which owns the shared grid connection infrastructure for the projects.

The Olmedilla Project, a solar project with a total capacity of approximately 169 megawatts, is connected to the power grid and is held indirectly at a rate of 50% by the Company. The Sabinar Project, a solar project in Spain with a total capacity of approximately 238 megawatts, is also connected to the power grid and is held indirectly at a rate of 47% by the Company. The Project Companies entered into PPA agreements for a capacity of approximately 274 megawatts. The Project Companies sell the electricity generated under PPA agreements with terms ranging from 3 to 10 years.

Note 17 - Contingent liabilities and commitments (cont.):

In addition, the Project Companies are continuing the development of the Sabinar III Project with a capacity of 40 megawatts, as well as the development of a battery storage project that will be connected to the substation of the Olmedilla and Sabinar projects, along with the development of additional projects that will also be connected to this substation.

On February 17, 2023, Sabinar entered into an agreement with a German financial body, to receive senior financing in the amount of EUR 131.97 million at annual interest at a rate of 4.6% for one year and for a period of up to 20 years, which will be provided in two withdrawals and will be used mainly to repay shareholder loans that were invested and will be invested for the construction of the Sabinar I and Sabinar II projects.

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 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 pay the Noy Fund the balance of the amount for the purchase of 12.5% of the rights in Noy Nofar Europe.

During December 2024, the remaining drawdown of the loan funds was executed, in the amount of approximately EUR 51 million.

The Consolidated Company, directly and through a company under its control, provided guarantees in the amount of approximately EUR 44 million for subsidiaries and an associate company in connection with the senior financing, in favor of financial institutions, governmental entities, and a purchaser under the PPA agreements.

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, the electricity was not sold. As of May 5, 2023, the substation is connected to the electricity grid and the Olmedilla and Sabinar projects flow and sell the electricity they produce to the grid.

In the first quarter of 2023, 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, 2023, Andromeda (the controlling shareholder of Olmedilla and Sabinar's project companies) entered into a settlement agreement with the construction contractor, according to which the payments to the construction contractor will be reduced by EUR 1.5 million, Olmedilla and Sabinar will sue their insurer for remaining compensation for the damages and loss of revenues caused by the aforementioned event. During 2024, Andromeda received compensation from the insurer in a total amount of EUR 4 million.

Note 17 - Contingent liabilities and commitments (cont.):

4. Projects in Romania

Rateshti project

During the month of 2021, the company entered into an agreement together with Econergy International Ltd. (Econergy) (hereinafter jointly the "**Purchasers**"), in an agreement to purchase a company that owns a photovoltaic project with a total capacity of approximately 155 megawatts. As part of the purchase agreement, the Company and Econergy purchased from the sole shareholder in Portland Trust Renewable 1 SRL the entire issued share capital of the project company (the Company's share is 50%). As part of the agreement, the purchasers paid the seller approximately EUR 19 million; the bulk of the purchase amount will be attributed to the project under construction.

On November 23, 2023, the electrification of the project was successfully completed and the gradual flow of electricity into the grid began. 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.

Additional projects

During 2023, the company continued the development of the company's initiation platform in Romania through Nofar Europe BV ("Europe BV"), which is held at a rate of 100%, including recruiting local managers and building development teams.

During 2023, the Company completed the acquisition of four additional companies, and during the year, the Company completed the acquisition of two additional companies that own various projects in Romania. For details, see Note 13.

Engagement in a financing agreement

On August 20, 2024, Solis Imperium S.R.L and RTG Solar Energy S.R.L (the "Borrowers" or the "Project Companies"), which hold the Iepuresti and Ghimpati projects—solar projects in Romania currently under construction with capacities of approximately 169.6 megawatts and 146.6 megawatts, respectively (the "Projects")—entered into an agreement. These agreements were for obtaining senior project financing in an amount of up to EUR 122 million (of which EUR 110 million is CAPEX facilities). These bore an interest rate of 6-month Euribor plus an average margin of 2.9% during the operational period. The interest was paid in semi-annual installments starting from the date of the first drawdown of the financing. The credit facilities are valid until the earlier of October 2026 or 30 days from the date of completion of the project.

Note 17 - Contingent liabilities and commitments (cont.):

5. Agreements for the purchase of photovoltaic panels for projects in Romania

On December 20, 2023, the project companies that own the Iepuresti, Corbii and Ghimpati projects (collectively: the "**Project Companies**") (for details regarding the acquisition of the Project Companies, see Note 13 above) entered into agreements with Longi Solar Technology Spain SLU and Longi Solar Technology co. For the purchase and supply of solar panels with a total capacity of approximately 576 megawatts, under DDP conditions, at a total cost of approximately EUR 76.6 million (the "Total Consideration"). The Total Consideration is for the purchase of the panels, including taxes, export and import costs, insurance, international shipping, local shipping and bringing the panels to the project sites. The solar panels that will be supplied to the project companies are double-sided panels (which produce energy on both sides of the panel, which increases the total energy production of the panel), with efficiency rates of over 22.5% and a commitment by the supplier for an annual degradation (decrease in the output of the panel) of up to 0.4 %.

It should be noted that the signing of the panel procurement agreements sets the costs of purchasing and shipping the panels at prices significantly lower than the Company's estimates at the time of entering the project, and is a significant milestone in relation to the establishment of the Company's projects in Romania.

The agreements include, among other things, a commitment by the panel supplier to provide a bank guarantee in the amount of 15% of the consideration amount, on the condition that the first payment (of the same amount) is made. The rest of the consideration will be paid after the bill of lading is issued and the panels arrive at the project site. In addition, the agreements include a commitment by the panel supplier to cooperate with the construction contractors of the projects, a commitment to pay agreed compensation to the project companies in the event of a delay in supplying the panels, a commitment to purchase insurance as specified in the agreements, a warranty period for product defects (12 years) and panel output (30 years), a commitment for the repair and replacement of damaged components throughout the life of the project, the possibility of canceling the agreements in cases as specified in the agreements, including the possibility of cancellation for reasons of convenience against the payment of a cancellation fee as specified in the agreements, the right of the project company to pledge the agreements in favor of a financing party and the obligation of the panel supplier to enter into direct agreements with the banks that finance the construction of the projects. The agreements also include a commitment by the panel supplier to comply with ESG requirements (including in relation to the supply chain, slavery, bribery, etc.).

It should be noted that the signing of the agreements was carried out after receiving the approval of a banking corporation with which negotiations are ongoing to obtain bank financing for the years between the three projects, for its compliance with the requirements of the banking corporation, including in relation to ESG, supply chain, etc.

6. Blue Sky Utility LLC ("Blue Sky")

- a. 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. The structure of the transaction was built to contain components supporting accelerated growth, such as a credit line for the provision of equity for the establishment of projects and bonuses to the Company's management for meeting targets defined in the agreement. The Company's activity model focuses on setting up solar systems on the roofs of commercial centers, while selling electricity to stores in the complex at retail rates that are higher than the rates at which electricity is sold under the PPA agreements of Utility projects. As of the Report Date, Blue Sky is focusing on expanding operations, while strengthening the organizational infrastructure,

Note 17 - Contingent liabilities and commitments (cont.):

strengthening the collection system, increasing partnerships with REIT funds, creating new partnerships and closing agreements with tax partners. As of the Report Date, Blue Sky has a backlog of projects with a total capacity of approximately 57.3 megawatts of solar and approximately 702 megawatts of storage, of which approximately 19.1 megawatts of solar and approximately 2 megawatts of storage are connected projects, and the remainder is in various stages of development.

Entering into a framework agreement with the tax equity partner

In 2021 and 2022, Blue Sky entered into a framework agreement with a third party, according to which the third party will serve as a tax partner in projects established by the Blue Sky Group with which the partnership has established several projects in the past. As part of the agreements, the tax partner will provide the corporation that will be held jointly by the Blue Sky Group and the tax partner (the "Portfolio Company") a sum of up to USD 40 million to finance the establishment of solar projects combined with storage. In the Partnership's estimation, this amount constitutes the required investment from the tax partner for the establishment of new solar projects with a total cost of USD 120 million. As a result, the Group recognized receipts from the tax partners against the income of the tax partner and long-term liabilities.

Following legislative changes in the United States in 2022 (with an emphasis on the Inflation Reduction Act of 2022), developers were permitted to sell the ITC (Investment Tax Credit) directly to third parties in exchange for cash. In the third quarter of 2024, a U.S. subsidiary entered into an agreement with a third party (hereinafter: the "Buyer") for the sale of ITCs related to projects that were completed at the end of 2023 and during the first half of 2024. The Buyer paid the Company approximately USD 5.5 million in exchange for the transfer of the ITCs from the aforementioned projects, and the income from this transaction will be recognized over a five-year period under the "Income from Tax Equity Partner" item in the statement of profit or loss.

- b. In 2024, there is a remaining provision for an onerous contract liability in the amount of approximately NIS 0.8 million (compared to NIS 3.7 million as of December 31, 2023). For further details, see Note 16(2).
- c. During the Report Period, one of the minority shareholders in Blue Sky filed lawsuits in a California court against Blue Sky, Nofar USA, the Company, and officers of Nofar USA serving in Blue Sky, in relation to representations made to him regarding the purpose of the acquisition of Blue Sky, the manner in which Blue Sky is managed, and similar matters. The lawsuit includes claims for monetary compensation and declaratory relief, including a request for the purchase of his holdings at fair value and monetary compensation based on proven damages. In parallel, Nofar USA and Blue Sky filed lawsuits against the minority shareholder for breach of representations under the Blue Sky acquisition agreement and for breach of fiduciary duty by the minority shareholder in his capacity as an officer. In addition, as of the reporting date, legal proceedings are ongoing between Blue Sky and its subsidiaries and the construction contractor of several of its projects, who, to the best of the Company's knowledge, is owned by the same minority shareholder, in connection with several projects constructed by that contractor. Given the early stages of the proceedings, as of the reporting date, the Company's legal counsel is unable to assess the likelihood of success of the claims.

Note 17 - Contingent liabilities and commitments (cont.):

7. Projects in Poland

The Company is active in Poland through the company Electrum Nofar Energy SP Z.o.o ("Electrum Nofar"), which is indirectly held at a rate of 80% and deals with the initiation, development, and holding of solar, storage and wind systems in Poland. During 2022, two Electrum project companies entered into EPC and O&M agreements with Electrum Nofar regarding the construction and maintenance of the Krzywinski project with a capacity of approximately 20 megawatts, which is the Company's first project in Poland, and the Dziewoklucz project, with a capacity of approximately 19.7 megawatts. In February 2024, an operating permit was received for the project and the flow of electricity into the electricity grid began. In addition to Electrum, Nofar has accumulated solar projects with a capacity of approximately 673 megawatts and approximately 3,094 megawatt-hours of storage capacity. Of this, approximately 210 megawatts are in the permitting or pre-construction phase, approximately 463 megawatts are under development, as well as approximately 3,094 megawatt-hours of storage projects also under development. For additional details, see Note 13(b)(8).

UK projects

Atlantic Green UK Limited (hereinafter: "Atlantic Green")

Further to the purchase of the projects in the Atlantic Green company, a corporation held by the Company at a rate of 75%. In August 2023, R&S Energy Limited (for details required the acquisition of the company, see Note 13(b)(2)), the corporation that owns the Buxton project, 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. On October 15, 2023, the loan funds were withdrawn.

On April 29, 2024, the project corporation, C&S Energy Limited (the "Project Corporation") contracted with Ameresco Limited (the "Contractor" or "Construction Contractor"), in the EPC and O&M agreements of the Cellarhead project, which is a battery project (BESS) in the United Kingdom with a capacity of approximately 300 megawatts and approximately 624 megawatts. As part of the EPC agreement, the Construction Contractor undertook to provide full construction services that include planning, civil engineering, mechanical engineering, electrical engineering, equipment procurement and its supply, battery procurement and their delivery to the site and construction. The batteries intended for installation in the project are batteries with LFP technology by Envision Energy International Trading Limited ("Envision") of the type that provides maximum safety and water cooling to provide excellent performance, as well as the possibility of augmentation (adding batteries) throughout the life of the project. In exchange for the execution of the construction works, the project corporation committed to pay a total of approximately GBP 196.5 million, subject to adjustments as detailed in the agreement. According to the EPC provisions, the completion of the project's construction is set for 2026.

On November 14, 2024, Atlantic Green, which holds the Cellarhead Project—a battery energy storage system (BESS) project in England currently under construction with a capacity of approximately 300 megawatts and approximately 624 megawatt-hours (the "Project")—entered into an agreement with a consortium of international and Israeli banks, including Goldman Sachs, Santander UK, Bank Hapoalim, and Bank Leumi, to obtain senior project financing in an amount of up to GBP 152 million (of which GBP 142 million is a CAPEX facility), at an annual interest rate of 6-month SONIA plus a margin ranging between 2.75% and 3.75%. The interest will be repaid in semi-annual installments starting from the date of the first drawdown of the financing. The loan principal will be repaid in semi-annual, unequal installments, starting on June 30, 2027, until the final repayment date set for December 2033. Financial covenants: annual ADSCR lower than 1.15 and LLCR lower than 1.15.

Note 17 - Contingent liabilities and commitments (cont.):

Noventum Power Limited (hereinafter: "Noventum")

The development platform of the Company in the UK, Noventum, a corporation indirectly held at a rate of 80% by the Company and which is engaged in initiating and locating solar, storage and wind projects and projects UK wind, is at various stages of development. As of the Report Date, Noventum has a backlog of projects in development stages, of which approximately 33 are nearing construction, approximately 2,420 megawatts in licensing and approximately 2,646 in development.

Competitive procedures

During the Report Period, the Company paid the Electricity Authority a total of about NIS 1.7 million for projects established by virtue of competitive procedures that the Company won. In addition to the total of NIS 17 million paid in 2022 and 2023. The payment was made by way of forfeiture of guarantees that were provided by the Company. As of the Report Date, the Company anticipates that it will incur additional forfeitures in the amount of NIS 3.5 million, which the Company estimates are expected to be paid by forfeiting additional guarantees. It should be noted that due to the high rates set in these competitive procedures (in particular compared to the rates set in later competitive procedures) as well as the amounts paid, the aforementioned payment has an immaterial effect on the project's returns. The aforementioned forfeiture in the amount of NIS 22 million is recorded in full in 2022 in the other expenses section of the profit and loss statement for the period.

8. Nofar Energy Reservoirs Limited Partnership ("Nofar Reservoirs")

On August 30, 2023, Nofar Reservoirs (during the year, the name of the Partnership was changed from the previous name of "Noy Nofar Limited Partnership") 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 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 Nofar Reservoirs.

9. Enova Energy Limited Partnership ("Enova")

During the month of May 2022, the Company entered into a strategic cooperation agreement with the Milgam Group Ltd. ("Milgam") regarding the establishment of a partnership that will be held at a rate of 50% by the Company and will operate in the production and sale of electricity, through renewable energies, an energy storage system and electricity supply in the public sector ("Energy Activity in the Public Sector"), installing and operating charging stations for electric vehicles, and a license from an electricity supplier ("Charging Station Activity", "Cooperation Agreement" and "Nofar Milgam Partnership").

In August 2022, the transaction was completed and accordingly the Company invested an amount of approximately NIS 63.3 million, and this against the issuance of shares in Enova Energy Limited Partnership ("Enova") (which shortly after the completion was renamed Nofar Milgam), which is used to finance the joint activity in the energy sector and the charging stations (the "Initial Investment Amount"). After using the Initial Investment Amount, each of the parties will provide their share for the financing required for the Enova Partnership.

Note 17 - Contingent liabilities and commitments (cont.):

10. 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, which was repaid in February 2025. Because Meteo-Logic is not listed on any stock exchange, a quoted price is not available.

11. Tolling agreement in the storage project in Germany

Further to Note 13(b)(9), on December 5, 2024, a project company incorporated in Germany, which holds the rights to a battery energy storage system (BESS) project in Stendal, Germany, currently under construction with a capacity of 104.5 MW and 209 MWh, and which is indirectly wholly owned (100%) by the Company (the "Project" or the "Project Company"), entered into a Tolling Agreement (Flexibility Price Fixed Agreement Purchase) (the "Tolling Agreement" or the "Agreement") with a global energy group (the "Buyer"). Under the Agreement, the Buyer is granted the right to use the Project for the purpose of electricity trading, and in return, the Buyer will pay the Project Company monthly tolling fees in a total amount of approximately EUR 85 million to EUR 95 million for a period of seven years beginning in January 2027. In addition, the Buyer will pay an amount representing the majority of the trading revenues from the Project starting from its commercial operation date until January 2027.

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

In May 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.

13. Publication of a Shelf Prospectus

On May 19, 2024, the Company published a shelf prospectus, after receiving a permit from the Securities Authority, which allows a public offering of the Company's securities thereunder.

14. The Company's rating by Midroog

On July 28, 2024, the rating agency Midroog assigned a rating of A3.il with a stable outlook to the Company and to Bond Series A, B, C, and D issued by the Company.

15. During the Report Period, a subsidiary of the Company notified a minority shareholder in Nofar Europe B.V. ("Nofar Europe") of its intention to purchase his holdings in Nofar Europe. In accordance with the terms of the agreement, the consideration for the share purchase will be paid upon the grid connection of the various projects held by Nofar Europe (the "Purchase Consideration"). Accordingly, the Company included a provision in its financial statements.

Notes to the Consolidated Financial Statements for December 31, 2024

a. Guarantees and encumbrances

1. As of December 31, 2024, most of the rights in the Company's assets are pledged in fixed liens in favor of banking corporations, as well as all the assets of the project corporations and some of the holdings in them are pledged in favor of banking corporations and other financing entities, in fixed liens and floating liens, as the case may be.
2. Most of the lien documents in favor of the banks include restrictions on change of control/ownership in the developer, and in some cases, also include guarantee of the developer (including the Company).
3. As of December 31, 2024, the Group has approximately NIS 248 million in guarantees with banking corporations.

Note 18 - Long-term loans from banks:

a. Composition:

		As of December 31	
		2024	2023
	Interest Rate	NIS thousands	
	%		
Loans with variable interest in new shekels	Prime + 0.5-1.5	38,398	39,896
Fixed interest loans in foreign currency	6-7	558,523	401,181
Variable interest loans in foreign currency	Euribor+ 2-2.75	272,712	300,509
Minus current liabilities for loans		(61,394)	(52,590)
		808,239	688,996

b. The repayment dates of the loans in the financial statements are as follows:

	As of December 31	
	2024	2023
	NIS thousands	
First year	61,394	52,590
Second year	61,777	51,609
Second year	66,084	48,885
Fourth year	68,316	48,623
Fifth year	85,225	57,232
Sixth year and beyond	526,837	482,647
	869,633	741,586

Notes to the Consolidated Financial Statements for December 31, 2024

c. Below are details on project financing agreements in the Group as of December 31, 2024 and 2023:

	Sabinar	Olmedilla	Blue sky	Buxton	PV projects in Israel
The Lender	Financial institution	Bank	Bank / financial body	Institutional body	Banks in Israel
The amount of the loan / framework	About NIS 529 million	About NIS 280 million	About NIS 72 million	About NIS 76 million	About NIS 42 million
Date of engaging in the funding agreement	February 17, 2023	December 16, 2020	In the years 2021-2023	August 2023	In the years 2014-2023
Financing provision date	In the years 2023-2024	May 13, 2021	In the years 2021-2024	October 2023	In the years 2014-2023
The balance of the loan as of December 31, 2024	NIS 461,303 thousands	NIS 201,690 thousands	NIS 70,377 thousand	NIS 74,354 thousand	NIS 38,398 thousand
The balance of the loan as of December 31, 2023	NIS 291,709 thousand	NIS 231,902 thousand	NIS 71,232 thousand	NIS 74,872 thousand	NIS 38,000 thousand
Payment schedule	Semiannual	Semiannual	Monthly/quarterly payments	Quarterly payments for seven years	Monthly payments
The end of the life of the loan	2046	2040	In the years 2027-2035	November 2030	In the years 2035-2041
Annual interest rate	4.6%	Eurobor +2% to 2.75% (increases throughout the loan period)	6.6%-6.03%	Variable interest rate linked to SONIA	Prime + 0.5-1.5
Financial conditions	Payment of the first principal repayment, that the historical and expected ADSCR ratio will not be less than 1.2. The LLCR ratio will not be less than 1.2. The distribution amount does not exceed the net cash flow or the amounts available for distribution.	Historical DSCR debt coverage ratio for 12 months. Others of 1.05 Maximum leverage ratio of 56%	Coverage ratio 1.2-1.35	Without	Equity investment of 20% of the project capital at least; Once a year, compliance with the debt coverage ratio defined as the total income from electricity production, divided by the financing expenses plus the repayments of the loan principal, is examined. If the ratio is less than 1.1, the Company may amend the coverage ratio by injecting capital into the project company.
Reference to more information	For details on the system, see Note 17 (a)(3).	For details on the system, see Note 17 (a)(3).	For details on the system, see Note 17 (a)(6).	For details on the system, see Note 17 (a)(8).	-

Note 19 – Bonds:Composition:a. In 2024

The name of the series	Face value balance NIS thousands	Linkage basis	Nominal interest	Effective interest	As of December 31, 2024 (NIS thousands)		
					Non-current liability	Current liability	Fair value(*)
Series A (1)	696,243	Consumer price index	1.48%	2.92%	650,955	109,346	758,488
Series C (2)	558,951	Not index-linked	6.95%	6.90%	536,778	27,948	585,389
Series D (3)	355,000	Not index-linked	6.69%	6.80%	351,824	-	372,324
Total	1,610,194	-	-	-	1,539,557	137,294	-
Series B - Convertible bonds (4)	407,550	Not index-linked	5%	7.46%	375,317	-	434,448

b. In 2023

The name of the series	Face value balance NIS thousands	Linkage basis	Nominal interest	Effective interest	As of December 31, 2023 (NIS thousands)		
					Non-current liability	Current liability	Fair value(*)
Series A (1)	888,094	Consumer price index	1.48%	2.92%	723,944	126,871	836,571
Series C (2)	233,951	Not index-linked	6.95%	6.90%	232,265	-	581,309
Total	1,122,045	-	-	-	956,209	126,871	
Series B - Convertible bonds (4)	407,550	Not index-linked	5%	7.46%	368,571	-	421,406

(*) The fair value is in accordance with the quoted market price of the bonds, which was determined in accordance with Level 1 in the fair value hierarchy.

1. The Bonds (Series A)

In August 2021, the Company made a public offering and listing for trade of NIS 400 million par value Bonds (Series A). The Bonds (Series A), NIS 1 par value each, which are payable (principal) in ten biannual index-linked payments, with the first payment, at a rate of 10% of the Bond principal, to be paid on June 30, 2023, four additional payments will be made on December 31 of each of the years 2023 and 2024 and on June 30 of each of the years 2024 and 2025, such that each of the aforementioned four payments will constitute 6% of the nominal value of the Bonds, four additional payments will be made on December 31, 2025 and 2026 and June 30 of each of the years 2026 and 2027, such that

Notes to the Consolidated Financial Statements for December 31, 2024

each of the aforementioned four payments will be 4% of the nominal value of the Bonds, and an additional payment that will be made on December 31, 2027 and will be 50% of the nominal value of the Bonds. On September 7, 2022, the Company completed a private placement of 317,005,000 Bonds (Series A) of the Company par value NIS 1 each, listed for trade, to 13 classified investors (hereinafter: the **"Offerees"**), at a price of 98.5 agorot for every NIS 1 of a Bond, for a total of NIS 312,249,925 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 717,005,000 par value.

On May 7, 2023, the Company completed a private placement to Offerees of 250,000,000 Bonds par value NIS 1 each of the Company, listed for trade at a price of 97.35 agorot for every NIS 1 of a Bond, for a total consideration of NIS 243,375,000 for all the mentioned Bonds, by way of expanding the existing series of Bonds of the Company, listed for trade on the stock exchange, in such a way that the amount of Bonds that will be in circulation, after the allotment, will amount to NIS 967,005,000 par value.

The unsettled balance of the Bond principal, as it will be from time to time, will bear annual interest at a fixed rate of 1.48%, which will be paid twice a year on June 30 and December 31 of each of the years 2024 to 2027 (inclusive), when the last payment of the interest will be paid together with the last repayment of the principal on December 31, 2027.

2. The 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 NIS 1 par value 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. On February 13, 2024, the Company completed a private placement to classified investors (hereinafter: the **"Offerees"**) of 325,000,000 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 102.65 agorot for every NIS 1 of a Bond, for a total consideration of NIS 333,612,500 for all the mentioned Bonds (Series C), by way of expanding the existing series of Bonds (Series C) 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 558,951,000 par value.

3. The Series D Bonds

On September 16, 2024, the Company completed a private placement to classified investors (hereinafter: the "**Offerees**") of 355,000,000 par value each of the Company (hereinafter: the "**Bonds (Series D)**" or the "**Bonds**"), listed for trade at a price of NIS 1 par value of a Bond, for a total consideration of NIS 351.6 million for all of the Bonds.

The Bonds (Series D) are due for repayment (principal) in eight unequal semi-annual installments, whereby the first and second payments, in the amount of 5% of the par value of the Bonds (Series D), will be paid on June 30 and December 31, 2030, and the following six payments (third through eighth), in the amount of 15% of the par value of the Bonds each, will be paid on June 30 and December 31 of each of the years 2031 through 2033 (inclusive).

The Bonds (Series D) will bear fixed annual interest at a rate of 6.69% (hereinafter: the "**Interest**"). The interest on the unsettled balance of the Bond principal (Series D), as it will be from time to time, will be paid twice a year on December 31, 2024, and June 30 and December 31 of each of the years 2024 to 2033 (inclusive), when the last payment of the interest will be paid together with the last repayment of the principal on December 31, 2033. The principal of the Bonds (Series D) and interest for the same will not be linked to any index or currency.

4. 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 NIS 1 par value 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 about NIS 25,452 thousand net of tax.

5. For data regarding the exchange purchase offer of the Company's Series A Bonds for Series D and the private placement of Series B and C Bonds, see Note 34, Events after the Date of the Statement of Financial Position.

6. Main financial conditions regarding the Bonds

a. Standards that, if not met, will give the holders the right to call the Bond for immediate repayment:

As part of the Bond issue, the Company pledged that as long as the Bonds have not yet been paid in full, it will meet the financial standards detailed below:

1. In relation to the Series A Bonds - the equity will not decrease below a total of NIS 550 million for a period of two consecutive quarters. In relation to the Series B and C Bonds - the equity will not decrease below a total of NIS 900 million for a period of two consecutive quarters.
2. The ratio between solo equity and solo net balance, in Series A will not be less than 35%, in Series B + C - not less than a ratio of 36%.
3. In relation to Series B + C Bonds - the ratio between consolidated equity and the total consolidated balance sheet will not be less than 14%.
4. The ratio between the consolidated net financial debt less the systems in operation for up to one year, under construction and initiation, provided that there is no other financial debt, and the EBITDA shall not exceed 15 for a period of two consecutive quarters.

The EBITDA used to calculate the numerator in the ratio is based on profit before financing, taxation, depreciation and amortization according to the Company's consolidated financial statements and therefore includes the results of the establishment and operation of the Company's systems and of corporations under its control and does not include the Company's share of the results of the activities of companies treated according to the equity method.

Regarding the change in the Company's equity earnings presentation policy in the reporting year, see Note 2 (25). In this regard, it will be clarified that the terms indicated above were defined in the trust deeds for the Bonds in accordance with the characteristics of the Company.

b. It should be noted that in the trust deeds for the Bonds (Series A, Series B, Series C, and Series D) criteria were established, which, if not met, will result in compensation in the interest rate, criteria regarding the non-distribution of dividends, and a mechanism for adjusting interest due to a downgrade.
Criteria for an increase in interest:

1. The equity capital will not be less than a total of NIS 1,000 million.
2. The ratio between solo equity and solo net balance will not be less than 38%.
3. The ratio between consolidated equity and the total consolidated balance sheet shall not be less than 15%.
4. The ratio between the consolidated net financial debt less the financial debt of systems in operation for up to one year, under construction and initiation, provided that there is no other financial debt, and the EBITDA shall not exceed 14 for a period of two consecutive quarters.

Criteria for dividend distribution

1. The equity will not be less than a total of NIS 1,100 million.
2. The ratio between solo equity and solo net balance will not be less than 40%.
3. The ratio between consolidated equity and the total consolidated balance sheet shall not be less than 16%.
4. The ratio between the consolidated net financial debt less the financial debt of systems in operation for up to one year, under construction and initiation, provided that there is no other financial debt, and the EBITDA shall not exceed 13 in Series A and shall not exceed 12 in Series B and C for a period of two consecutive quarters.
5. The distribution amount shall not exceed 50% of the Company's net profit according to its audited financial statements.

As of the Report Date, the Company meets the required financial standards, as set forth below:

- Equity - NIS 1,628 million.
- The ratio between the solo net financial debt and the solo net balance - 44.4%.
- The ratio between consolidated equity and the total consolidated balance sheet - 38.7%.
- The ratio between the consolidated net financial debt minus the financial debt of systems under construction and initiation, and the EBITDA - 6.6.

Note 20 – Other liabilities:

	As of December 31	
	2024	2023
	NIS thousands	
Tax partner (1)	17,838	8,810
Liability for evacuation and disposal (2)	33,313	10,232
Commitment to purchase shares from a minority shareholder in the Group (3)	48,671	-
Other	2,379	2,217
	102,201	21,259

(1) For more details, see Note 17(a)(6).

(2) A consolidated corporation of the company entered into a lease agreement for a period of 30 years for the purpose of establishing land solar systems in Spain. In accordance with the lease agreement, at the end of the contract whether due to the end of the lease period or due to a decision to terminate the lease, the corporation must dismantle the facilities located on the property in order to return it to the condition in which it was received so that it is suitable for use before the installation of the systems.

(3) For more details, see Note 17(a)(15).

Note 21 - Capital:

a. Below is the composition of the share capital:

	As of December 31, 2024 and 2023	
	Registered	Issued and paid up
Ordinary shares at no par value each	50,000,000	35,540,512

	As of December 31, 2022	
	Registered	Issued and paid up
Ordinary shares at no par value each	50,000,000	33,647,857

b. 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.

Changes occurring in the issued and paid-up capital	Ordinary shares of no nominal value
January 1, 2023	33,647,857
Private placement	1,892,655
December 31, 2023	35,540,512

Note 22 - Share-based payment

a. Below is a breakdown of the plan for allocating options to the Company's employees:

Allocation date	Number of offerees	Total number of options	Exercise price in NIS	The value of the options in NIS thousands (*)	Number of options exercised as of the Financial Report date	Number of options expired as of the Financial Report date
July 8, 2021 (a)	2	362,642	104.58	8,320	-	-
July 8, 2021 (a)	52	321,183	99.6	7,680	-	-
August 4, 2022 (b)	31	135,986	99.6	4,514	-	-
April 14, 2024(c)	39	204,625	99.6	6,222	-	-
July 22, 2024(d)	8	164,508	99.6	4,240	-	-

Allocation date	The life of the options (in years)	Expiration date of the options	Amount of options remaining as of the financial report date
July 8, 2021 (a)	6	July 8, 2027	362,642
July 8, 2021 (a)	6	July 8, 2027	287,512
August 4, 2022 (b)	6	August 4, 2028	90,657
April 14, 2024(c)	6	April 14, 2030	194,265
July 22, 2024(d)	6	July 22, 2030	164,508

(*) The option value was calculated according to the Black Scholes (B&S) model. As part of the calculation of the value of the benefit, the share price, the exercise price, the risk-free interest rate, the volatility and the expected life of the option are taken into account.

	As of December 31					
	2024		2023		2022	
	Number of options	Weighted average of exercise price	Number of options	Weighted average of the exercise price	Number of options	Weighted average of the exercise price
Options in circulation at the beginning of the year	774,482	103.10	801,680	101.8	683,825	102.24
Options granted during the year	369,133	99.6	-	-	135,986	99.60
Number of options of employees who left during the year	(44,031)	99.6	(27,198)	99.60	(18,131)	99.60
In circulation at the end of the year	1,099,584	102.06	774,482	103.10	801,680	101.8

- The exercise prices of the options in circulation as of December 31, 2024, 2023 and 2022 range from NIS 104.58 - 99.6 per option.
- The weighted average of the remaining contractual life of the options as of December 31, 2024 is 3.5 years (as of December 31, 2023: 3.7 years, as of December 31, 2022: 4.7 years).

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Effect of share-based payment transactions on profit or loss:

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Expense arising from esop plans	4,424	5,372	5,734

Details of the plan for allocating options to the Company's employees:

- a. On July 8, 2021, the Company's board of directors decided to adopt an option plan for employees and officers. The board of directors approved the allocation of 683,825 options to 54 employees, of which six are officers. Granting of options according to the plan will be carried out from time to time, without consideration, in accordance with Section 15(b)1(a) of the Securities Law, through the outline, in accordance with the Outline Regulations and the options plan, and subject to obtaining the approval of the Company's authorized bodies.
 1. In relation to the 362,642 of the options that were actually allocated by virtue of this outline to two officers in the Company, these options will vest and be exercisable, in accordance with the schedules detailed below:
 - 40% of the total amount of options that will be granted to each offeror will be exercisable starting from the lapse of two years from the date of the decision of the Company's board of directors on the allocation (hereinafter: the "**Effective Date**") and up to the end of six years from the Effective Date.
 - 20% of the total amount of options that will be granted to each offeror will be exercisable starting three years from the Effective Date and ending six years from the Effective Date.
 - 20% of the total amount of options that will be granted to each offeror will be exercisable starting four years from the Effective Date and ending six years from the Effective Date.
 - 20% of the total amount of options that will be granted to each offeror will be exercisable starting five years from the Effective Date and ending six years from the Effective Date.

The exercise price of the options actually allocated by virtue of this outline will be NIS 104.58.
 2. In relation to the remaining 321,183 of the options actually allocated to the remaining employees, the options will vest and be exercisable according to the schedules detailed below:
 - 50% of the total amount of options that will be granted to each offeror will be exercisable starting from the lapse of two years from the Effective Date.
 - 25% of the total amount of options that will be granted to each offeror will be exercisable starting three years from the Effective Date.
 - 25% of the total amount of options that will be granted to each offeror will be exercisable starting after four years.
- b. On August 4, 2022, the Company's board of directors resolved to allocate 135,986 options to 31 employees, of which three offerees are officers, and the publication of an outline that allows the allocation of up to 395,015 options to employees and officers of the Company. In accordance with the provisions of the Company's option plan, the options can be exercised on the dates as follows:
 - 50% of the total amount of the options starting two years from the effective date.
 - 25% of the total amount of the options starting after three years from the effective date.
 - 25% of the total amount of options starting after four years.

The exercise price of the options that will be allocated by virtue of the outline and the decision of the board of directors is NIS 99.6 per share. On October 6, 2022, the Company allocated the aforementioned options. The value of the options granted to the employees is NIS 4.5 million. The life of the options is 6 years from the effective date. As of the date of approval of the financial statements, the options cannot yet be used.

c. On April 14, 2024, the Company's board of directors resolved to allot 204,625 options to 39 employees, in accordance with the provisions of the Company's option plan, the options can be exercised on the dates as follows:

- 50% of the total amount of the options starting two years from the effective date.
- 25% of the total amount of the options starting after three years from the effective date.
- 25% of the total amount of options starting after four years.

The exercise price of the options that will actually be allocated by virtue of the outline and the decision of the board of directors is NIS 99.6 per share.

The value of the options granted to the employees is NIS 6.2 million. The life of the options is 6 years from the effective date. As of the date of approval of the financial statements, the options cannot yet be exercised.

In addition, the Company's board of directors approved an additional allotment of up to 207,000 options that will be allotted to employee officers of the Company and of the Company's subsidiaries and related companies (including employees and officers classified as service providers or consultants), in accordance with the resolution of the Company's board of directors and/or the plan manager, as applicable, and subject to the provisions of any law.

d. On July 22, 2024, the Company's Board of Directors decided on a non-material private allocation of 164,508 options exercisable for up to 164,508 common shares of the Company to eight employees, in accordance with the provisions of the Company's option plan. The options are exercisable on the following dates:

- 50% of the total amount of the options starting two years from the effective date.
- 25% of the total amount of the options starting after three years from the effective date.
- 25% of the total amount of options starting after four years.

The exercise price of the options that will actually be allocated by virtue of the outline and the decision of the board of directors is NIS 99.6 per share.

The value of the options granted to the employees is NIS 4.2 million. The life of the options for seven employees is 6 years from the effective date. With respect to one additional employee, who is a senior officer in the Company, the vesting period of the options began on April 16, 2023. As of the date of approval of the financial statements, the options cannot yet be exercised.

Notes to the Consolidated Financial Statements for December 31, 2024**Note 23 - Income from the sale of electricity and construction:**

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Construction and operation of systems in Israel	112,285	174,784	300,779
Selling electricity abroad (*)	178,533	145,395	9,944
Selling electricity in Israel	23,319	21,607	13,845
	314,137	341,786	324,568

(*) Includes income from compensation for loss of income, for more details see Note 17(a)(3).

Note 24 - Construction and operating costs:

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Outside work	52,645	111,298	146,111
Materials	38,330	63,228	123,281
Depreciation and amortization expenses	94,785	78,503	13,711
Salary expenses	22,452	26,713	21,018
Maintenance and operation;	47,096	29,123	12,845
Other expenses	9,159	9,610	5,338
	264,467	318,475	322,304

Note 25 - Management and general expenses:

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Salary expenses	36,912	28,260	18,128
Professional services	22,928	25,714	11,748
Maintenance	6,147	5,523	4,806
Depreciation expenses	2,181	1,723	985
Dues and membership fees	2,798	2,798	1,361
Other expenses	4,800	5,943	1,007
	75,766	69,961	38,035

Note 26 - Other expenses and income:

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Arrangement with institutions	(2,500)	-	-
Expenses for competitive procedures (1)	-	-	(22,033)
Provision for depreciation of fixed assets (2)	(2,762)	(20,586)	-
Provision for impairment of an intangible asset (3)	(1,761)	(12,929)	-
Provision for onerous contract (4) (reversal of provision)	1,110	(3,736)	-
Profit from gaining control of an associated company (5)	-	51,228	209,885
Other	(2,754)	(1,892)	(1,260)
	(8,667)	12,085	186,592

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Presented in other income	5,269	51,282	209,948
Presented in other expenses	(13,936)	(39,197)	(23,356)
	(8,667)	12,085	186,592

- (1) For more details, see Note 17(a)(9).
 (2) For more details, see Note 11(5) regarding the impairment of fixed assets.
 (3) For more details, see Note 12 regarding the impairment of intangible assets.
 (4) Provisions of a subsidiary company in the USA for projects in which it wishes to exit. For more details, see Note 17(a)(6).
 (5) For more details, see Note 13(b).

Note 27 - Financing expenses, net:
a. Financing expenses

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Interest on loans	47,482	42,192	9,100
Interest for related parties	714	4,285	2,210
Financing expenses in respect of lease	6,867	4,560	3,366
Bonds	124,843	75,094	33,945
Revaluation of financial and other derivatives	2,470	16,344	3,836
Less - capitalization of credit costs for a qualified property	(77,809)	(16,950)	-
	104,567	125,525	52,457

b. Financing income

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Interest for deposits	19,819	29,517	9,766
Related party interest	16,551	38,852	2,418
Revaluation of financial derivatives	10,751	-	-
Update of cost overruns in respect of loans	626	621	1,283
Exchange rate differences	8,759	1,113	33,217
	56,506	70,103	46,684

Note 28 - Income taxes:

- a. The tax rate applied to the group according to the following table:

Country	Corporate tax rate
Israel	23%
Serbia	15%
Romania	16%
Poland	19%
Netherlands	25.8%
UK	25%
Germany	29.4%
Italy	27.9%
Spain	25%
USA - Federal	21%
USA – State (California)	8.84%

- b. Section 62 of the Income Tax Ordinance applies to the cooperative societies, which are held by the Company, which states that subject to the choice of the society, an agricultural cooperative society, for tax purposes, will be treated as a partnership. The associations held by the Company chose this option, and therefore, their tax liability applies to the Company according to its share.
- c. Final assessments:
In general, according to the provisions of the law, self-assessments submitted by the Company until the 2018 tax year are considered final (subject to the dates for submitting the reports and the statute of limitations).

Notes to the Consolidated Financial Statements for December 31, 2024

e. Net deferred taxes:

	Fixed assets	Losses carried forward	Cost overruns(*)	Convertible bonds	Other	Total
NIS thousands						
As of December 31, 2023	(85,936)	38,923	(153,734)	(7,120)	(8,581)	(199,286)
Movement recognized in profit or loss	(1,601)	26,135	4,235	1,226	747	30,742
Movement in other comprehensive income	(1,718)	31,642	7,959	0	1,612	39,495
As of December 31, 2024	(89,255)	96,700	(141,540)	(5,894)	10,940	(129,049)

	Fixed assets	Losses carried forward	Cost overruns(*)	Convertible bonds	Other	Total
NIS thousands						
As of December 31, 2022	(81,943)	32,463	(132,955)	-	2,957	(179,478)
Movement recognized in profit or loss	8,134	24,199	6,537	482	(34)	39,318
Movement in other comprehensive income	(12,127)	(17,739)	(9,153)	(7,602)	5,658	(40,963)
Entry into consolidation	-	-	(18,163)	-	-	(18,163)
As of December 31, 2023	(85,936)	38,923	(153,734)	(7,120)	(8,581)	(199,286)

(*) Cost overruns due to the attribution of deferred taxes, fixed assets, loans and investment in corporations are held according to the equity method. For more details, see Note 13.

	As of December 31	
	2024	2023
NIS thousands		
Presented in non-current assets	20,543	12,569
Presented in non-current liabilities	(149,592)	(211,855)
	(129,049)	(199,286)

f. Taxes on income (tax benefit) in the profit or loss statement:

	For the year ended on December 31		
	2024	2023	2022
NIS thousands			
Current taxes	11,744	12,797	-
Deferred taxes	(30,742)	39,318))	4,783
	(18,998)	(26,521)	4,783

Notes to the Consolidated Financial Statements for December 31, 2024

g. Theoretical tax:

Below is an adjustment between the theoretical tax amount and the amount of taxes on the income recognized in profit or loss:

	For the year ended on December 31,		
	2024	2023	2022
	NIS thousands		
Profit (loss) for the year before deducting income taxes	(65,516)	(128,350)	153,291
Corporate tax rate applicable to the Company	23%	23%	23%
Theoretical tax	(15,069)	(29,521)	35,257
Tax addition (savings) for:			
The Company's share of the losses (profits) of investee corporations treated using the equity method	(4,172)	7,276	(2,155)
Utilization of other profits (and losses) for which deferred taxes are not recognized	-	-	8,488
Deferred tax due to accelerated depreciation transferred to the tax partner	-	-	9,206
Accounting profit from gaining control of an associate	-	(11,782)	(48,273)
Adjustments due to a different tax rate in the consolidated companies	(1,536)	5,219	612
Share-based payment	1,017	1,236	1,318
Unrecognized expenses and other arrangements, net	762	1,051	330
Total income tax (tax benefits)	(18,998)	(26,521)	4,783

Note 29 - Basic and diluted profit (loss) per share for the Company's shareholders:

Below are the figures for the profit for the year attributed to the Company's shareholders and the number of shares that were taken into account for the purpose of calculating the profit attributed to the Company's shareholders (see also Note 21 above):

	For the year ended on December 31		
	2024	2023	2022
The profit (loss) used to calculate basic profit (loss) per share (NIS thousands)	(26,905)	(88,661)	153,746
The weighted average of the number of ordinary shares used to calculate basic profit (loss) per share in units	35,540,512	35,540,512	33,647,857

Note 30 - Interested parties and related parties:

a. General

Most of the Company's activity is done with investee companies.

Purchases and sales to related parties are made at market prices. Balances that have not yet been repaid by the end of the year are not guaranteed, do not bear interest and will be settled in cash. No guarantees were received or given for amounts receivable and payable. For the years that ended on December 31, 2024 and 2023, the Company did not record any provision for doubtful debts for amounts receivable from related parties.

b. Balances of interested parties and related parties

	As of December 31	
	2024	2023
	NIS thousands	
Customers and income receivable	120,397	185,079
Loans to investee companies (1)	278,772	240,652
Long-term loan to related parties (2)	35,300	35,501
Liability for deferred consideration in a business combination	-	4,862
Accounts payable (3)	(18,061)	(13,722)
Long-term loan from related parties (4)	(21,462)	(8,494)

(1) For details, see Note 9.

(2) In 2020, a consolidated corporation of the company ANDROMEDA SOLUTIONS KFT (hereinafter: "**Andromeda**") entered into a tripartite loan agreement with the local partner in Spain (related party) and the project companies in Spain for the purpose of financing the projects. The loan is for a period of 13 years and carries an annual interest rate of 7%. The financing expenses were converted into qualified assets during the construction phase.

(3) Liabilities to holders non-controlling interests.

(4) In 2023, a consolidated corporation of the Company entered into a loan agreement with the local partner in the UK (related party) for the purpose of financing the projects. The loan carries an annual interest rate of 7%.

c. Transactions with interested parties and affiliates

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Income	111,469	168,768	296,429
Financing expenses	714	4,285	2,210
Financing income	16,551	38,852	2,418

Notes to the Consolidated Financial Statements for December 31, 2024

- d. The Company's key management personnel include a member of the board of directors and members of the senior management

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Salary and related to key management personnel(*)	13,026	3,826	4,198
Number of recipients	16	9	10
Management fees	988	926	911
Number of recipients	1	1	1

(*) During 2024, an organizational change was made in the Company, as a result of which the Company's management staff increased.

e. Salary and management agreements

1. Terms of office and employment of Mr. Ofer Yannay, Chairman of the Company's Board of Directors

In accordance with the agreement between the Company and a company under the control of Mr. Ofer Yannay (hereinafter: the "**Management Company**"), for providing the services of an active board chairman to the Company through him (in a full-time position scope), the Management Company was entitled during the above periods and until the update as detailed below, to management fees of two months in the amount of NIS 81 thousand per month (plus VAT), plus a vehicle and reimbursement of expenses as part of the performance of the position, in accordance with the new agreement signed on September 10, 2020 (hereinafter: "**Effective Date**"), for an indefinite period (hereinafter in this section: the "**Management Agreement**"), within the framework of which conditions were determined, while the main ones are as detailed below:

- 1) The Management Company will continue to provide management services through the controlling shareholder as part of fulfilling the position in the scope of a full-time position.
- 2) The Management Company will continue to be entitled to the monthly management fees against a legal tax invoice for the performance of the role (hereinafter: the "**Management Fees**"). The Management Fees will be increased by 5% each year. In addition, the controlling shareholder is entitled to the payment of reimbursements of expenses incurred for the purpose of fulfilling the position, against invoices, including reimbursement for the expenses of per diem, parking, travel, flights and car, for insurance coverage arranged by the Company as well as exemption and indemnification under the conditions.
- 3) The engagement in the Management Agreement can be terminated by the Company or by the Management Company by giving six months notice, subject to exceptions.
- 4) The controlling shareholder and the Management Company are prohibited from competing with the Company until 12 months have passed from the date of termination of the engagement in the Management Agreement.
- 5) The terms of office and employment of the controlling shareholder are in accordance with the Company's remuneration policy.

2. Terms of office and employment of the CEO

In accordance with the employment agreements between the Company and the CEO, in exchange for his tenure, in the scope of a full-time position, the CEO will be entitled during the above periods and until an update as detailed below in relation to his share, to a monthly salary, plus additional conditions accepted by the Company.

As of September 10, 2020 (hereinafter: the "**Effective Date**"), the terms of office and employment of the CEO were updated, within the framework of employment relations according to the updated employment agreements. The main terms of the same are detailed below:

- 1) For fulfilling his duties, full-time, he is entitled to a gross monthly salary of NIS 53 thousand, plus additional conditions as is customary in the Company, including 22 vacation days per year, a pension arrangement, an advanced study fund, a car, and more, where the salary reflects the cost of employment to the Company of about NIS 70 thousands per month. The salary will be increased in the three years starting on the Effective Date, by 5% each year, so that the aforementioned increases will be carried out after 12 months, 24 months and 36 months from the Effective Date.
- 2) In addition, the CEO is entitled to insurance coverage arranged by the Company, as well as exemption and indemnity.
- 3) The terms of employment of the CFO and the VP of Business Development are the same as the terms of employment of the CEO, as detailed above.

Note 31 - Activity segments

As of the Report Date, the Company has several activities that include four 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 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. The relevant storage activity is included in part of the photovoltaic field above.

Initiating and investing in renewable energy in Europe:

Engaging in the initiation, financing, establishment, operation and holding of **renewable** energy projects in the solar field, electricity storage in batteries and wind in Poland, Romania, Germany, Spain, Italy, England, Greece, and Serbia.

The Company's activity in the field of activity is based on establishing or entering a development platform in a certain country or geographic region, with the aim that the platform will initiate, develop, build, finance, own and sell projects of the type stipulated in the agreement with the partner. With the establishment of the platform or the entry of the Company, the Company works to establish a local team (or enter into service agreements) which is responsible for carrying out the activities of the platform and creating value in the project.

Initiating and investing in renewable energy, other:

Engaging in the initiation, financing, establishment, operation and holding of **renewable** energy projects in the solar field, electricity storage in batteries in the United States.

This activity is not recognized as a reportable segment since it does not meet any of the quantitative criteria in 2024 and 2023.

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 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 Consolidated Financial Statements for December 31, 2024

For the year ended on December 31, 2024

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy in Europe		Initiation and other investment	Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Development and investment Spain	Initiation and other investment					
	NIS thousands							
Income from external	118,819	151,830	93,350	23,637	387,636	7,709	(178,675)	216,670
Inter-sector income	-	-	-	-	-	106,120	(2,615)	103,505
Total income and profits	118,819	151,830	93,350	23,637	387,636	113,829	(181,290)	320,175
Operating cost (without depreciation)	55,237	32,419	10,070	5,194	102,920	120,282	(52,780)	170,422
Sector results - EBITDA	63,582	119,411	83,280	18,443	284,716	(6,453)	(128,510)	149,753
<u>Expenses not allocated to sectors:</u>								
Depreciation and amortization								96,966
The Company's share in the profits of companies handled based on the equity method, net								(18,137)
Management and general expenses								72,845
Marketing and sale expenses								6,867
Other expenses								13,936
Other income								(5,269)
Net financing expenses								48,061
Loss before tax								(65,516)

Notes to the Consolidated Financial Statements for December 31, 2024

For the year ended on December 31, 2023

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy in Europe		Initiation and other investment	Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Development and investment Spain	Initiation and other investment					
	NIS thousands							
Income from external	83,151	132,698	11,387	15,267	242,503	10,738	(69,729)	183,512
Inter-sector income	-	-	-	-	-	165,103	(4,254)	160,849
Total income and profits	83,151	132,698	11,387	15,267	242,503	175,841	(73,983)	344,361
Operating cost (without depreciation)	33,407	12,382	1,773	5,990	53,552	204,068	(17,626)	239,994
Sector results - EBITDA	49,744	120,316	9,614	9,277	188,951	(28,227)	(56,357)	104,367
<u>Expenses not allocated to sectors:</u>								
Depreciation and amortization								80,226
The Company's share of losses of companies treated according to the equity method, net								31,637
Management and general expenses								68,216
Marketing and sale expenses								9,301
Other expenses								39,197
Other income								(51,282)
Net financing expenses								55,422
Loss before tax								(128,350)

Notes to the Consolidated Financial Statements for December 31, 2024

For the year ended on December 31, 2022

	Initiation and investment in photovoltaic systems in Israel	Initiating and investing in renewable energy in Europe		Initiation and other investment	Total initiating and investment	Construction and operation of photovoltaic systems in Israel	Adjustments to the financial statement	Total in financial report
		Development and investment Spain	Initiating and investment in other					
	NIS thousands							
Income from external	56,077	17,743	1,153	17,574	92,547	14,879	(61,129)	46,297
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	(62,548)	332,197
Operating cost (without depreciation)	20,060	1,012	520	4,987	26,579	300,270	(18,255)	308,594
Sector results - EBITDA	36,017	16,731	633	12,587	65,968	1,928	(44,293)	23,603
<u>Expenses not allocated to sectors:</u>								
Depreciation and amortization								14,696
The Company's share in the profits of companies handled based on the equity method, net								(9,371)
Management and general expenses								37,049
Marketing and sale expenses								8,757
Other expenses								23,356
Other income								(209,948)
Net financing expenses								5,773
Profit before tax								153,291

Note 32 - Financial instruments:

a. Fair value

The book value of financial assets and liabilities, including cash and cash equivalents, short-term deposits, customers, other debtors, suppliers and other payables, short-term and long-term loans and credit, is consistent with or is close to their fair value. Options granted to shareholders in associates are measured according to level 3 of the fair value scale. The change in value is credited each year to the statement of profit and loss to the financing expenses section. See details in section C later in the Note. For additional details regarding the fair value of the Bonds, see Note 19.

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.

1. Market risks:

Market risks arising from the risk that the fair value or future cash flow of the financial instrument will change as a result of changes to the market prices. The market risks to which the Company is exposed include risk due to the volatility of the consumer price index and interest rate risk.

2. Interest risk:

With the exception of a transaction detailed in Section H, the Company has no additional instruments that reduce exposure to changes in the variable interest rate.

3. Currency risk:

Foreign currency risk is the risk at which the fair value or the future cash flows of a financial instrument will change as a result of changes in the exchange rates of a foreign currency.

4. Credit Risk:

The credit risk is the risk that one party of the financial instrument will cause a financial loss at the other party by failing to meet its obligations. The Company's credit risk mainly stems from its customers, banks and other debtors.

5. Customers:

In the Company's opinion, there is no need for a provision for impairment regarding debts that are not in arrears or in arrears of up to 60 days, and this is based on past experience regarding these debts, and also because the bulk of the amount consists of related parties.

6. Liquidity risk:

Liquidity risks arise from the management of the Company's working capital as well as from its financing expenses. A liquidity risk is a risk that the Company will have difficulty meeting its obligations related to financial liabilities that are cleared by cash or another financial asset. The Company's policy is to ensure that the cash held is always sufficient to cover the liabilities when they become due. In order to achieve this goal, the Company aims to hold cash balances (or suitable lines of credit), to meet the forecasted requirements, for a period of at least 180 days.

Analysis of the contractual maturity dates of financial obligations based, where relevant, on nominal values for the settlement of interest rates and exchange rates as of the end of the Reporting Period, presented later in the Note.

7. Capital management:

The Company includes as capital the paid-up share capital, premium, surpluses and capital reserves for the revaluation of fixed assets and adjustments resulting from the translation of financial statements of foreign activities.

The Company's main goal in capital management is to ensure the ability to regularly provide a return to shareholders by way of capital growth or profit distributions. In order to meet this goal, the Company strives to maintain a leverage ratio that balances the risks and returns at a reasonable level, while maintaining a funding base that will allow the Company to meet its investment and working capital needs. When making decisions about capital changes, the Company does not only consider its short-term situation but also its long-term goals.

Notes to the Consolidated Financial Statements for December 31, 2024

Balances on a linkage basis:

Section	As of Dec. 31, 2024						
	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	50,077	188,569	26,942	5,762	-	91,284	362,634
Deposits from bank corporations and others	38,676	561	-	-	-	8,261	47,498
Restricted use deposits	365	2,201	-	-	-	-	2,566
Customers	5,170	2,755	90	134	-	137,920	146,069
Accounts receivable	11,618	15,475	2,994	47,933	-	27,687	105,707
Inventory	-	-	-	-	-	25,128	25,128
Financial derivative	-	11,803	-	-	-	-	11,803
Total current assets	105,906	221,364	30,026	53,829	-	290,280	701,405
Investments in investee companies accounted for using the equity method	-	519,831	-	-	-	499,130	1,018,961
Right of use asset	34,536	175,288	42,785	34,525	45,611	27,628	360,373
Fixed assets	187,759	1,746,443	485,064	672,178	-	796,963	3,888,407
Intangible assets	108,499	5,543	-	-	-	35,365	149,407
Limited deposits long term	9,966	-	-	-	-	15,311	25,277
Deposits in bank corporations and others	-	-	-	47	-	260	307
Deferred taxes	-	11,949	2,893	-	-	5,701	20,543
Other receivables	-	35,875	-	-	-	1,233	37,108
Financial assets	11,123	14,843	-	-	-	-	25,966
Total non-current assets	351,883	2,509,772	530,742	706,750	45,611	1,381,591	5,526,349
Total assets	457,789	2,731,136	560,768	760,579	45,611	1,671,871	6,227,754
Short-term loans and current maturities for long-term loans from banking and other corporations	5,687	50,752	1,566	-	-	108,092	166,097
Current maturity in respect of a lease	2,420	5,927	3,529	1,298	7,544	2,687	23,405
Current maturities of bonds	-	-	-	-	109,346	27,948	137,294
Suppliers and service providers	8,978	31,699	8,147	20,105	-	31,793	100,722
Accounts payable	26,218	8,720	4,144	70	-	8,102	47,254
Financial derivatives	-	-	-	-	-	1,918	1,918
Total current liabilities	43,303	97,098	17,386	21,473	116,890	180,540	476,690
Long-term loans from banks	64,691	612,241	72,788	-	-	58,519	808,239
Lease liabilities	36,730	163,624	42,558	35,048	40,653	25,294	343,907
Loan from a related party	-	-	20,710	-	-	752	21,462
Deferred taxes	5,623	16,686	-	-	-	127,283	149,592
Bonds	-	-	-	-	650,955	888,602	1,539,557
Convertible bonds	-	-	-	-	-	375,317	375,317
Other liabilities	17,838	33,314	-	-	733	50,316	102,201
Total non-current liabilities	124,882	825,865	136,056	35,048	692,341	1,526,083	3,340,275
Total liabilities	168,185	922,963	153,442	56,521	809,231	1,706,623	3,816,965
The excess of assets over liabilities (liabilities over assets)	289,604	1,808,173	407,326	704,058	(763,620)	(34,752)	2,410,789

Notes to the Consolidated Financial Statements for December 31, 2024

Balances on a linkage basis:

Section	As of Dec. 31, 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	54,693	198,996	91,235	7,960	-	308,504	661,388
Deposits from bank corporations and others	-	-	-	-	-	10,011	10,011
Customers	3,052	4,434	-	-	-	209,686	217,172
Accounts receivable	7,393	25,070	2,710	9,467	-	10,316	54,956
Inventory	-	-	-	-	-	58,058	58,058
Financial derivative	-	4,114	-	-	-	-	4,114
Total current assets	65,138	232,614	93,945	17,427	-	596,575	1,005,699
Investments in investee companies accounted for using the equity method	-	541,850	-	-	-	440,554	982,404
Right of use asset	31,519	119,033	44,371	38,511	46,469	27,797	307,700
Fixed assets	188,702	1,690,234	184,032	223,628	-	798,023	3,084,619
Intangible assets	109,630	5,856	-	-	-	37,380	152,866
Limited deposits long term	5,739	-	-	-	-	1,293	7,032
Deposits in bank corporations and others	36,270	-	-	119	-	286	36,675
Deferred taxes	-	9,224	3,345	-	-	-	12,569
Other receivables	-	35,501	-	-	-	869	36,370
Financial assets	11,123	31,210	-	-	-	-	42,333
Total non-current assets	382,983	2,432,908	231,748	262,258	46,469	1,306,202	4,662,568
Total assets	448,121	2,665,522	325,693	279,685	46,469	1,902,777	5,668,267
Short-term loans and current maturities for long-term loans from banking and other corporations	19,719	43,373	5,199	-	-	1,605	69,896
Current maturity in respect of a lease	2,002	5,582	3,254	1,367	5,227	2,202	19,634
Current maturities of bonds	-	-	-	-	126,871	-	126,871
Suppliers and service providers	1,348	17,369	10,728	10,279	-	32,338	72,062
Accounts payable	26,537	9,381	1,349	(873)	-	18,413	54,807
Liability for deferred consideration in a business combination	-	4,862	-	-	-	-	4,862
Financial derivatives	-	-	-	-	-	1,918	1,918
Total current liabilities	49,606	80,567	20,530	10,773	132,098	56,476	350,050
Long-term loans from banks	55,004	499,311	69,674	-	-	65,007	688,996
Lease liabilities	33,035	83,820	42,828	37,579	65,974	28,476	291,712
Loan from a related party	-	-	8,494	-	-	-	8,494
Deferred taxes	15,698	22,068	-	-	-	174,089	211,855
Bonds	-	-	-	-	723,953	232,256	956,209
Convertible bonds	-	-	-	-	-	368,571	368,571
Other liabilities	8,811	10,231	-	-	733	1,484	21,259
Total non-current liabilities	112,548	615,430	120,996	37,579	790,660	869,883	2,547,096
Total liabilities	162,154	695,997	141,526	48,352	922,758	926,359	2,897,146
The excess of assets over liabilities (liabilities over assets)	285,967	1,969,525	184,167	231,333	(876,289)	976,418	2,771,121

Notes to the Consolidated Financial Statements for December 31, 2024

	Projected repayment dates of the liabilities						
As of December 31, 2024	During the coming year	Between one and two years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over five years	Total
	NIS thousands						
Accounts payable	47,254	-	-	-	-	-	47,254
Suppliers and service providers	100,722	-	-	-	-	-	100,722
Liabilities for leases	23,405	19,855	19,686	19,930	20,385	264,051	367,312
Other liabilities	-	52,383	1,333	1,333	1,333	25,318	81,700
Bonds	137,395	143,453	646,912	287,618	376,555	517,591	2,109,524
Credit from bank corporations and others	61,394	61,777	66,084	6,831	85,225	588,323	869,634
Total	370,170	277,468	734,015	315,712	483,498	1,395,283	3,576,146

	Projected repayment dates of the liabilities						
As of December 31, 2023	During the coming year	Between one and two years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over five years	Total
	NIS thousands						
Accounts payable	52,276	-	-	-	-	-	52,276
Suppliers and service providers	72,062	-	-	-	-	-	72,062
Liabilities for leases	19,634	18,312	17,020	16,569	16,824	245,122	333,481
Related parties	4,862	-	-	-	-	8,494	13,356
Other liabilities	1,963	1,767	1,071	46	46	12,221	17,114
Bonds	126,871	117,398	107,975	594,313	238,868	344,146	1,529,571
Credit from bank corporations and others	69,896	51,609	48,885	51,035	57,232	480,235	758,892
Total	347,564	189,086	174,951	661,963	312,970	1,090,218	2,776,752

*The data above are presented according to their stated value at the maturity date, linked to the index/exchange rate as of the balance sheet date.

Notes to the Consolidated Financial Statements for December 31, 2024

Measurement of fair value

Fair value is the price that would be received in the sale of the asset or the price that would be paid for the transfer of the undertaking in an ordinary transaction between participants in the market on the measurement date. The measurement of fair value is based on the assumption that the transaction occurs in the main market of the asset or liability, or in the absence of a main market, in the most advantageous market.

All of the assets and liabilities measured at fair value or that can be disclosed for their fair value are divided into categories within the rating of the fair value, based on the lowest level of data that is significant to the measurement of the fair value generally:

Level 1: Quoted prices (without adjustments) in an active market for identical assets and liabilities.

Level 2: Data other than quoted prices included in Level 1 that are directly or indirectly observable.

Level 3: Data not based on observable market data (valuation techniques without the use of observable market data).

Financial instruments recognized in the Statement of Financial Position

As of December 31, 2024				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Financial assets - fair value through profit and loss				
Derivatives used for hedging transactions (1)	-	495	-	495
Financial assets (2)	-	-	22,431	22,431
Financial assets - fair value through other comprehensive profit				
Derivatives(3)	-	14,843	-	14,843
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

(1) The Company has a dollar put option for hedging purposes (not an accounting hedge) from a banking corporation in the amount of USD 45 million and EUR 30 million. The deal is for a period of up to one year.

(2) For more details, see Note 17(a)(12).

(3) 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 December 31, 2024 is positive in the amount of NIS 14,842 thousand.

The transaction is for a term of up to 14 years and includes the purchase of an IRS (Interest Rate Swap).

Notes to the Consolidated Financial Statements for December 31, 2024

As of December 31, 2023				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Financial assets - fair value through profit and loss				
Derivatives used for hedging transactions	-	4,114	-	4,114
Financial assets	-	-	21,967	21,967
Non-current financial assets - fair value through other comprehensive income				
Derivatives	-	20,364	-	20,364
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

Note 34 - Events after the date of the Statement of Financial Position:

1. Entering into a project financing agreement for the Stendal project in Germany

Further to Note 17(13), on February 13, 2024, and on February 27, 2025, a wholly owned (indirect) subsidiary of the Company incorporated in Germany (the "Project Company") entered into a project financing agreement with a leading European bank in connection with financing in a total amount of approximately EUR 86.5 million, which will be used for the construction of the Stendal Project.

Under the agreement, the Project Company will be provided with long-term financing and VAT facilities in a total amount of approximately EUR 71 million, as well as a guarantee facility in the amount of approximately EUR 16 million, for a financing term of seven years from the date of commercial operation. The financing will be provided in several drawdowns, subject to the fulfillment of certain conditions precedent, including, among others, the provision of the required equity, execution of an interest rate hedge for 70% of the loan amount, and submission of various documents as detailed in the agreement. The loan will bear interest at the Euribor rate plus a margin of between 2% and 2.1%. Interest payments will be made on a monthly basis during the construction period, and semi-annual payments following the commercial operation date. The loan principal will be repaid in unequal semi-annual installments, beginning on June 30, 2027, through the final maturity date set for September 2033 (the "Final Maturity Date"). In addition, the agreement includes a Cash Sweep mechanism for accelerating principal repayments. The financial covenants the Company is required to meet include an annual ADSCR and HDSCR higher than 1.05, and starting from the fifth year, an LLCR higher than 1.15.

2. Exchange purchase offer of Series A Bonds for Series D of the Company

Further to Note 19, on January 15, 2025, the Company completed an issuance by way of an exchange tender offer made to the holders of Series A bonds (the "Exchanged Bonds") in return for Series D bonds (the "Exchange Bonds"). A total par value of NIS 378,932,360 of Exchanged Bonds was exchanged for a total par value of NIS 401,289,369 of allocated Exchange Bonds. The total consideration for the purpose of calculating withholding tax on capital gains from the sale of the Exchanged Bonds was NIS 418,691,952, based on the product of the number of Exchange Bonds received by holders who accepted the exchange offer and the average price of the Exchange Bonds. The Exchange Bonds issued and allocated as part of the exchange offer in return for the Exchanged Bonds were issued without a discount. The accounting treatment of the exchange was recorded as a substantial modification of terms, with the expected impact on profit or loss being a gain of approximately NIS 2 million.

3. Private placement of Bonds (Series B) of the Company

Further to Note 19, on February 11, 2025, the Company completed a private placement to classified investors (hereinafter: the "**Offerees**") of 92,443,000 Bonds (Series B), each with a par value of NIS 1, issued by the Company (hereinafter: the "**Series B Bonds**" or the "**Bonds**"). The placement was executed by way of an expansion of the Company's existing Series B Bond series, which is listed for trading on the stock exchange. Following the completion of the placement, the total outstanding par value of Series B Bonds in circulation amounts to NIS 499,993,000. The total gross consideration that the Company received for the allocation amounts to NIS 98,451,795.

4. Private placement of Bonds (Series C) of the Company

Further to Note 19, on February 11, 2025, the Company completed a private placement to classified investors (hereinafter: the "**Offerees**") of 286,370,000 Bonds (Series C), each with a par value of NIS 1, issued by the Company (hereinafter: the "**Series C Bonds**" or the "**Bonds**"). The placement was executed by way of an expansion of the Company's existing Series C Bond series, which is listed for trading on the stock exchange. Following the completion of the placement, the total outstanding par value of Series C Bonds in circulation amounts to NIS 845,321,000. The total gross consideration that the Company received for the allocation amounts to NIS 301,547,610.

5. Sunprime's Award in the Capacity Availability Tender Process

Further to Note 17(a)(2), in the framework of the capacity availability tender conducted in February 2025 by the transmission system operator (TERNA) in Italy, Sunprime was notified of the award of several projects. On March 20, 2025, Sunprime entered into Market Capacity Agreements in connection with its award in the tender for several storage projects with a total capacity of approximately 56 megawatts and a total energy capacity of approximately 112 megawatts. Under the Market Capacity Agreements, Sunprime is entitled to receive payments from the transmission system operator over a period of 15 years starting from January 2027, in an aggregate estimated amount of approximately EUR 15.45 million, spread over the availability period. It is clarified that the Market Capacity payments are in addition to the ongoing revenues expected to be generated by the storage projects under potential Tolling Agreements and/or electricity trading in the various market segments in Italy.

6. Appointment of a Co-CEO

On March 9, 2025, Mr. Shahar Gershon was appointed as Co-Chief Executive Officer and VP of Business Development of the Company. It should be noted that on February 20, 2025, the Company announced that it had been informed by Mr. Ofer Yannay (controlling shareholder and Chairman of the Board), Mr. Nadav Tenne (Co-CEO), and Mr. Shahar Gershon, that they had reached agreements pursuant to which, for a period specified in the agreement, they would grant Mr. Yannay a power of attorney to act at his sole discretion on their behalf with respect to the appointment of directors to be submitted for approval at the general meeting. The parties also set restrictions regarding the sale of the Company's shares by them for a period as specified in the agreement. In light of the fact that Mr. Nadav Tenne and Shahar Gershon granted Mr. Yannay a power of attorney to vote by virtue of their shares in the Company, for the purposes of the Companies Law, 5759-1999 and the Securities Law, 5778-1968, the Company considers Mr. Ofer Yannay, Nadav Tenne and Shahar Gershon to be joint holders of the Company's shares, and Mr. Ofer Yannay to be the sole controlling shareholder of the Company, who also holds the voting rights attached to the Company's shares held by Mr. Nadav Tenne and Shahar Gershon.

Holdings Appendix

Below is a list of the Company's Investee Corporations and the rates of their holdings, as at December 31, 2024 and 2023:

a. Entities incorporated in Israel whose primary place of operations is Israel.

Entity name	December 31, 2024	December 31, 2023
Nofar Avigam Ltd.	25.0%	25.0%
Nofar Energy Candlelight Cooperative Agricultural Association Ltd.	25.0%	25.0%
Reservoirs PV A.A.N. Cooperative Agricultural Association Ltd.	25.0%	25.0%
PV 2 Reservoirs Or Haner Limited Partnership	100.0%	100.0%
Nofar Or Haner EVC Limited Partnership	51.0%	51.0%
Nofar Energy – Orim Cooperative Agricultural Association Ltd.	25.0%	25.0%
Agricultural Energy Cooperative Agricultural Association Ltd.	25.0%	25.0%
Enova Energy Limited Partnership	50.0%	50.0%
Nofar Alumot Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Alonim Reservoirs, Limited Partnership	50.0%	50.0%
A.N. Allied Nofar Energy, Limited Partnership	20.0%	20.0%
Nofar Elifaz PV Roofs Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Almog Cooperative Agricultural Association Ltd.	30.0%	30.0%
Nofar Energy Afifit PV Limited Partnership	25.0%	25.0%
Nofar Afek Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar-Ackerstein Solar Energy, Limited Partnership	20.0%	20.0%
Nofar Energy Esheld Limited Partnership	25.0%	25.0%
Alfa Nofar Energies Cooperative Agricultural Association Ltd.	22.5%	22.5%
Alpha Nofar Midga Mone Neto Cooperative Agricultural Association Ltd.	49.0%	49.0%
Alpha Nofar Midga Mhrazim Cooperative Agricultural Association Ltd.	49.0%	49.0%
Nofar Beit Govrin Cooperative Agricultural Association Ltd.	20.0%	20.0%
Novak Energy Limited Partnership	51.0%	51.0%
B'nei Darom Sustainability Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Gavim Cooperative Agricultural Association Ltd.	20.0%	20.0%
Gavim IV Cooperative Agricultural Association Ltd.	51.0%	51.0%
Nofar Givat Hashlosa Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Gadot Limited Partnership	50.0%	50.0%
Nofar Water Works in the Upper Galilee Cooperative Agricultural Association Ltd.	50.0%	50.0%
Gonen Nofar Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Gavim Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Galon Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Gilgal PV 1, Limited Partnership	100.0%	100.0%
Nofar Globset Kiryat Gat Ltd.	20.0%	20.0%
Nofar Geshor Cooperative Agricultural Association Ltd.	25.0%	25.0%
D.N. Renewable Energies – Cooperative Agricultural Association Ltd.	25.0%	25.0%
Dorot Nofar Energies Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar-Dayan Energy Ltd.	25.0%	25.0%
Nofar Energy Dalia Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Dalia Reservoirs, Limited Partnership	40.0%	40.0%
Nofar Energy Danshar Limited Partnership	25.0%	25.0%
Nofar Dafna Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Energy Wizzotzky, Limited Partnership	20.0%	20.0%
Nofar Hefetz Haim Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Heftziba Reservoirs Cooperative Agricultural Association Ltd.	60.0%	30.0%
Nofar Hatzor Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Yavneh Group Cooperative Agricultural Association Ltd.	15.0%	15.0%
Nofar Hod Etzion Cooperative Agricultural Association Ltd.	15.0%	15.0%
Yizre'el Almog Cooperative Agricultural Association Ltd.	25.0%	25.0%

Entity name	December 31, 2024	December 31, 2023
Nofar Yiftach Limited Partnership	50.0%	50.0%
Nofar Hogwarts PV Limited Partnership	100.0%	100.0%
Nofar Kfar Yehoshua Reservoirs Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Kfar Menachem Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar-Kfar Masaryk Reservoirs PV Limited Partnership	50.0%	50.0%
Nofar Kfar Szold Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar-Kfar Rupin Reservoirs Limited Partnership	50.0%	50.0%
Nofar Kerem Shalom Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Energy Kramim Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Lahav Cooperative Agricultural Association Ltd.	50.3%	50.3%
Nofar Energy Lehavot Habashan Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Maya Ofekim, Limited Partnership	30.0%	30.0%
MN Nofar Energy–Mivne, Limited Partnership	25.0%	25.0%
M.N. Solar Energy Ltd.	20.0%	20.0%
Nofar Energy-Minrav General Partnership	20.0%	20.0%
Nofar Mesda PV Roofing Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Mesda Of Tov Cooperative Agricultural Association Ltd.	40.0%	40.0%
Nofar Maagan Michael Cooperative Agricultural Association Ltd	25.0%	25.0%
Nofar Matzar Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Merkavim PV Limited Partnership	100.0%	100.0%
Nofar Mishmar Hanegev Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Mishmar Hanegev Alternative Energy Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Mishmar Hanegev Polibid Cooperative Agricultural Association	20.0%	20.0%
Nofar Energy Mishmarit, Limited Partnership	49.9%	49.9%
Nofar Globus Ne'ot Hovav Ltd.	20.0%	20.0%
Nofar Negba Alternative Energy Ltd.	25.0%	25.0%
Nofar Neve Ilan Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Energy Naveh Harif Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Nachshon Reservoir Limited Partnership	50.0%	50.0%
Nissan Energy Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Nir Eliyahu Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Nir David Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Nir David Madga Cooperative Agricultural Association Ltd.	45.0%	45.0%
Nofar Nir David Reservoirs Limited Partnership	50.0%	50.0%
Nofar Nir Yitzhak Cooperative Agricultural Association Ltd.	20.0%	20.0%
Agira Nofar Nir Yitzhak Cooperative Agricultural Association Ltd.	49.0%	49.0%
Nofar Nir Amir Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Energy Sano, Limited Partnership	100.0%	100.0%
Nofar Sa'ad Alternative Energy Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Evron Gaaton Cooperative Agricultural Association Ltd.	49.0%	49.0%
Nofar Oz, Limited Partnership	30.0%	30.0%
Nofar Ein Harud Me'uhad Cooperative Agricultural Association Ltd.	20.0%	20.0%
Ein Tzurim Nofar Cooperative Agricultural Association Ltd.	18.0%	18.0%
Zurim Etzion Nofar Cooperative Agricultural Association Ltd.	15.0%	15.0%
Nofar Amiad Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Energy Amitzur, Limited Partnership	25.0%	25.0%
Nofri Emek Hayarden Solar Energy Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Edison Park, Limited Partnership	25.0%	25.0%
Nofar Park Edison 2, Limited Partnership	50.0%	50.0%
Nofar Energy Parod Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Tze'elim Cooperative Agricultural Association Ltd.	25.0%	25.0%

Entity name	December 31, 2024	December 31, 2023
Nofar Tze'elim Reservoirs Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Tze'elim Reservoirs PV 2 Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar KC Limited Partnership	100.0%	100.0%
Nofar Klil PV Limited Partnership	100.0%	100.0%
Nofar Etzion Ravadim Cooperative Agricultural Association Ltd.	15.0%	15.0%
Nofar Revivim, Limited Partnership	25.0%	25.0%
Nofar-Rohama Solar Systems Cooperative Agricultural Association Ltd.	25.0%	25.0%
Nofar Sde Boker Industry Cooperative Agricultural Association Ltd.	45.0%	45.0%
Nofar Sde Boker Haro'a Cooperative Agricultural Association Ltd.	30.0%	30.0%
Nofar Yisca Sde Boker Cooperative Agricultural Association Ltd.	40.0%	40.0%
Nofar Sde Yoav Energy Cooperative Agricultural Association Ltd.	25.0%	25.0%
Sadeh Nofarim Cooperative Agricultural Association Ltd.	50.0%	50.0%
Nofar Shdema Cooperative Agricultural Association Ltd.	20.0%	20.0%
Nofar Energy Shoval Cooperative Agricultural Association Ltd.	25.0%	25.0%
S.N.A.I. Cooperative Agricultural Association Ltd.	18.0%	18.0%
Nofar Industry 1 Ltd.	100.0%	100.0%
Nofar Energy Neot Golan EV Limited Partnership	51%	-
Nofar Tel Yitzhak EV Limited Partnership	51%	-
Nofar Migdal Oz EV Limited Partnership	51%	-
Nofar Beer Globe EV Limited Partnership	51%	-
Nofar Dgania EV Limited Partnership	71%	-
Nofar Energy Kramim EVC Limited Partnership	51%	-
Nofar Daphna EV Limited Partnership	51%	-
Nofar Energy Givat Oz EV Limited Partnership	51%	-
Nofar Energy Ketura EV Limited Partnership	50%	-
Nofar Hanaton EV Limited Partnership	51%	-
Nofar Energy Ramat David EV Limited Partnership	51%	-
Nofar Aloni Habashan EV Limited Partnership	51%	-
Nofar Mesilot EV Limited Partnership	51%	-
Nofar Safa EV Limited Partnership	51%	-
Nofar Borders EV Limited Partnership	51%	-
Nofar Shalavim EV Limited Partnership	51%	-
Nofar Hasolelim EV Limited Partnership	51%	-
Nofar Gesher EV Limited Partnership	51%	-
Nofar Misgav Em Cooperative Agricultural Association Ltd.	50%	-
Nofar Zikim Cooperative Agricultural Association Ltd.	50%	-
Nofar Merhavia Cooperative Agricultural Association Ltd.	50%	-
Nofar Ein Harud Me'uhad Storage Cooperative Agricultural Association Ltd.	20%	-
Nofar EV Limited Partnership	100%	-
Nofar Energy, Limited Partnership	100.0%	100.0%
Nofar Energy Holdings 36, Limited Partnership	100.0%	100.0%
Nofar Energy Holdings 18, Limited Partnership	100.0%	100.0%
Nofar Energy Europe, Limited Partnership	100.0%	100.0%
Noy-Nofar Renewable Energies Europe, Limited Partnership	52.5%	52.5%
Nofar Noy Solar Projects Limited Partnership	65.0%	65.0%
Nofar Energy Reservoirs Limited Partnership	100.0%	100.0%
Silkweb Capital Limited Partnership	80.0%	80.0%
Silkweb Anteus Capital Limited Partnership	80.0%	80.0%
Nofar Energy USA, Limited Partnership	100.0%	100.0%

Corporations that are domiciled abroad

Entity name	December 31, 2024	December 31, 2023	Place of incorporation
BLUE SKY UTILITY LLC	67%	67%	USA
BLUE SKY UTILITY HOLDINGS LLC	67%	67%	USA
ANDROMEDA SOLUTIONS K.F.T	52.5%	52.5%	Spain
OLMEDILLA HIVE, S.L	49.9%	49.9%	Spain
SABINAR HIVE, S.L	47.3%	47.3%	Spain
GRID HIVE, S.L	48.3%	48.3%	Spain
SUNPRIME GENERATION SRL	33%	33%	Italy
NOFAR USA LLC	100%	100%	USA
ATLANTIC GREEN UK LIMITED	75%	75%	England
R&S ENERGY LIMITED	75%	75%	England
C&S ENERGY LIMITED	75%	75%	England
NOVENTUM POWER LIMITED	80%	80%	England
NOFAR RATESTI B.V	100%	100%	Netherlands
RATESTI SOLAR PLANT SRL	50%	50%	Romania
AVIV RENEWABLE INVESTMENT SRL	100%	-	Romania
NOFAR EUROPE B.V	100%	90%	Netherlands
NOFAR ENERGY SRL	100%	90%	Romania
RTG SOLAR ENERGY SRL	95%	90%	Romania
BIOLAB DIAGNOSTIC SRL	90%	90%	Romania
NOUA FATTORIA SRL	100%	90%	Romania
SOLIS IMPERIUM SRL	95%	90%	Romania
Corbii Mari Solar Plant SRL	95%	90%	Romania
SUN KINGDOM SRL	95%	-	Romania
NOFAR ADRIA D.O.O. BEOGRAD	86.5%	86.5%	Serbia
FOREST ENERGY D.O.O. ADA	100%	100%	Serbia
ENERGIA SOLIS D.O.O. BEOGRAD-NOVI BEOGRAD	100%	100%	Serbia
Nofar Energy CZ S.R.O.	100%	81%	Czech Republic
NOFAR ENERGY POLAND 1 sp. Z	100%	90%	Poland
Nofar Cybinka sp. Z	100%	90%	Poland
ELECTRUM NOFAR sp. Z	80%	72%	Poland
SUN ENERGY PROJEKT sp z.o.o	80%	72%	Poland
BARTODZIEJE sp z.o.o ELEKTROWNIA	80%	72%	Poland
INTER WORKS sp z.o.o	80%	72%	Poland
ELECTRUM PV 7 sp z.o.o	80%	72%	Poland
SOLARIKA sp z.o.o	80%	72%	Poland
ELECTRUM PV 6 sp z.o.o	80%	72%	Poland
MDW ENERGY sp z.o.o	80%	72%	Poland
SunPrime Holdings SRL	33%	33%	Italy



Part C

**Separate Financial Information
As of December 31, 2024**





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Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'ah St., P.O. Box 609
Tel Aviv 6100601
8000 684 03

To

Shareholders of O.Y. Nofar Energy Ltd.

To Whom It May Concern,

Re: Special Report of the Auditors as to Separate Financial Information under Article 9c of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

We have audited the separate financial information included under Article 9c of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 of O.Y. Nofar Energy Ltd. (hereinafter: the "Company") as of December 31, 2024 and the year ended on December 31, 2024. The separate financial information the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion as to the separate financial information based on our audit.

The Company's financial information as of December 31, 2023 and 2022, and for the years ended on December 31, 2023 and 2022, has been audited by previous auditors whose reports dated March 28, 2024 and March 29, 2023, respectively, included unqualified opinions.

We did not audit the financial statements of an investee company accounted for using the equity method, in which the investment is approximately NIS 69,346 thousand as of December 31, 2024, and the Company's share of its profits is approximately NIS 32,329 thousand, for the year ended December 31, 2024. The financial information of the same company was reviewed by other auditors, whose review reports were provided to us, and our opinion, inasmuch as it relates to the amounts included in respect of that company, is based on the review reports prepared by the other auditors.

We have conducted our audit in accordance with the customary auditing standards in Israel. Based on these standards, we are required to plan the audit and execute it in order to obtain a reasonable degree of certainty that the separate financial information does not contain a material misstatement. An audit includes a sample inspection of evidence supporting the amounts and details included in the separate financial information. An audit also includes a review of the accounting rules applied in the preparation of the separate financial information and the significant estimates used by the Company's board of directors and management, as well as an evaluation of the accuracy of the presentation in the separate financial information. We believe that our audit provides a sufficient basis for our opinion.

In our opinion, the separate financial information is prepared, from all material respects, in accordance with the provisions of Article 9c of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Somekh Chaikin
Accountants

March 30, 2025

Financial Data from the Consolidated Statements of Financial Position Attributed to the Company Itself as a Parent Company

	As of December 31	
	2024	2023
	NIS thousands	
Assets		
Current assets:		
Cash and cash equivalents	203,932	399,265
Shorts term deposits	37,505	10,011
Customers	135,494	207,686
Accounts receivable	23,380	17,822
Inventory	25,128	58,058
Financial assets	11,803	4,114
Total current assets	437,242	696,956
Non-current assets:		
Balances for investee companies	3,257,455	2,542,351
Other receivables	1,234	869
Long-term restricted cash	6,624	1,293
Right of use asset	64,660	66,245
Fixed assets	128,062	124,798
Financial assets	11,123	21,968
Deferred taxes	2,010	-
Long term deposits	307	36,556
Total non-current assets	3,471,475	2,794,080
Total assets	3,908,717	3,491,036

The notes attached constitute an integral part of the financial statements.

Financial Data from the Consolidated Statements of Financial Position Attributed to the Company Itself as a Parent Company

	As of December 31	
	2024	2023
	NIS thousands	
Liabilities and equity		
Current liabilities:		
Short-term loans and current maturities for long-term loans from banks	105,259	515
Current maturities of lease liabilities	7,923	7,060
Suppliers and service providers	28,450	32,024
Accounts payable	12,077	63,991
Financial derivatives	1,918	1,918
Current maturities of bonds	137,294	126,871
Total current liabilities	292,921	232,379
Non-current liabilities:		
Long-term loans from banks	15,925	16,481
Liabilities for leases	55,936	58,764
Bonds	1,539,557	956,209
Convertible bonds	375,317	368,571
Deferred taxes	-	35,892
Other liabilities	728	733
Total non-current liabilities	1,987,463	1,436,650
Capital attributed to the Company itself as a parent company:		
Share capital and premium	1,716,256	1,716,256
Loss balance	(174,634)	(153,354)
Capital funds	86,711	259,105
Total capital attributed to the Company itself as a parent company	1,628,333	1,822,007
Total liabilities and capital	3,908,717	3,491,036

The notes attached constitute an integral part of the financial statements.

March 30, 2025

**Date of approval of the financial
statements
for publication**

**Ofer Yannay
Chairman of the
Board**

**Nadav Tenne
CEO**

**Oren Ben Shimol
Acting CFO**

**Financial Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Profit
Attributed to the Company Itself as a Parent Company**

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Income	138,117	193,338	311,019
Setup and operating costs	139,932	222,043	309,090
Marketing and sale expenses	6,255	7,890	7,653
Management and general expenses	30,912	27,540	18,552
Other expenses, net	2,767	20	23,190
Total expenses	179,866	257,493	358,485
Other income	-	1,426	209,885
Operating profit (loss)	(41,749)	(62,729)	162,419
Financing expenses	230,698	105,656	44,378
Financing income	186,530	93,962	42,283
Financing expenses, net	44,168	11,694	2,095
Profit (loss) after financing expenses	(85,917)	(74,423)	160,324
Company's share in the profits (losses) of companies handled based on the equity method, net	46,932	(31,888)	(10,493)
Profit (loss) before taxes on income	(38,985)	(106,311)	149,831
Income tax expenses (tax benefit)	(12,080)	(17,650)	(3,915)
Profit (loss) for the year	(26,905)	(88,661)	153,746
Other comprehensive profit (loss) (after tax impact):			
<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	(110,694)	80,471	55,096
Adjustments arising from hedging transactions	(9,455)	(3,809)	-
<u>Items not reclassified later to profit and loss:</u>			
Part of other comprehensive income of corporations accounted for using the equity method	2,852	34,846	10,134
Revaluation for fixed assets	391	6,391	653
	3,243	41,237	10,787
Total other comprehensive income (loss)	(116,906)	117,899	65,883
Total comprehensive profit (loss) for the year	(143,811)	29,238	219,629

The notes attached constitute an integral part of the financial statements.

**Financial Data from the Consolidated Statements of Cash Flows Attributed to the Company Itself
as a Parent Company**

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Cash flow from current operations:			
Profit (loss) for the year	(26,905)	(88,661)	153,746
Appendix A - Expenses not involving cash flows (Appendix A)	13,568	57,187	(184,285)
Appendix B - Changes in working capital (Appendix B)	(15,907)	(77,177)	(185,100)
Net cash used for current activities	(29,244)	(108,651)	(215,639)
Cash flows from investment activities:			
Reimbursement of investments (investments) in corporations accounted for using the equity method	19,704	21,373	(277,435)
Investment in subsidiaries	(941,515)	(709,935)	(354,165)
Investment return from a subsidiary	110,473	148,935	-
Acquisition of shares from non-controlling interests	-	(3,131)	-
Investment in financial asset	-	(20,637)	-
Payment of deferred consideration	-	(121,139)	-
Loan to a related company	(432)	(869)	(26,337)
Exercise (deposit) to restricted use deposits	(5,331)	142	(795)
Change in deposits	8,444	516,134	(364,074)
Investments in fixed assets	(11,226)	(16,168)	(22,009)
Exercise of fixed assets	-	-	134
Net cash used for investing activity	(819,883)	(185,295)	(1,044,681)
Cash flows from financing activities:			
Issue of shares to the public (less issuance expenses)	-	147,560	-
Short term credit from banks, net	98,147	(305,920)	260,807
Repayment of Bonds	(130,251)	(168,260)	-
Issue of bonds, net	684,881	873,558	311,673
Repayment of lease liabilities	(9,538)	(8,078)	(5,068)
Receipt of long term loans from bank corporations	-	-	4,771
Repayment of long term loans from bank corporations	(515)	(475)	(673)
Net cash arising from financing activities	642,724	538,385	571,510
Increase in cash and cash equivalents	(206,403)	244,439	(688,810)
Balance of cash and cash equivalents at beginning of year	399,265	172,174	831,623
Impact of changes in foreign exchange rates for cash and cash equivalents	11,070)17,348)	29,361
Balance of cash and cash equivalents at end of year	203,932	399,265	172,174

The notes attached constitute an integral part of the financial statements.

**Financial Data from the Consolidated Statements of Cash Flows Attributed to the Company Itself
as a Parent Company**

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Appendix A - Expenses not involving cash flows (Appendix A)			
Current tax expenses	-	-	(4)
Depreciation and amortization	11,908	9,658	7,305
Net financing expenses	44,168	11,694	2,095
Company's share in the losses (profits) of companies accounted for based on the equity method, net	(46,932)	31,888	10,493
Profit from increase to control of associate	-	(1,426)	(209,885)
Capital loss	-	-	(23)
Share-based payment expenses	4,424	5,373	5,734
	13,568	57,187	(184,285)
Appendix B - Changes in working capital			
Decrease (increase) in inventory	32,930	(6,378)	4,939
Decrease (increase) in customers	21,304	(30,316)	(164,397)
Decrease (increase) in receivables	5,726	19,631	(11,938)
Increase (decrease) in accounts payable	4,173	(21,298)	21,891
Decrease in suppliers and service providers	(1,676)	(8,124)	(25,359)
Change in deferred taxes	(12,024)	(17,640)	(3,910)
Additional Information:			
Interest received in cash	15,296	34,659	7,500
Interest paid in cash	(81,636)	(47,711)	(13,826)
	(15,907)	(77,177)	(185,100)
Appendix C - Substantial non-cash transactions			
Initial recognition of usufruct asset and lease liability	2,025	14,047	29,319
Purchase of fixed assets against supplier credit	-	-	9,100
Liability for deferred consideration in a business combination	-	4,862	109,244
Classification of clients for investment	50,881	67,383	63,508

The notes attached constitute an integral part of the financial statements.

Additional material information attributed to the Company itself as a parent company as of December 31, 2024

Note 1 - Details of the separate financial information:

1.1 Principles of preparation of the separate financial information:

The separate financial information of O.Y. Nofar Energy Ltd. (hereinafter: the "**Company**") includes financial data from the consolidated financial statements of the Company, attributed to the Company itself as a parent company, and prepared in accordance with the requirements of Article 9c and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

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 December 31, 2024, subject to the above in this section and the contents of Note 1.2 below.

1.2 Accounting 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 attributed to the Company itself as a parent company as of December 31, 2024

Note 2 - Transactions and material balances with investee companies:

a. Balances of interested parties and affiliates

	As of December 31	
	2024	2023
	NIS thousands	
Customers and income receivable	118,893	184,734
Accounts receivable	7,098	5,039
Investments and loans in related corporations (*)	3,257,455	2,542,351
Accounts payable	-	(52,658)

(*) Composition of loans in associates

		As of December 31	
	Interest	2024	2023
	%	NIS thousands	
Blue Sky Utility LLC (1)	9%-14%	153,630	99,255
Electrum Nofar Energy sp. z o.o (2)	7%	185,623	147,299
Atlantic Green UK Limited (2)	7%	393,519	161,291
Nofar Ratesti B.V (2) (3)	5%-9%	948,224	447,987
Noventum Power Ltd. (2)	5%-7%	44,062	18,140
Nofar Energy Reservoirs Limited Partnership	6%-7%	63,187	54,836
Associates in Israel	3%-6.5%	181,498	142,166
FRIG INVESTMENST	8%	81,190	-
Other	-	2,241	1,836
		2,053,174	1,072,810

(1) The loan was made to the corporation through Nofar Energy USA, Limited Partnership.

(2) The loan was made to corporations through Nofar Energy Europe Partnership, Limited Partnership.

(3) Loan includes loans for projects owned by the Company in Romania, Poland and Serbia

b. Transactions with interested parties and affiliates

	For the year ended on December 31		
	2024	2023	2022
	NIS thousands		
Income	111,469	168,768	287,319
Financing income	22,986	58,328	283

Part D

Additional Details about
the Corporation



Company name: O.Y. Nofar Energy Ltd.

Company Number in the Registrar: 51-459994-3

Date of the Statement of Financial Position or Balance Sheet Date: December 31, 2024

Report Date: March 30, 2025

Report Period: For the year ended on December 31, 2024

Periodic Report: Company's Periodic Report for 2024

Article 9b - Quarterly Report of Effectiveness of Internal Control on Financial Reporting and Disclosure

Attached in the Fifth Part of the Periodic Report.

Article 9c - Separate Financial Report of the Corporation

See in the Third Part of the Periodic Report a separate financial statement of the Company together with the opinion of the Company's auditor.

Article 9d - Report of the State of the Corporation's Liabilities based on Payment Date

See T-126, which is published near the publication date of the Periodic Report, included in this report by way of reference.

Article 10a - Condensed Statements of Comprehensive Profit of the Company for Each of the Quarters of 2024, in the format of interim financial statements (NIS thousands)

	Q1	Q2	Q3	Q4	Annual
Revenue from sale of electricity and construction	65,458	100,856	87,511	59,382	313,207
Other income of tax partner	639	650	3,081	1,668	6,038
Compensation for loss of income	-	-	930	-	930
Total income	66,097	101,506	91,522	61,050	320,175
Setup and operating costs	67,277	66,497	62,448	68,245	264,467
Management and general expenses	16,051	18,609	19,533	21,573	75,766
Marketing and sale expenses	2,406	1,508	1,331	1,622	6,867
Other expenses	4,170	1,282	3,835	4,649	13,936
Total expenses	89,904	87,896	87,147	96,089	361,036
Other income	3,665	162	43	1,399	5,269
Operating profit (loss)	(20,142)	13,772	4,418	(33,640)	(35,592)
Financing expenses	30,422	30,839	37,010	6,296	104,567
Financing income	17,995	10,366	16,745	11,400	56,506
Net financing expenses (income)	12,427	20,473	20,265	5,104	48,061
Profit (loss) after financing expenses	(32,569)	(6,701)	(15,847)	(28,536)	(83,653)
Equity profits (losses)	(6,610)	10,805	4,300	9,642	18,137
Profit (loss) before taxes on income	(39,179)	4,104	(11,547)	(18,894)	(65,516)
Income tax (tax benefits)	(6,586)	3,906	2,955	(19,273)	(18,998)
Net profit (loss) for the year	(32,593)	198	(14,502)	379	(46,518)
Other comprehensive profit (loss)	(49,327)	41,503	54,790	(262,779)	(215,813)

Article 10c - Use of Proceeds from the Securities Offered Under the Prospectus Recently Published before the Report Date

On December 8, 2020, the Company published a supplementary prospectus of the Company, dated December 9, 2020 (Reference No.: 2020-01-133446) (hereinafter collectively: the "**Issue Prospectus**"), which is included in this Report by way of reference.

In July 2023, the Company performed an offering to the public and listing for trade of approximately NIS 407.5 million par value Bonds (Series B), under a Shelf Prospectus Report published by the Company on July 18, 2023 (Reference No.: 2023-01-082041), which is included in this Report by way of reference.

In July 2023, the Company performed an offering to the public and listing for trade of approximately NIS 233.9 million par value Bonds (Series C), under a Shelf Prospectus Report published by the Company on July 18, 2023 (Reference No.: 2023-01-082041), which is included in this Report by way of reference.

On May 19, 2024, the Company published a shelf prospectus dated May 20, 2024 (Reference No.: 2024-01-051456) (the "**Shelf Prospectus**"), which is included in this Report by way of reference.

In September 2024, the Company issued NIS 355 million par value Bonds (Series D) pursuant to a shelf offering report published by the Company on September 13, 2025 (Reference No.: 2024-01-603157), which is included in this Report by way of reference.

In September 2024, the Company issued NIS 355 million par value Bonds (Series D) pursuant to a shelf offering report published by the Company on September 13, 2025 (Reference No.: 2024-01-603157), which is included in this Report by way of reference.

In January 2025, the Company issued NIS 401,289,370 par value Bonds (Series D) by way of an exchange purchase offer of NIS 378,932,360 par value Bonds (Series A), pursuant to a shelf offering report published by the Company on January 6, 2025, which was completed and amended on January 8, 2025 and January 12, 2025 (Reference No.: 2025-01-001872, 2025-01-002968, 2025-01-003437, respectively), which is included in this Report by way of reference.

On February 12, 2025, approximately NIS 92.4 million par value Bonds (Series B) and approximately NIS 286.3 million par value Bonds (Series C) were issued pursuant to a shelf offering report published by the Company on February 10, 2025 (Reference No.: 2025-01-009847).

As part of the Shelf Prospectus and the above-mentioned Shelf Offer Reports, the Company stated that the proceeds of the offering will be used to finance the Company's business activities according to the decisions of the Company's management, as it will be from time to time. As of the Report Date, the Company has made use of the proceeds of the issue to finance the purchase and establishment of projects in Israel, Europe, and the United States, and for the repayment of debts.

Article 11 - List of Investments in Subsidiaries and Associated Companies as of the Balance Sheet Date

The following are details about the investments of the Company in the main Group Companies⁽¹⁾:

Company name	Share type	Number of shares / Convertible securities	Par value (NIS/Dollar/Euro/Pound/Romanian leu/Zloty)	Value (NIS thousands) in the separate financial statements of the Company as of December 31, 2024	Stock Exchange Rate	Rate of indirect holdings of % of capital and voting (and the right to appoint directors)	Loans given (received) by the Company to subsidiaries and affiliates				
							Balance of loans, bonds, including accrued interest as of December 31, 2024 (in NIS thousands)	Interest ⁽⁷⁾	Redemption years	Linkage terms and basis	Details of rights to exchange bonds/loans for shares or other convertible securities
Noy-Nofar Renewable Energies Europe, Limited Partnership ("Noy-Nofar Europe")	—	—	—	788,536	—	52.5% (Right to appoint 60% of the directors)	—	—	—	—	—
Olmedilla Hive S.L. ⁽²⁾	Ordinary Shares	2,850	1	—	—	95%	—	—	—	—	—
Sabinar Hive S.L. ⁽²⁾	Ordinary Shares	2,700	1	—	—	90%	—	—	—	—	—
Sunprime Holding SRL ⁽²⁾	Ordinary Shares	10,086,692.5	1	—	—	63.5% (Right to appoint 60% of the directors)	—	5% -14%	2025	—	—
Nofar Energy Europe, Limited Partnership ("Nofar Europe") ⁽³⁾	Partnership Interest	—	—	74,527	—	100%	1,606,511	—	—	—	—
Nofar Europe B.V. ⁽³⁾	Ordinary Shares	90	0.01	—	—	100%	—	5%-14%, subject to a limit on transfer prices	2026	—	—
Electrum Nofar Energy sp. Z o.o. ⁽³⁾⁽⁴⁾	Ordinary Shares	16,000	50	—	—	80% (Right to appoint 60% of the directors)	—	5% -14%	2032	—	—

Company name	Share type	Number of shares / Convertible securities	Par value (NIS/Dollar/ Euro/Pound /Romanian leu/Zloty)	Value (NIS thousands) in the separate financial statements of the Company as of December 31, 2024	Stock Exchange Rate	Rate of indirect holdings of % of capital and voting (and the right to appoint directors)	Loans given (received) by the Company to subsidiaries and affiliates				
							Balance of loans, and equity bonds, including accrued interest as of December 31, 2024 (in NIS thousands)	Interest ⁽⁷⁾	Redempt ion years	Linkage terms and basis	Details of rights to exchange bonds/loans for shares or other convertible securities
Nofar Ratesti B.V. ^{(3), (5)}	Ordinary Shares	1	1	—	—	100%	—	5%-14%, subject to the limit on transfer prices	2026	—	—
⁽⁵⁾ Ratesti Solar Plant s.r.l.	Ordinary Shares	245,819	100	—	—	50%	—	5% -14%	2026	—	—
Nofar Energy USA, Limited Partnership	—	—	—	30,473	—	100%	153,630	9%	—	—	—
Blue Sky Utility LLC and Blue Sky Utility Holdings LLC ("Blue Sky") ⁽⁶⁾	Membership Interests	—	—	—	—	67%	—	5% -14%	2032	—	—
Atlantic Green UK Limited ⁽³⁾	Ordinary Shares	300	1	—	—	75%	—	5% -14%	Cash Sweep	—	—
Noventum Power Limited ⁽³⁾	Ordinary Shares	80	1	—	—	80%	—	5% -14%	2031	—	—
Enova Energy, Limited Partnership ("Nofar Enova")	—	—	—	55,250	—	50%	—	—	—	—	—
Nofar Noy, Limited Partnership ("Nofar Boy Reservoirs")	—	—	—	(10,843)	—	100%	63,187	6.5%	Cash Sweep	—	—
Nofar Energy Holdings 36, Limited Partnership ("Nofar Germany") ⁽⁸⁾	Partnership Interest	—	—	(384)	—	100%	81,190	—	—	—	—

Company name	Share type	Number of shares / Convertible securities	Par value (NIS/Dollar/Euro/Pound /Romanian leu/Zloty)	Value (NIS thousands) in the separate financial statements of the Company as of December 31, 2024	Stock Exchange Rate	Rate of indirect holdings of % of capital and voting (and the right to appoint directors)	Loans given (received) by the Company to subsidiaries and affiliates				
							Balance of loans, and equity bonds, including accrued interest as of December 31, 2024 (in NIS thousands)	Interest ⁽⁷⁾	Redemption years	Linkage terms and basis	Details of rights to exchange bonds/loans for shares or other convertible securities
Kyon Storage 231 GmbH ("Kyon Storage") ⁽⁸⁾	Ordinary Shares	25,000	1	—	—	100%	—	—	—	—	
Nofar Energy Holdings 18, Limited Partnership ("Nofar Greece")	Partnership Interest	---	---	3,985	---	100%	—	—	—	—	

(1) For details regarding the main activities of the aforementioned companies, see Chapter A "Description of the Corporation's Business" in the Periodic Report.

(2) As of the Report Date, Noy-Nofar Europe holds, through a wholly owned corporation, Andromeda Solutions K.F.T., Olmedilla Hive S.L., Sabinar Hive S.L. and Sunprime Holdings SRL. The holdings detailed in the table are the holdings of Noy-Nofar Europe in these companies, through Andromeda Solutions KFT, i.e., the proportion of the Company's holdings indirectly in relation to these companies is 52.5% of the holdings in the table. For details regarding the increase in the holding rate in Sunprime Holdings SRL, see Section 4.7.1 in Part A of this Report. Since Noy-Nofar Europe holds these companies, the value attributed to these companies is included in the value of Noy Nofar Europe in the Company's financial statements.

(3) Nofar Europe B.V., Nofar Ratesti B.V. Atlantic Green UK Limited, Noventum Power Limited and Electrum Nofar Energy sp. Z o. o. - are held by the Company through Nofar Europe (directly and indirectly) which is fully owned by the Company. Accordingly, the financial value of Nofar Europe also includes the financial value of all the corporations held through Nofar Europe. Also, the balance of the loan advanced to Nofar Europe was used by Nofar Europe for the purpose of making loans to companies held by it, directly and indirectly. Accordingly, the balance of the loan includes funds advanced to it for the purpose of making loans to Nofar Europe B.V. (to finance the purchase of the projects in Romania, Poland, and Serbia and to provide loans to Electrum Nofar Energy sp. Z o.o), as well as loans provided by it to companies held in the Netherlands, Romania, the Czech Republic, Serbia, and the UK. Accordingly, the data of the corporations held, directly and indirectly by Nofar Europe, do not include details regarding the balance of the investment in the separate financial statement and the balance of the loans advanced by the Company to these corporations. For details about purchasing the partner's shares in Nofar Europe B.V. (10% of Nofar Europe BV shares) During 2024, the Company's holdings (indirectly) in Nofar Europe B.V. consequently increased to 100%, see Note 17A in the Company's financial statements.

(4) Nofar Europe B.V. (which is wholly owned, indirectly, by the Company) holds Electrum Nofar Energy sp. Z o.o. The holdings detailed in the table are the holdings of Nofar Europe B.V. in Electrum Nofar Energy sp. Z o.o. Accordingly, the book value is the value of Nofar Europe BV, which also includes its holding in Electrum-Nofar Energy sp. Z o.o. .

(5) Nofar Ratesti BV owns Ratesti Solar Plant SRL and also serves as the financing company for some of the group companies. The holdings detailed in the table are the holdings of Nofar Ratesti BV in Ratesti Solar Plant srl. Accordingly, the book value is the value of Nofar Ratesti BV which also includes its holding in Ratesti Solar Plant srl.

(6) Nofar Energy USA, Limited Partnership holds Blue Sky. The holdings detailed in the table are the holdings of Nofar Energy USA, Limited Partnership in Blue Sky. Accordingly, the book value is the value of Nofar Energy USA, Limited Partnership, which also includes its holding in Blue Sky.

(7) The table includes a range of all the interest rates that the Company offers to the group companies, in light of the sensitivity in publishing the exact interest rate arising from the fact that in a substantial part of the projects the Company also provides the necessary financing for the Company's partner in the various projects.

(8) Nofar Germany holds, through Frig Investment Ltd, a wholly-owned corporation, the entire share capital of Kyon Storage. Accordingly, the book value is the value of Nofar Germany which also includes its holdings in Kyon Storage.

Article 12 - Changes in Investments in Subsidiaries and Associated Companies in the Report Period

Below are details regarding changes in investments made by the Company in 2024 in subsidiaries and main associates:

Name of the corporation	Investment Amount (In NIS thousands)	Investment Date	Loan / Investment
Noy-Nofar EuropeError! Reference source not found.	(50,779)	1-12/2024	Return on investment
Nofar Europe ⁽²⁾	815,351	1-12/2024	Loans and Investments
Blue Sky	31,501	1-12/2024	Loans
Project Corporations in Israel	25,359	1-12/2024	Loans and Investments
Nofar Energy Holdings 36, Limited Partnership ⁽³⁾	17,175	1-12/2024	Loans

⁽¹⁾ In November 2023, Andromeda Solutions KFT entered into another investment agreement with Sunprime, regarding the conversion of the balance of the shareholder loans that were provided into the capital of the Italian Corporation, as well as the provision of another investment, as a result of which the holding rate increased to 63.5%.

⁽²⁾ Nofar Europe B.V., Nofar Ratesti B.V. Atlantic Green UK Limited, Noventum Power Limited and Electrum Nofar Energy sp. Z o. o. - are held by the Company (directly and indirectly), through Nofar Europe, which is fully owned by the Company. Accordingly, the balance of the loan includes funds advanced to it for the purpose of making loans to Nofar Europe B.V. (to finance the purchase of the projects in Romania and to provide loans to Electrum Nofar Energy sp. Z o.o), and Nofar Ratesti B.V. (which were provided to companies held in Romania, Serbia, and the UK). Accordingly, the table does not include a breakdown of the balance of the loan provided by it to the corporations held thereby. For details about purchasing the partner's shares in Nofar Europe B.V. (10% of the shares of Nofar Europe B.V.) During 2024, the Company's holdings (indirectly) in Nofar Europe B.V. consequently increased to 100%, see Note 17A in the Company's financial statements.

⁽³⁾ The Company provided loans to Nofar Energy Holdings 36, Limited Partnership, which indirectly holds a 100% stake in the Stendal project in Germany, for the purpose of investing in the project.

Article 13 - Income of Subsidiaries and Affiliates and Corporation's Income therefrom as of the Statement of Financial Position (NIS thousands)

The following are additional details about the main Group Companies¹:

Company name	Profit (loss) before tax	Other comprehensive profit (loss)	Comprehensive profit (loss)	Income received						Interest that the Company is entitled to receive for the reporting period or a subsequent period (with the payment date)	
				Dividend			Management Fees				
				Dividend/return on investment as of Report Date	Dividend/return on investment received after Report Date (with the payment date)	Dividend/return on investment that the Company is entitled to receive for the reporting period or a subsequent period	Management fees as of the Report Date	Management fees after the Report Date (with the payment date)	Management fees that the Company is entitled to receive for the reporting period or a subsequent period		
Noy-Nofar Europe ^(*)	8,959	(60,377)	(51,419)	128,090	---	---	---	---	---	---	---
Nofar Europe ^(**)	68,362	(83,320)	(14,958)	---	---	---	---	1,959	---	---	73,833 (cumulative on an annual basis; payment by Cash Sweep mechanism)
Nofar Energy USA, Limited Partnership ^(***)	(17,680)	429	(17,252)	---	---	---	---	4,308	---	---	17,218 (cumulative on an annual basis; payment by Cash Sweep mechanism)
Nofar Milgam	(4,402)	-	(4,402)	---	---	---	---	---	---	---	---

¹ The data reflects the data of the companies as a whole (according to 100% data), without taking into account the rate of the Company's holdings.

Article 14 - Loan Balances if Lending is within the Main Business of the Corporation

Providing loans is not one of the main businesses of the Corporation.

Article 20 - Trade on the Stock Exchange - Securities Listed for Trade During the Report Period and Until the Publication Date of the Report and Dates and Reasons for Delisting

In February 2024, the Company completed a private placement, by way of a series expansion, to classified investors, of NIS 325 million par value Bonds (Series C). The Bonds (Series C) were issued against payment of an amount of 102.65 agorot per NIS 1 par value of Bond, and in total, consideration of NIS 333.6 for all of the aforesaid Bonds (Series C). For additional details regarding the terms of the issue, see the immediate report published by the Company on February 13, 2024 (Reference No.: 2024-01-013084), which is included in this Report by way of reference.

In September 2024, the Company completed an issuance of NIS 355 million par value of Bonds (Series D), for a total gross consideration of approximately NIS 350 million. For details, see the report dated September 16, 2024 (Reference No.: 2024-01-603475), while the information therein is included in this Report by way of reference.

In January 2025, the Company completed a tender offer for exchange of approximately NIS 379 million par value of Bonds (Series A) in consideration for an issuance by way of expanding the series of approximately NIS 401 million of Bonds (Series D), based on an exchange ratio of 1.059. For details, see the immediate report published by the Company on January 14, 2025 (Reference No.: 2025-01-003956), which is included in this Report by way of reference.

In February 2025, the Company completed an issuance by way of expanding series of approximately NIS 92.4 million par value of Bonds (Series B), in consideration for NIS 1.065 for each NIS 1 par value, for a total gross amount of approximately NIS 98.4 million, and approximately NIS 286.3 million par value of Bonds (Series C), in consideration for NIS 1.053 for each NIS 1 par value, for a total gross amount of approximately NIS 301.5 million. For details, see the immediate report published by the Company on February 12, 2025 (Reference No.: 2025-01-010343), which is included in this Report by way of reference.

During the Report Period, there were no trading interruptions, except for an initiated trading interruption for about an hour on January 12, 2025, and scheduled interruptions.

Article 21 - Payments to Senior Officers

Below are details of the compensation provided in the reporting year by the Company or another party, as recognized in the financial statements for the reporting year, to each of the five senior officers with the highest compensation in the Company or a corporation under its control, provided in connection with the service in the Company or a corporation under its control, and the three senior officers with the highest remuneration in the Company, as stated in Articles 21(a)(1) and 21(a)(2) (NIS thousands):

Details of the recipient of the compensation				Remuneration* for services, NIS thousands						Total
Name	Position	Scope of position	Share of Capital Holdings in the Corporation	Salary	Bonus	Share-based payment	Management Fees	Consulting fees	Fee	Other**
Ofer Yannay	Active Chairman of the Board	100%	27.73% ⁽²⁾	---	---	---	988	---	---	988
Nadav Tenne	Co-CEO	100%	4.92%	947	---	---	---	---	---	62
Shahar Gershon	Co-CEO and VP of Business Development ⁽¹⁾	100%	1.79%	948	---	---	---	---	---	28
Sandler Sagi	VP of Global Engineering	100%	---	880	167	519	---	---	---	66
Zur Lanes	VP of Global Operations	100%	---	837	156	519	---	---	---	117
Tomer Droval	VP of Business Development Blue Sky	100%	---	1311	---	105	---	---	---	155
Elad Michaeli	VP of Asset Operations	100%	---	922	138	825	---	---	---	28

Details of the recipient of the compensation				Remuneration* for services, NIS thousands						Total
Name	Position	Scope of position	Share of Capital Holdings in the Corporation	Salary	Bonus	Share-based payment	Management Fees	Consulting fees	Fee	Other**
Allon Raveh	Director of the Group's US operations and active chairman of Blue Sky	100%	---	1461	297	---	---	---	---	76
										1,835

"Salary" - Including ancillary conditions to salary, such as vacation and sick days, redemption of vacation and sick days, telephone, social terms, provisions for termination of employment relationship, and any income credited to wages due to a component granted to the employee.

"Remuneration" - including an undertaking to provide remuneration, whether directly or indirectly, and including an amount of money and any monetary equivalent, salary, bonus, management fees, consulting fees, lease fees, commission, interest, share-based payment, retirement compensation that is not a pension payment, benefit and any other benefit, all excluding dividend.

* The remuneration amounts are provided in terms of cost to the Company.

** Other - vehicle possession and relocation expenses.

(1) See the remarks regarding Mr. Shahar Gershon in footnote **Error! Bookmark not defined.** below.

(2) See the remarks regarding Mr. Ofer Yannay in Article 21a below.

Below are additional details regarding the recipients of the aforementioned remuneration:

1. **Mr. Ofer Yannay** - The controlling shareholder of the Company and serves as the active chairman of the Board of Directors of the Company (hereinafter: "**Ofer**"). In accordance with the agreement between the Company and a company controlled by Ofer (in this section below: the "**Management Company**" and the "**Management Agreement**"), the main points of it are as follows:

In respect of providing the services of an active board chairman to the Company through him (in the scope of a full-time position) (in this section below: the "**Position**" and "**Management Services**", as appropriate), starting in September 2020, the Management Company is entitled to monthly management fees in the amount of NIS 70 thousand (plus VAT) (hereinafter in this section: the "**Management Fee**"), which increase at a rate of 5% each year (compared to the previous year), with the passage of 12 months, 24 months, and 36 months from September 2020. As of the Report Date, the Management Fees are NIS 81 thousand. In addition, Ofer is entitled to a tier 7 vehicle, bearing the costs of vehicle maintenance, reimbursement of expenses incurred for the purpose of fulfilling the Position, insurance coverage, exemption and indemnification under the conditions specified in Article 29a(4) below.

The Agreement is for an indefinite period, during which the Management Company will provide Management Services through Ofer (only) as part of the fulfillment of the Position (without an employer-employee relationship between Ofer and the Company), in the scope of a full-time position.

The engagement in the Management Agreement can be terminated by the Company or by the Management Company by six months' notice, subject to exceptions.

Ofer and the Management Company are prohibited from competing with the Company until 12 months have passed from the date of termination of the engagement in the Management Agreement.

The above updated terms of office and employment of Mr. Ofer Yannay are in accordance with the Company's remuneration policy, which was approved on December 3, 2020, and which was attached as Appendix A to Chapter 8 of the Company's Prospectus, which is included in this Report by way of reference (hereinafter: the "**Remuneration Policy**").

2. **Nadav Tenne, Shahar Gershon** - In accordance with the employment agreements between the Company and Messrs. Nadav Tenne and Shahar Gershon, in exchange for their tenure as Co-CEO and VP of Business Development of the Company, respectively, in the scope of a full-time position (in this section below: the "**Positions**"), the aforementioned officers were entitled to a gross monthly salary, as of the Report Date, of NIS 61 thousand, which was updated to a total of NIS 61 thousand, plus additional conditions as is customary in the Company, as specified in Section 4.2.3 of the Description of the Corporation's Business chapter - Part A of the Periodic Report for 2024, which is included in this Report by way of reference, including 22 days of vacation per year, a pension arrangement, an advanced study fund, an attached car, six months' advance notice and more.

In addition, the officers are entitled to insurance coverage held by the Company, as well as an exemption and indemnification under the terms set forth in Article 29a(4) below.

The officers are prohibited from competing with the Company until 12 months have passed from the date of termination of the engagement in the aforesaid employment agreements.

The terms of office and employment of the officers are in accordance with the compensation policy.

3. **Sagi Sandler** - In accordance with the employment agreement between the Company and Mr. Sandler, in exchange for his tenure in the above position, in the scope of a full-time position, Mr. Sandler is entitled to a monthly salary in the amount of NIS 56.6 thousand, plus additional conditions accepted by the Company as detailed in Section 4.2.3 of the Description of the Corporation's Business chapter - Part A of the Periodic Report for 2024, which is included in this Report by way of reference, including vacation days per year, pension arrangement, advanced study fund, vehicle, advance notice and more. In 2024, Mr. Sandler was paid a discretionary grant in accordance with the compensation policy, as detailed in the table above.

In addition, Mr. Sandler is entitled to insurance coverage held by the Company, as well as an exemption and indemnification under the terms set forth in Article 29a(4) below.

Also, in 2021, the Company allotted to Mr. Sandler 181,321 options convertible to 181,321 ordinary shares of the Company, under the conditions as specified in the Circular for Employees published on July 22, 2021 (Reference No.: 2021-01-05696), which is included in this Report by way of reference.

The terms of office and employment of Mr. Sandler are in accordance with the remuneration policy.

4. **Zur Lanes** - In accordance with the employment agreement between the Company and Mr. Lanes, in exchange for his tenure in the above position, in the scope of a full-time position, Mr. Lanes is entitled to a monthly salary in the amount of NIS 53.5 thousand, plus additional conditions accepted by the Company as detailed in Section 4.2.3 of the Description of the Corporation's Business chapter - Part A of the Periodic Report for 2024, which is included in this Report by way of reference, including vacation days per year, pension arrangement, advanced study fund, vehicle, advance notice and more. In 2024, Mr. Lanes was paid a discretionary grant in accordance with the compensation policy, as detailed in the table above.

In addition, Mr. Lanes is entitled to insurance coverage held by the Company, as well as an exemption and indemnification under the terms set forth in Article 29a(4) below.

Also, in 2021, the Company allotted to Mr. Lanes 181,321 options convertible to 181,321 ordinary shares of the Company, under the conditions as specified in the Circular for Employees published on July 22, 2021 (Reference No.: 2021-01-05696), which is included in this Report by way of reference.

The terms of office and employment of Mr. Lanes are in accordance with the remuneration policy.

5. **Tomer Droval** - In accordance with the employment agreement between Blue Sky Utility LLC and Mr. Dorval, Mr. Droval is entitled to an annual salary of USD 356 thousand, plus participation in car ownership and rental fees of up to \$3.5 thousand per month and ancillary conditions customary at Blue Sky, including vacation days per year and a pension arrangement. In addition, Mr. Droval is entitled to annual paternity leave, six months' advance notice by either party or until the end of the school year, whichever is later in the case of termination of employment by Blue Sky Utility LLC, as well as reimbursement of expenses in a limited amount in the event of returning to Israel.

Also, in 2021, the Company allotted to Mr. Droval 41,445 options convertible to 41,445 ordinary shares of the Company, under the conditions as specified in the Circular for Employees published on July 22, 2021 (Reference No.: 2021-01-05696), which is included in this Report by way of reference.

6. **Elad Michaeli** - In accordance with the employment agreement between the Company and Mr. Michaeli, in exchange for his tenure in the above position, in the scope of a full-time position, Mr. Michaeli is entitled to a monthly salary in the amount of NIS 49 thousand, plus additional conditions accepted by the Company as detailed in Section 4.2.3 of the Description of the Corporation's Business chapter - Part A of the Periodic Report for 2024, which is included in this Report by way of reference, including vacation days per year, pension arrangement, advanced study fund, vehicle, advance notice and more. In 2024, Mr. Michaeli was paid a discretionary grant in accordance with the compensation policy, as detailed in the table above.

In addition, Mr. Michaeli is entitled to insurance coverage arranged by the Company, as well as exemption and indemnity in accordance with the terms specified in Article 29a(4) below.

Also, in 2024, the Company allotted to Mr. Michaeli 71,081 options convertible to 71,081 ordinary shares of the Company, under the conditions as specified in the Circular for Employees published on May 30, 2024 (Reference No.: 2024-01-056994), and an immediate report dated July 23, 2024 (Reference No.: 2024-01-075729), which are included in this Report by way of reference.

7. **Allon Raveh** - In accordance with the employment agreement with Mr. Raveh, in exchange for his tenure in the above position, in the scope of a full-time position, Mr. Raveh is entitled to a monthly salary in the amount of NIS 90 thousand, plus additional conditions accepted by the Company as detailed in Section 4.2.3 of the Description of the Corporation's Business chapter - Part A of the Periodic Report for 2024, which is included in this Report by way of reference, including vacation days per year, pension arrangement, advanced study fund, vehicle, advance notice and more. In addition, Mr. Raveh is entitled to an annual goal-based bonus of up to 50% of his annual salary. In 2024, Mr. Raveh was paid a grant in accordance with the table above.

It was also agreed that the company and Mr. Raveh will jointly establish a company that will be 10% owned by Mr. Raveh and that will engage in initiating, financing, establishing and maintaining electricity generation systems and storage systems in the US, and that Mr. Raveh will be entitled to phantom options of up to 10% of Blue Sky.

In addition, Mr. Raveh is entitled to insurance coverage arranged by the Company, as well as exemption and indemnity in accordance with the terms specified in Article 29a(4) below.

Below are details of the remuneration provided to each interested party in the Company that is not included in the recipients of remuneration as provided above, by the Company or corporations under its control in connection with services provided as a functionary in the Company or a corporation under its control, whether or not an employment relationship exists, and even if the interested party is not a senior officer, which were recognized in the financial statements for 2024 (NIS thousands):

Directors' Salary

The Company pays the directors of the Company (who do not receive remuneration for other positions as employees and/or officers in the Company and/or corporations under its control with the scope of a position exceeding 50%) remuneration and reimbursement of expenses in the amount of the fixed amounts specified in the Companies Regulations (Rules Regarding Compensation and Expenses for an External Director), 5760-2000 (hereinafter: "**Remuneration Regulations**").

Also, in accordance with the decisions of the Company's board of directors and its shareholders' meeting, the Company pays the external and independent directors with accounting and financial expertise, annual remuneration and remuneration for participation in meetings in the amount of the maximum amounts specified in the Fourth Supplement to the Remuneration Regulations, in accordance with the level of the Company's equity as defined in the Remuneration Regulations (as it will be from time to time), and reimbursement of expenses in accordance with the Remuneration Regulations.

For the year 2024, the directors were paid compensation in the total amount of about NIS 1,185 thousand.

Article 21a - Control of the Company

As of the date of the Statement of Financial Position, the controlling shareholder of the Company is Mr. Ofer Yannay, who owns 27.73% of the issued and paid-up share capital, and voting rights in the Company (and 34.44% of the voting rights in the Company in comparison to the directors that will be presented for approval of the general meeting).

On February 20, 2025, the Company announced that it was informed by the Company's controlling shareholder, Mr. Ofer Yannay, the Company's CEO, Mr. Nadav Tenne, and the Company's VP of Business Development (as he was then titled), Mr. Shahar Gershon, that they had reached agreements according to which, for a period as specified in the agreement, they would grant Mr. Yannay, who serves as Chairman of the Company's Board of Directors, a power of attorney to act as their representative at his sole discretion with respect to the appointment of directors that would be submitted for approval by the general meeting.

The parties also set restrictions regarding the sale of the Company's shares by them for a period as specified in the agreement.

In light of the fact that Mr. Nadav Tenne and Shahar Gershon granted Mr. Yannay a power of attorney to vote by virtue of their shares in the Company, for the purposes of the Companies Law, 5759-1999 and the Securities Law, 5778-1968, the Company considers Mr. Ofer Yannay, Nadav Tenne and Shahar Gershon to be joint holders of the Company's shares, and Mr. Ofer Yannay to be the sole controlling shareholder of the Company, who also holds the voting rights attached to the Company's shares held by Mr. Nadav Tenne and Shahar Gershon.

For details, see the immediate report published by the Company on February 12, 2025 (Reference No.: 2025-01-011853), which is included in this Report by way of reference.

Article 22 - Transactions with the Controlling Shareholders

Type of the Engagement	The Parties to the Engagement	Description of the Engagement	Date/Term of Engagement	Main conditions	Permits	Shareholder with a personal interest
Terms of office and employment and unusual transactions						
The Management Agreement	The Management Company under the control of Ofer Yannay and the Company	Active board chairman services for the Company for an unlimited period	From September 10, 2020 (as updated on September 30, 2020), for an indefinite period, subject to a 6-month notice and the provisions of the law	See Article 21 above.	The engagements were approved by the Company's board of directors and its shareholders' meeting on September 10 and 30, 2020 and on December 3, 2020, as the case may be	Ofer Yannay
Exemption and Indemnification	Ofer Yannay and the Company	Regulating liability for serving as an officer in the Company	From September 10, 2020 for an indefinite period, subject to the termination of employment as an officer and the provisions of the law	See Article 29a(4) below.		
Insurance coverage	Ofer Yannay and the Company	Insurance coverage within a director and officer liability insurance policy and for an offer to the public under the Company's prospectus	From September 10, 2020, in connection with insurance coverage according to the current policy and from December 3, 2020 in the POSI policy and current policies after the public offering			
Non-Extraordinary Transactions						
Sponsorship of "Hapoel Nofar Galil Eliyon"	Ofer Yannay, and the basketball team "Hapoel Nofar Galil Eliyon"	Sponsorship of the basketball team "Hapoel Nofar Galil Eliyon"	July 2021	Mr. Yannay sponsored the Hapoel Nofar Galil Eliyon on behalf of the Company	The engagement was approved by the audit committee in July 2021 as a non-extraordinary transaction that can only benefit the Company	Ofer Yannay

Type of the Engagement	The Parties to the Engagement	Description of the Engagement	Date/Term of Engagement	Main conditions	Permits	Shareholder with a personal interest
Agreements for the establishment and operation of charging stations for electric vehicles with a relative of a controlling shareholder	The Company and a company owned by a relative of the controlling shareholder	The Company's engagement, as a contractor, with a company closely owned by the controlling shareholder, as the client, in agreements for the establishment and operation of charging stations, for a total amount of up to NIS 5 million.	October 2024	The transaction was approved as a framework transaction for future engagements in a total amount of up to NIS 5 million, provided that the engagements meet the criteria set forth in the decision. During 2024, no amounts were paid to the Company pursuant to the framework transaction.	The engagement was approved on October 15, 2024 by the Audit Committee as a non-exceptional transaction with a relative of a controlling shareholder.	Ofer Yannay
The sublease transaction for officers to a controlling shareholder	The Company and the company owned by the controlling shareholder	The Company subleased to a company owned by the controlling shareholder an office space of approximately 40 square meters on the second floor of the Menivim building on HaTahhana Street, Kfar Saba.	November 2024 The lease is for a period of one year, with an option for the tenant to extend annually until the end of the main lease period in 2028, and subject to the Company's right to cancel the sublease at any time with 3 months' notice.	The sublessee rents for lease fees in the amount of approximately NIS 4 thousand (based on back-to-back terms), as well as management and accounting fees based on back-to-back terms in proportion to its leased share.	The Company's audit committee approved the transaction on November 25, 2024 as a non-exceptional transaction with a controlling shareholder.	Ofer Yannay

Article 24 - Holdings of Interested Parties and Senior Officers

For details regarding holdings of interested parties and senior officers, see the status of holdings of interested parties as of December 31, 2024, published by the Company on January 7, 2025 (Reference No.: 2025-01-002695), and reports regarding changes in holdings of interested parties from January 21, 2025, January 24, 2025, February 20, 2025, February 24, 2025, and February 27, 2025 (Reference

No.: 2025-01-005727, 2025-01-006567, 2025-01-011853, 2025-01-012040, 2025-01-012440, 2025-01-012431, 2025-01-012444, 2025-01-013592), which are included in this Report by way of reference.

Article 24a - Registered Capital, Issued Capital and Convertible Securities

See Note 21 of the Company's financial statements as of December 31, 2024.

Article 24b - Register of Shareholders of the Corporation

Shareholder Name	Company Number	Address	Amount of Shares
The Nominee Company of the Tel Aviv Stock Exchange Ltd.	515736817	2 Ahuzat Bayit Street, Tel Aviv	35,540,512

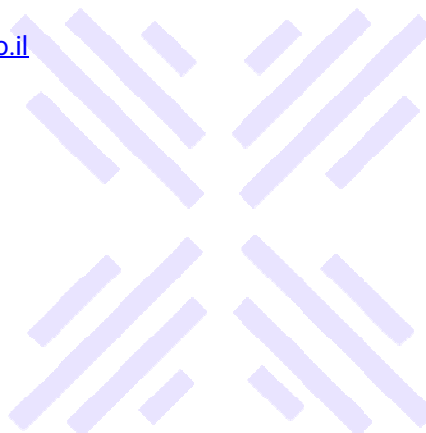
Article 25a - Registered Address

Registered address: 1 Hatachana Street, Manivim Building, 11th floor, Kfar Saba

Tel.: 08-3750060

Fax: 08-3750061

Email: noam@nofar-energy.co.il

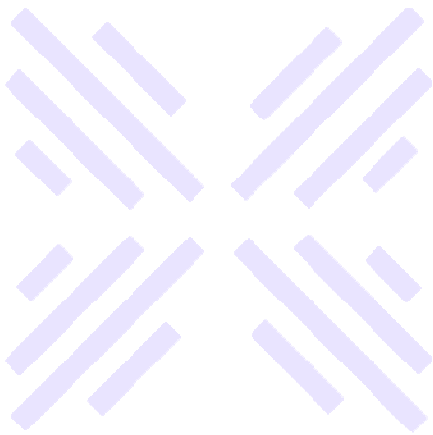


Article 26 - The Directors of the Corporation (as of Report Date)

Name	Ofar Yannay	Yoni Tal	Dafna Cohen	Gili Cohen	Zvi Levin	Yonit Partok	Uri Orbach
Identification No.:	031919467	053343331	024812943	022648786	005842117	024662587	029744588
Date of Birth:	February 2, 1975	June 18, 1955	February 23, 1970	August 25, 1966	March 7, 1947	February 24, 1970	April 29, 1973
Address for service of legal process:	6 Habarosh Street, Ra'anana	15 Hama'ayan Street, Givatayim	43 Moshe Sharet, Tel Aviv	10 Amos Street, Ramat Gan	Kibbutz Shuval, Negev Region	Kibbutz Galon 79555	10a Palmach Street, Mazkeret Batya
Citizenship:	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli	Israeli
Membership of a board of directors' committee or committees:	No	Committee for examining the financial statements, audit, and remuneration	Committee for examining the financial statements, audit, and remuneration	Committee for examining the financial statements, audit, and remuneration	No	No	No
External director or independent director:	No	Independent director	Outside director	Outside director	No	Independent director	No
Accounting and financial expertise or professional qualifications:	Professionally qualified	Accounting and financial expertise and has professional qualifications	Accounting and financial expertise	Accounting and financial expertise	Professionally qualified	No	Professionally qualified
Expert external director:	No	Yes	Yes	Yes	No	No	No
An employee of the Company, its subsidiary, affiliate, or interested party thereof:	The Company's Controlling Shareholder	No	No	No	No	No	No
Date of commencement of	April 7, 2011	December 3, 2020	Jan. 31, 2021	Jan. 31, 2021	March 18, 2021	March 18, 2021	July 8, 2021

Name	Ofer Yannay	Yoni Tal	Dafna Cohen	Gili Cohen	Zvi Levin	Yonit Partok	Uri Orbach
Education:	Graduated in Physics, Mathematics and Computer Science, Hebrew University; Graduated in Business Administration, Ben Gurion University	Graduated in Economics and Business Administration, Bar Ilan University; Graduated in Economics, Bar Ilan University	Graduated in Economics and Political Science, Hebrew University; Certified Business Administration (MBA) with major in finance and accounting, Hebrew University	Graduated in Economics and Geography, Hebrew University; Graduated in Business Administration (MBA), The Hebrew University	A graduate of Haifa High School, a graduate of Engineering, Industry and Management at the Technion, Courses in mechanical engineering, courses in accounting and price management, courses in financial management and a director's course	Graduated in management, Ben Gurion University, certified in business administration, Ben Gurion University; Directors Course of the Kibbutz Industry Association; Chairman's Course of the Kibbutz Industry Association	Electronics Engineer, Tel Aviv University
Employment in the past 5 years	Chairman of the Board of Directors of the Company	Chairman of Arion Fund Management LLC (providing loans for real estate in the USA); Chairman of the internal credit committee at Menora Mivtachim Insurance Ltd.	Vice President of Finance and Business Development at Maman - Cargo and Handling Terminals Ltd.; Manager of Business Control and Investor Relations at El Al Israel Airways Ltd.; Director of companies from the Maman Group	Lecturer in Economics, College of Management; Director of the companies as detailed below; Consultant for financial entities; Chairman of the Nostro Investments Committee, Menora Mivtachim Ltd.	Business manager and chairman of Shuval Kibbutz and CEO of the "Friends of Avshalom" Association	CEO and Finance Manager of the Water Workers Organization; CEO and Finance Manager of Kibbutz Tzolim	Deputy CEO and Vice President of Operations at S.D.S. Ltd., CEO of Light and Strong Ltd.
Corporations in which he serves as a director:	Private companies owned by Mr. Yannay as well as corporations held by the Company including Noy Nofar Europe General Partner Ltd., Sunprime, Nofar Energy USA (Management) Ltd., Blue Sky, Nofar USA LLC, Nofar-Noy Solar Partner General and other corporations held by the Company	Harel Insurance Company Ltd.; EMI - Ezer Mortgage Insurance Company Ltd.	Companies in the Maman Group	Y.H. Dimri Ltd., Israel Land Development Company Ltd., USB Securities Israel Ltd., Technoplast Ventures Ltd., Sela Capital Real Estate Ltd., Sigma Mutual Funds Ltd., Chairman of the Board of Directors of Flying Spark Ltd.	Members of Avshalom Cooperative Agricultural Association Ltd., Agm Cooperative Agricultural Association Ltd., Manfetet Hanegev Company Ltd., Avshalom Investments and Holdings Company Ltd. and Avshalom Cooperative Agricultural Association Company Ltd.	Agudat HaNegev Cooperative Agricultural Association Ltd., The Negev and Arabah Ltd.; Nitzanim Holdings Cooperative Agricultural Association Ltd.;	Light and Strong Ltd.
Relative of a party with another interest in the Corporation:	No	No	No	No	No	No	No

Name	Ofer Yannay	Yoni Tal	Dafna Cohen	Gili Cohen	Zvi Levin	Yonit Partok	Uri Orbach
Possesses accounting and financial expertise for the purpose of fulfilling the minimal number determined by the board of directors:	No	Yes	Yes	Yes	No	No	No



Article 26a - Senior Officers of the Corporation (as of the Report Date)

Name:	Nadav Tenne	Shahar Gershon	Noam Fisher	Nadav Barkan	Sagi Sandler	Ayana Wechsler	Zur Lanes	Elad Michaeli	Ofer Oberlander	Oren Ben Shimol	Niso Hazan	Haim Halfon
Identification No.:	36194298	040759425	34826669	039891551	036061620	043236637	022841803	037426483	021359518	037459229	033627597	068931690
Date of Birth:	September 14, 1979	January 12, 1981	October 29, 1978	July 9, 1983	April 30, 1979	September 12, 1981	December 17, 1966	February 28, 1980	December 6, 1979	June 15, 1980	January 27, 1977	December 27, 1964
Date of commencement of service:	July 1, 2014	February 1, 2017 ²	October 19, 2014	July 1, 2024	March 27, 2016	April 1, 2021	January 1, 2019	April 16, 2023	December 20, 2020	March 27, 2019	March 15, 2021	Jan. 31, 2021
The position that he fulfills in the Company, its subsidiary, in its affiliated company or an interested party therein:	Co-CEO; Board member in some of the investee corporations	Co-CEO and VP of Business Development	CFO ³ ; Board member in investee corporations, among them: Nofar Noy PVGP Ltd. (general partner in Nofar Noy, a limited partnership)	GM of Israel Operations	VP of Global Engineering	VP Legal	Chief Operating Officer	VP of Global Operations	Overseas Business Development Manager	Chief Comptroller ⁴	Manager of the Company's activity in the field of EV electric vehicle charging	Auditor

² Mr. Shahar Gershon was appointed to his position as Co-CEO and VP of Business Development on March 9, 2025.

³ Further to his announcement of February 22, 2025, on March 30, 2025, Mr. Noam Fisher terminated his position as the Company's Chief Financial Officer. For details, see the immediate report dated February 22, 2025 (Reference No.: 2025-01-012092) and the immediate report dated March 30, 2025 (Reference No.: 2025-01-022171), which are included in this Report by way of reference.

⁴ On March 30, 2025, Mr. Oren Ben Shimol was appointed as Acting Chief Financial Officer of the Company. For details, see the immediate report dated March 30, 2025 (Reference No.: 2025-01-022174), which is included in this Report by way of reference.

Name:	Nadav Tenne	Shahar Gershon	Noam Fisher	Nadav Barkan	Sagi Sandler	Ayana Wechsler	Zur Lanes	Elad Michaeli	Ofer Oberlander	Oren Ben Shimol	Niso Hazan	Haim Halfon
An interested party in the Corporation or a family member of another senior officer or of an interested party in the Corporation:	Interested party	No	Interested party	No	No	No	No	No	No	No	No	No
Education:	Graduated in Economics and Middle East, Ben Gurion University; Graduated in Business Administration, Ben Gurion University	Economics and Management Studies, The Open University	Graduated in Economics and Accounting, Haifa University; Certified CPA	Graduate of Law and Business Administration, Reichman University	Graduated in Electrical Engineering, Holon Institute of Technology	Graduated in Law and Economics, Bar Ilan University	Law graduate, Tel Aviv University	Economics and Management of graduate of Rupin College; Graduated in Law, Bar Ilan University	Graduated in Economics and Business Administration, Ben Gurion University; Degree in Economics, Ben Gurion University	Graduated in Business Administration (major in accounting), Ono Academic College; Certified CPA	Graduated in Management and Communication, Open University	Graduated in Economics and Accounting from the Hebrew University; Qualified with Funding from the Hebrew University
Business experience in the past five years:	Company CEO	VP of Business Development at the Company; Business Development Manager at Enlight Renewable Energy Ltd.	CFO of the Company	VP Business Development of EDF Israel	VP of Engineering and Technologies in the Company; Chief Engineer in the Company	VP Legal in the Company; Partner in the law firm Shimonov & Co.; Partner at Lipa Meir & Co. Attorneys	Director of the Operations Department/VP of Operations in the Company; Project Manager at Enlight Renewable Energy Ltd.	Director of yielding assets at Enlight Renewable Energy Ltd	Project manager and chief economist at New Med Energy, Limited Partnership	Chief Comptroller at the Company	CEO and Founder of EV Meter	Partner at PKF Amit Halfon Firm

Article 26b - Number of Independent Authorized Signatories

The Company does not have independent authorized signatories.

Article 27 - Auditors of the Company

Somekh Chaikin (KPMG), 17 Harabaa, Tel Aviv. It should be noted that on January 5, 2025, the Company's general meeting approved the appointment of the accounting firm Somekh Chaikin KMPG as the Company's auditors (in place of the BDO firm).

Article 28 - Amendments to the Memorandum or Articles of Association

In the reporting year, no changes were made to the Company's articles of association.

Article 29

a. Recommendations and resolutions of the board of directors that do not require the approval of the annual meeting

(1) Dividend payment or distribution:

None.

(2) Changes in the registered or issued capital of the Corporation

(3) 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 payable in two equal payments on June 30, 2028 and 2029. For additional details, see the immediate reports published by the Company on July 18, 2023 (Reference No.: 2023-01-082041), dated July 20, 2023 (Reference No.: 2023-01-082740) and dated July 23, 2023 (Reference No.: 2023-01-083901), which is included herein by way of reference. On February 12, 2025, the Company completed an issuance, through a series expansion, of approximately NIS 92.4 million par value Bonds (Series B).

(4) Changes in the Memorandum and Articles of Association of the Corporations:

None.

(5) Redemption of shares:

None.

(6) Early redemption of bonds:

In January 2025, the Company completed a tender offer for exchange of approximately NIS 379 million par value of Bonds (Series A) in consideration for an issuance by way of expanding the series of approximately NIS 401 million of Bonds (Series D), based on an exchange ratio of 1.059. For details, see the immediate report published by the Company on January 14, 2025 (Reference No.: 2025-01-003956), which is included in this Report by way of reference.

- (7) Transaction not in accordance with the market conditions between the Corporation and an interested party therein, with the exception of a transaction of the Company with its subsidiary:

See Article 22 above.

b. General meeting decisions that are not in accordance with the recommendations of the Company's board of directors

None.

c. Resolutions of extraordinary general meeting

At a special general meeting of the Company convened on February 1, 2024, the general meeting approved (1) the re-appointment of Mr. Ofer Yannay as a director of the Company and Chairman of the Company's board of directors until the end of the Company's next annual general meeting; (2) the re-appointment of Mr. Yoni Tal, Ms. Yonit Partok, Mr. Zvi Levin and Mr. Uri Orbach as directors of the Company until the end of the Company's next annual general meeting; (3) re-appointment of the accounting firm Ziv Haft BDO as the Company's auditors, and the authorization of the Company's board of directors to determine their salary; and (4)) re-appointment, including the terms of his employment, of Mr. Gili Cohen as an external director of the Company, for a term of office of three years beginning on the date of the meeting. For additional details, see the meeting invitation report published on December 26, 2023 (Reference No.: 2023-01-116602), which is included in this Report by way of reference.

At a General Meeting of the Company convened on January 5, 2025, the General Meeting approved the following: (1) The reappointment of Mr. Ofer Yannay as a Director of the Company and Chairman of the Board of Directors until the end of the next Annual General Meeting of the Company; (2) The reappointment of Mr. Yoni Tal, Ms. Yonit Partok, Mr. Zvi Levin, and Mr. Uri Orbach as Directors of the Company until the end of the next Annual General Meeting of the Company; and (3) The appointment of the accounting firm Somekh Chaikin KPMG as the Company's independent auditors (replacing BDO), and the authorization of the Company's Board of Directors to determine their remuneration. For additional details, see the meeting invitation report published on November 28, 2024 (Reference No.: 2024-01-620382), which is included in this Report by way of reference.

Article 29a - Resolutions of the Company

- (1) Approval of actions under Section 255 of the Companies Law:

None.

- (2) Actions according to Section 254(a) of the Companies Law:

None.

- (3) Transactions that require special approvals according to Section 270(1) of the Companies Law, provided that it is an extraordinary transaction:

See Article 22 above.

(4) Exemption, insurance or indemnification undertaking:

(a) Exemption

On September 10, 2020, as well as on November 2 and 5, 2020, and on December 3, 2020, as applicable, the Company's Board of Directors and the General Meeting of the Company's shareholders (the "**General Meeting**") approved the granting of an exemption (hereinafter: the "**Letter of Exemption**") to all officers who served in the Company on the said dates (as detailed in Sections 7.1 and 7.2 of Chapter 7 of the Offer Prospectus). Under the Letter of Exemption, the Company undertook, subject to the provisions of the law (including Sections 259 and 263 of the Companies Law), to exempt in advance its officers from any liability towards it for any damage caused and/or that may be caused to the Company, whether directly or indirectly, due to a breach of their duty of care to the Company, in actions taken in good faith and in their capacity as officers in the Company and/or in related corporations of the Company and/or at the request of the Company and/or at the request of related corporations of the Company. The exemption from liability due to a breach of the duty of care will not apply in any proceeding of the Company's "counterclaim" against the officers serving in response to their claim against the Company, unless their claim is for the preservation of protective rights in labor law or a personal employment agreement between them and the Company.

On December 27, 2022, the General Meeting approved the granting of a Letter of Exemption to Directors Daphna Cohen, Gili Cohen, Yonit Partok, Zvi Levin, and Uri Orbach, in the same form as the Letter of Exemption granted to the other Office Holders in the Company. For details, see the meeting invitation dated November 16, 2022 (Reference No.: 2022-01-110508), which is included in this Report by way of reference.

In addition, the Company grants Letters of Exemption to the officers serving in the Company from time to time, in the same wording as the Letter of Exemption granted to the other officers of the Company.

(b) Indemnification

On September 10, 2020, as well as on November 2 and 5, 2020, and on December 3, 2020, as applicable, the Company's Board of Directors and the General Meeting of the Company's shareholders approved the granting of an indemnification undertaking (hereinafter: the "**Letter of Indemnity**") to the officers who served on the aforementioned dates. Under the Letter of Indemnity, the Company undertook, subject to the provisions of the law (including Section 263 of the Companies Law), to indemnify the officers for any liability or expense, as detailed below, that may be imposed on them or that they may incur as a result of one or more of the following: (a) Their actions, including any decision and/or omission and/or derivative thereof, in their capacity as officers in the Company; (b) Their actions, including any decision and/or omission and/or derivative thereof, in their capacity as officers on behalf of the Company or at its request in another company or in another partnership in which the Company holds shares or rights (as applicable), whether

directly or indirectly, or in which the Company has any interest (hereinafter: the “**Other Company**”), directly or indirectly related to one or more of the events detailed in the Letter of Exemption or in the Letter of Indemnity, or any part thereof, or related thereto, directly or indirectly, subject to the terms and limitations set forth therein.

The aforementioned liabilities and expenses include each of the following liabilities and expenses (hereinafter: the “**Indemnifiable Events**”): (a) A financial liability imposed on the Office Holder in favor of another person by a judgment, including a judgment rendered in a settlement or an arbitrator’s award approved by a court, in respect of events detailed in the Letter of Indemnity, provided that the maximum indemnity amount shall not exceed the amount specified below; (b) Reasonable litigation expenses, including attorney’s fees, incurred by the Office Holder due to an investigation or proceeding conducted against them by an authority authorized to conduct an investigation or proceeding, which concluded without the filing of an indictment against them and without a financial liability being imposed on them as an alternative to a criminal proceeding, or which concluded without the filing of an indictment against them but with the imposition of a financial liability as an alternative to a criminal proceeding in an offense that does not require proof of criminal intent, or in connection with a monetary sanction; In this paragraph – “Conclusion of a proceeding without the filing of an indictment in a matter in which a criminal investigation was opened” and “Financial liability as an alternative to a criminal proceeding” – shall have the meaning ascribed to them in Section 260 of the Companies Law, as amended from time to time; (c) Reasonable litigation expenses, including attorney’s fees, incurred by the Office Holder or imposed on them by a court, in a proceeding brought against them by the Company and/or by a subsidiary and/or by another company and/or by the other company or on their behalf or by another person (including in the case of a claim brought against the Office Holder by way of a derivative action), or in a criminal charge from which they were acquitted, or in a criminal charge in which they were convicted of an offense that does not require proof of criminal intent, or other expenses as determined by the Companies Law. In this Section: “Another Person” – including in the case of a claim filed against you by way of a derivative action; (d) Expenses incurred in connection with an “Administrative Enforcement Proceeding” conducted against you, including reasonable litigation expenses (including attorney’s fees); For the purpose of this Section, “Administrative Enforcement Proceeding” means: a proceeding under Chapters H3 (imposition of a monetary sanction by the Israel Securities Authority), H4 (imposition of administrative enforcement measures by the Administrative Enforcement Committee), or I1 (a settlement to avoid or cease proceedings, conditional upon terms) of the Securities Law, 5728-1968; a proceeding under Section D of Chapter Four in Part Nine of the Companies Law (as defined below); a proceeding under Chapters J, J1, and J1A of the Joint Investment Trust Law, 5754-1994; a proceeding under Chapters F1, F2, and H1 of the Regulation of Investment Advice, Investment Marketing, and Portfolio Management Law, 5755-1995; a proceeding under Chapter I1 of the Financial Services Supervision (Insurance) Law, 5741-1981; a proceeding under Chapter H of the Financial Services Supervision (Provident Funds) Law, 5765-2005; a proceeding under Chapter F1 of the Economic Competition Law, 5748-1988; a proceeding under the Law to Increase the Enforcement of Labor Laws, 5772-2012; and, subject to any law, any similar proceeding, whatever its name may be, whether under existing law or under a

law enacted in the future – to the extent, in the events, and under the conditions specified in that law; (e) Payment to a harmed party imposed on you in connection with an administrative proceeding as stated in Section 52(54)(a)(1)(a) of the Securities Law, 5728-1968, as may be amended from time to time (hereinafter: the “**Securities Law**”); (f) Any other liability or expense for which indemnification of an Office Holder is or may be permitted under any law, as amended from time to time.

The Company shall indemnify the officer and pay them the financial liability and the expenses detailed above, to the extent not covered under the Company’s directors and officers liability insurance and not actually paid to the officer.

Additionally, the officer shall not be entitled to indemnification for any financial liability or expenses for which they have already received indemnification or payment from the Company or from any other party/parties.

The total indemnification amount that the Company shall pay (in addition to any amounts received from an insurance company, if received, under an insurance policy purchased by the Company) to all officers of the Company, cumulatively, under all Letters of Indemnity with respect to financial liability as detailed in subsection (a) above, shall not exceed a cumulative amount equal to 10% of the Company’s equity according to the most recent financial statements (quarterly or annual) as of the date of the indemnification payment (hereinafter: the “**Maximum Indemnification Amount**”).

It is clarified that the Maximum Indemnification Amount under this Letter of Indemnity will apply beyond the amount that will be paid (if any) in the framework of insurance and/or indemnification of any party other than the Company.

On December 27, 2022, the General Meeting approved the Letter of Indemnification to Directors Daphna Cohen, Gili Cohen, Yonit Partok, Zvi Levin, and Uri Orbach, in the same form as the Letter of Indemnification granted to the other Office Holders in the Company. For details, see the meeting invitation dated November 16, 2022 (Reference No.: 2022-01-110508), which is included in this Report by way of reference.

In addition, the Company grants Letters of Indemnification to the officers serving in the Company from time to time, in the same wording as the Letter of Indemnification granted to the other officers of the Company.

(c) Insurance

On December 3, 2020, the Company’s Board of Directors and the General Meeting of the Company’s shareholders approved, among other things, the Company’s engagement in a dedicated POSI policy (i.e., Public Offering of Securities Insurance) (including the inclusion of all officers who served at that time, as well as all shareholders and their officers in the policy, to the extent the policy covers their liability), to cover the liability of the Company, its officers, and its controlling shareholder in connection with the public offering of securities pursuant to the 2020 Prospectus, as well as the liability of shareholders offering their shares for sale under said Prospectus. The policy term is for a period of seven years from the date of the public offering, with liability limits of

up to USD 10 million per claim and in the aggregate for the seven-year insurance period, against the payment of a premium not exceeding USD 300,000 and a deductible of USD 150,000 per claim in Israel, for claims against the Company.

In addition, the Company from time to time enters into an ongoing directors and officers liability insurance policy, in accordance with the provisions of the Company's Remuneration Policy.⁵ In February 2025, the Company's Remuneration Committee approved the Company's engagement in a policy for a period of 12 months starting from November 30, 2024, with worldwide coverage, and with liability limits of up to USD 20 million per claim and in the aggregate for the insurance period. The annual premium for the ongoing policy is approximately USD 141,000. The deductible for claims against the Company is USD 50,000 per claim, except for a deductible of USD 100,000 for securities claims filed worldwide (excluding Canada and the United States), and except for a deductible of USD 100,000 per claim and USD 500,000 for securities claims filed in the United States and Canada.

It should be noted that the agreement for exemption, indemnity and liability insurance for officers in the Company is subject, among other things, to the provisions of Section 263 of the Companies Law.

Date: March 30, 2025

O.Y. Nofar Energy Ltd.

Via:

Ofer Yannay, Chairman of the Board of Directors

Nadav Tenne, Co-CEO

Shahar Gershon, Co-CEO

⁵ In accordance with the Company's remuneration policy, as approved in the Company's Offer Prospectus, the Company's officers will be entitled to benefit from coverage under a directors' and officers' liability insurance policy that the Company will purchase from time to time. Without derogating from the foregoing, the Company's engagement in a directors and officers liability insurance policy shall be subject to the approval of the Remuneration Committee (and the approval of the Company's Board of Directors, to the extent required by law) only, provided that the insurance policy complies with the following terms, and provided that the engagement is on market terms and is not likely to have a material effect on the Company's profitability, assets, or liabilities: The insurer's liability limit under the insurance policy shall not exceed USD 50 million, per event and per insurance period; The annual premium and deductible shall be in accordance with market terms at the time of purchasing the insurance policy; The engagement is on market terms and is not likely to materially affect the Company's profitability, assets, or liabilities.



Part E

Report of Effectiveness of
Internal Control on Financial
Reporting and Disclosure



1. Report of Internal Control on Financial Reporting and Disclosure:

(a) Annual Report on Effectiveness of Internal Control on Financial Reporting and Disclosure under Article 9b(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

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, Co-CEO;
2. Shahar Gershon, Co-CEO and VP of Business Development;
3. Oren Ben Shimol, Acting CFO;

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, intended to supply a reasonable degree of security 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.

The management, under the supervision of the board of directors, examined and assessed the internal control on the financial reporting and disclosure in the Corporation and its effectiveness.

The evaluation of the effectiveness of the internal control on the financial reporting and disclosure performed by the management, under the supervision of the board of directors, included:

1. Mapping and identifying the accounts and business processes that the Corporation considers to be material to financial reporting. The internal control components that were identified are: (a) control on the organization level; (b) the process of preparing and closing the Reports; (c) general control of the information systems; (d) processes that are very material to the financial reporting and disclosure (project management processes, revenues and investment in associates).

2. Mapping and documenting the existing control in the Corporation, intended to provide a response to the reporting and disclosure risks, assessment of effectiveness of the planning of the control and

analysis of the existing control gaps, amending flaws in planning the control and examining the existence of compensating controls.

3. The evaluation of the effectiveness of the functioning of the key controls.

Based on the aforesaid assessment of effectiveness performed by the management under the supervision of the board of directors as set forth above, the board of directors and management of the Corporation have concluded that the internal control on financial reporting and disclosure of the Corporation as of December 31, 2024, is effective.

2. Managers' Declarations:

(a) Declaration of CEO under Article 9b(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

I, Nadav Tenne, declare that:

(1) I have examined the periodic report of O.Y. Nofar Energy Ltd. (hereinafter: the **"Corporation"**) for 2024 (hereinafter: the **"Reports"**).

(2) To 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 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 Corporation 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 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 Corporation:

(a) I have determined procedures and controls, or ensured the determination and existence of procedures and controls under my supervision, 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; and

(c) I have assessed the effectiveness of the internal control on financial reporting and disclosure, and presented in this Report the conclusions of the board of directors and management regarding the effectiveness of the internal control as stated as of the date of the Reports.

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

March 30, 2025

Nadav Tenne, Co-CEO

(b) Declaration of CEO under Article 9b(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

I, Shahar Gershon, declare that:

(1) I have examined the periodic report of O.Y. Nofar Energy Ltd. (hereinafter: the **"Corporation"**) for 2024 (hereinafter: the **"Reports"**).

(2) To 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 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 Corporation 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 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 Corporation:

(a) I have determined procedures and controls, or ensured the determination and existence of procedures and controls under my supervision, 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; and

(c) I have assessed the effectiveness of the internal control on financial reporting and disclosure, and presented in this Report the conclusions of the board of directors and management regarding the effectiveness of the internal control as stated as of the date of the Reports.

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

March 30, 2025

Shahar Gershon, Co-CEO and VP of Business Development

(c) Declaration of the Most Senior Officer in the Financial Field under Article 9b(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

I, Oren Ben Shimol, declare that:

(1) I have examined the financial statements and other financial information included in the Reports of O.Y. Nofar Energy Ltd. (the **"Corporation"**) for 2024 (the **"Reports"**).

(2) To 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 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 Corporation 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 financial reports and other financial information included in the Reports, 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 Corporation:

(a) I have determined procedures and controls, or ensured the determination and existence of procedures and controls under my supervision, 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, to the extent relevant to the financial statements and other financial information contained in the Reports, 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; and

(c) I have assessed the effectiveness of the internal control on financial reporting and disclosure, insofar as it pertains to the financial statements and the other financial information contained in the Reports as of the reporting date; my conclusions regarding my aforesaid assessment have been presented to the board of directors and management, and incorporated in this Report.

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

March 30, 2025

Oren Ben Shimol, Acting CFO