

Part A

Description of the
General Development of
the Company's Business

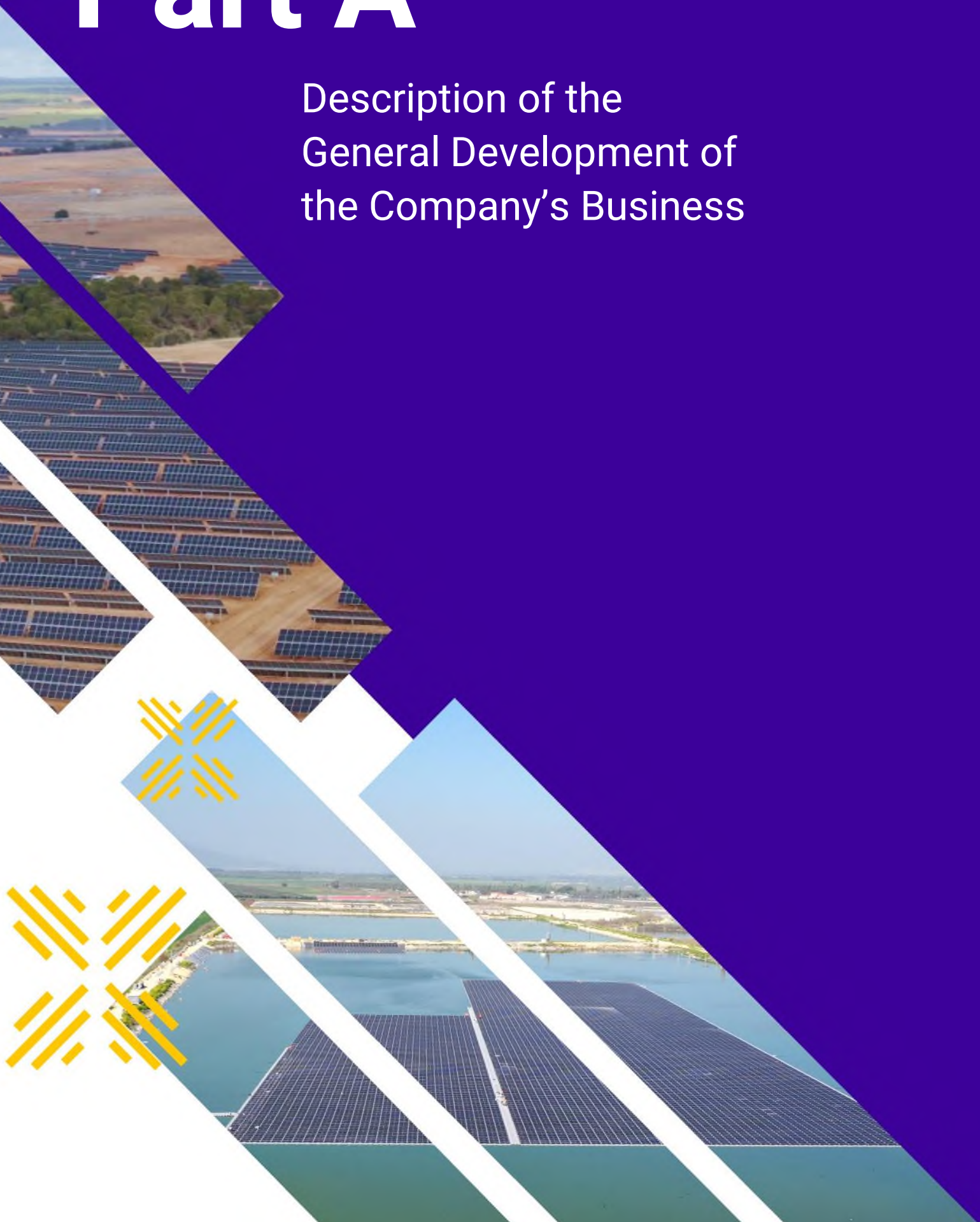


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Chapter A - Description of the Company's Business for 2025

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.
"Ellomay"	Ellomay Capital Ltd., a public (dual-listed) company traded on the NYSE American and on the Tel Aviv Stock Exchange Ltd., which is held 45.85% by the Company.
"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 "2024 Annual Report"	The periodic report for 2024, which was published in the MAGNA system on March 31, 2025 (Reference No.: 2025-01-022569).
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.

Term	Description
"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.
"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"	December 31, 2025
"Report Publication Date"	March 19, 2026
"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.

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

Term	Description
"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.
"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) Pre-Construction" or "Project(s) Pre-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; (c) 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 pre-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 47.5% held by the Company and 52.5% by Noy Fund.
"Nofar Israel"	Nofar Energy Israel Ltd., a corporation held [81.25%] by the Company, and 18.75% by Clal. For details regarding the Clal Transactions, see Section 3.1.1.1 below.
"Nofar Europe" or "Nofar Europe"	Nofar Europe BV, a corporation wholly owned by the Company, indirectly.
"Pinegate Portfolio"	A portfolio of assets in the United States which was acquired on February 27, 2026, by a subsidiary of the Company (indirectly) from Pinegate Renewables LLC, as detailed in Section 3.4 below.
"Clal Group"	Clal Insurance Company Ltd. and companies held thereby.
"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.
"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.

² For details regarding the net meter arrangement, see Section 3.1.1.3 below.

³ For details regarding the tariff arrangement, see Section 3.1.1.3 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
"Andromeda"	Andromeda Solutions Korlátolt Felelősségű Társaság, a corporation held 100% by Noy-Nofar Europe.
"Atlantic Green"	Atlantic Green UK Limited, a corporation held 100% by the Company, 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 Nofar USA), 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.
"Nofar Poland"	Nofar Energy Polska sp. Z.o.o, a corporation held 100% by Nofar Europe, 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 USA EIM"	Nofar Energy USA Investments and Management LLC, a corporation held 90% by Nofar USA.
"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.

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, gas and systems for storing electricity in batteries in Israel, Europe and the US, 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. In addition, as of the date of publication of the Report, the Company has begun initial initiatives in the areas of data centers and electricity trading.

The Company's activity is mainly 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

- 1.2.2.1 As of the date of the Report, the Group's activity in the renewable energy sector is divided into three areas of activity: initiation and investment in Israel – the Company engages, itself and through corporations held by it, in the activity of initiating and holding systems for the generation of electricity from solar energy in Israel, on rooftops, water reservoirs and land, and electricity storage systems in batteries, with the objective of holding them for the long term (hereinafter: the "**Initiation and Investment in Israel Segment**").

As of the date of publication of the Report, the principal activity in this segment is carried out through Nofar Israel, which holds associates that hold hundreds of solar systems and storage systems in initiation, construction, prior to construction and commercial operation, which generate and sell electricity to private consumers, electricity distributors or the Electric Company.

For additional details regarding the Group's activity in the Initiation and Investment in Israel Segment, 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 has commenced initial activity in the field of electricity trading and is also continuously 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 – the Group's activity which does not constitute a segment as of the date of the Report: initiation and investment activity in renewable energy in the United States, and activity in the Data Centers field](#) – the Group has initiation and investment activity in renewable energy in the United States, which, as of the date of the Report, does not constitute a segment, including initiation, development, construction, financing, management, operation and holding of systems for the generation of electricity from solar energy, systems for the generation of electricity from wind energy and systems for electricity storage in batteries. In addition, during the Report Period, the Company commenced initial initiation activity in the Data Centers field, which as of the date of the Report does not constitute a segment.

For additional details regarding the Group's activity in the United States and the Data Centers activity, see Section **Error! Reference source not found.** below.

In addition, after the date of the Report, the Company completed the acquisition of approximately 45.85% of the shares of Ellomay Capital Ltd., which holds, inter alia, approximately 16.9% (indirectly) in the Dorad power station (gas), a pumped storage project in Manara in the construction stage, and a portfolio of solar and storage projects in Europe.

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 2.4 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 and Wind Systems

	Accounting treatment	Israel		Spain		Italy		Romania ⁽⁵⁾	USA	Poland	UK	Serbia	Total
		Associates ⁽²⁾	Subsidiaries ⁽³⁾	Associates ⁽⁴⁾	Subsidiaries ⁽⁴⁾	Associates ⁽⁴⁾	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	Subsidiaries	
Systems in commercial operation, connected after Report date, and ready to connect	SUPPLY IN MW	307	46	407.0	336.0	356	38	389	719	45	---	27	2670
	Average holding rate ⁽¹⁾	39%	98%	43.7%	25.7%	30%	23%	95%	86%	100%	---	100%	60.09%
Systems under construction and pre-construction	SUPPLY IN MW	14	25	30.0	---	384	160	460	364	46	63	---	1546
	Average holding rate ⁽¹⁾	34%	100%	42.8%	---	30%	23%	95%	90%	100%	80%	---	68.28%
Systems in advanced development	SUPPLY IN MW	5	159	---	---	106	---	---	127	283	4,674	---	5354
	Average holding rate ⁽¹⁾	59%	93%	---	---	30%	---	---	90%	100%	80%	---	80.67%
Systems under development	SUPPLY IN MW	---	392	106	---	---	264	---	857	418	1,282	---	3319
	Average holding rate ⁽¹⁾	---	100%	42.8%	---	---	23%	---	90%	100%	80%	---	81.74%

Storage systems

	Accounting treatment	Israel		UK ⁽⁴⁾	Spain	Poland	USA	Greece ⁽⁴⁾	Italy	Romania	Germany	Total
		Associates ⁽²⁾	Subsidiaries ⁽³⁾	Subsidiaries	Subsidiaries	Subsidiaries ⁽³⁾	Subsidiaries	Subsidiaries	Associated companies	Subsidiaries	Subsidiaries	
Systems in commercial	Supply in MWh	117	6	60.0	---	---	2.0	---	---	---	209	394

	Accounting treatment	Israel		UK ⁽⁴⁾	Spain	Poland	USA	Greece ⁽⁴⁾	Italy	Romania	Germany	Total
		Associates ⁽²⁾	Subsidiaries ⁽³⁾	Subsidiaries	Subsidiaries	Subsidiaries ⁽³⁾	Subsidiaries	Subsidiaries	Associated companies	Subsidiaries	Subsidiaries	
operation and ready to connect	Average holding rate ⁽¹⁾	32%	51%	100%	---	---	67.0%	---	---	---	51%	52.90%
Systems under construction and pre-construction	Supply in MWh	446	217	624.0	1,293	---	731	---	1,400	2,588	---	6,006
	Average holding rate ⁽¹⁾	49%	100%	100%	44%	---	88%	---	30%	95.0%	---	76.28%
Systems in advanced development	Supply in MWh	1,221	5,564	260	---	100	500	100	1,600	---	---	10,638
	Average holding rate ⁽¹⁾	46%	91%	100%	---	100%	87%	100%	30%	---	---	71.15%
Systems under development	Supply in MWh	---	3,000	---	---	2,994	320	---	1,032	---	1,200	8,546
	Average holding rate ⁽¹⁾	---	100%	---	---	100%	67%	---	30%	---	100%	90.31%

Gas and pumped storage technology systems

	Accounting treatment	Israel (Ellomay) - Dorad Station (gas)	Israel (Ellomay) - Menara Cliff (pumped storage)	Total
		Associated companies	Associated companies	
Systems in commercial operation, connected after Report date, and ready to connect	SUPPLY IN MW	840	---	840
	Average holding rate ⁽¹⁾	8%	---	8%
Systems under construction and pre-construction	SUPPLY IN MW	---	1,872 MWh	1,872 MWh
	Average holding rate ⁽¹⁾	---	38%	38%
Systems in advanced development	SUPPLY IN MW	840	---	840
	Average holding rate ⁽¹⁾	8%	---	8%
Systems under development	SUPPLY IN MW	---	---	---
	Average holding rate ⁽¹⁾	---	---	---

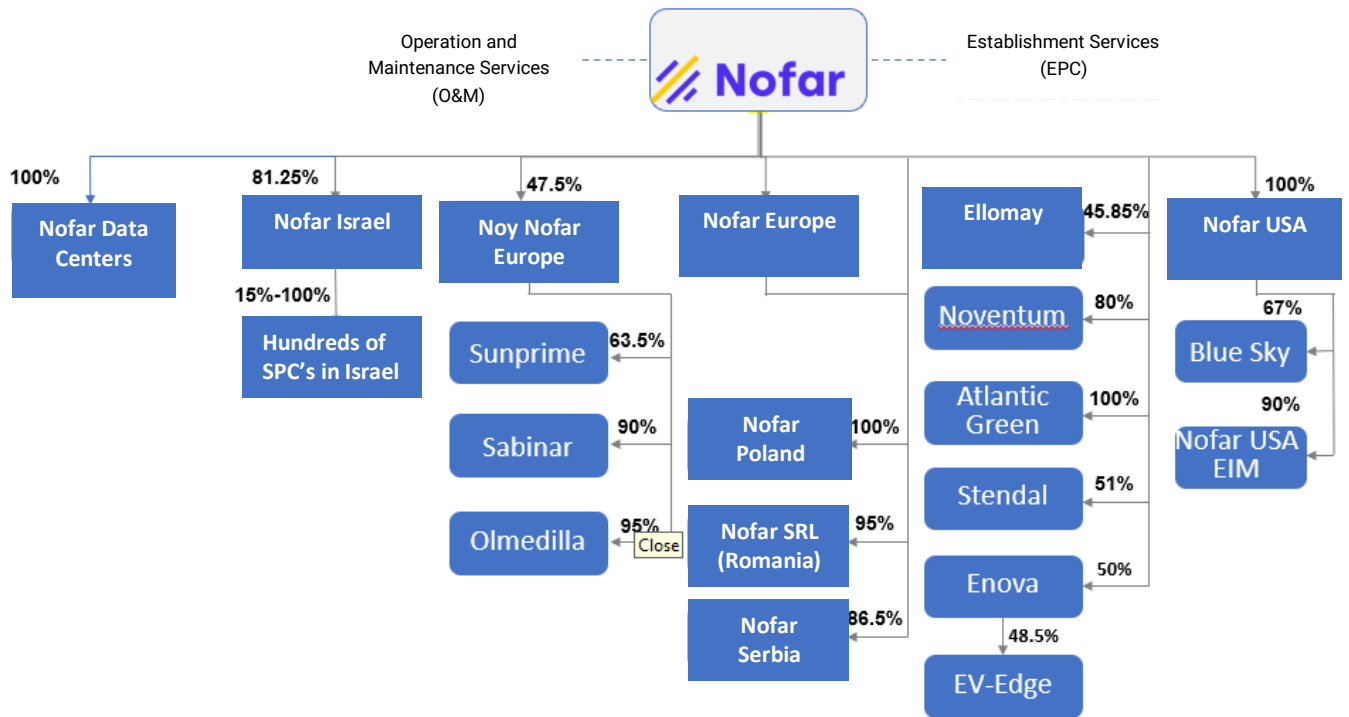
^(*) The acquisition of Ellomay shares was completed by the Company after the balance sheet date, in February 2026. The data presented with respect to projects owned by Ellomay are not audited data, and are based on the Company's calculations and estimates, prepared based on publicly available information published by Ellomay, as known to the Company as of the date of publication of the Report.

^(**) The acquisition of the Pinegate Portfolio was completed by the Company after the balance sheet date, in February 2026. The data presented with respect to projects in the Pinegate Portfolio are not audited data, and are based on the Company's calculations and estimates, prepared based on information provided to the Company by third parties within a due diligence, as known to the Company as of the date of publication of the Report.

- ⁽¹⁾ 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. It should be noted that in some countries, the retention rate varies from project to project. For details regarding the holding rate by project, see tables in Section 1.4 of the Board of Directors' Report. It should also be noted that the projects connected to the Pinegate Portfolio in the US are also owned by tax partners. The holding percentage in relation to these projects describes the Company's holdings without taking into account the percentage of tax partners' rights. For additional details about tax partners in projects, see Section 3.4 below.
- ⁽²⁾ 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 indirectly owns dozens of corporations that own projects in the stages of development, licensing, in preparation for construction, construction or commercial operation.
- ⁽³⁾ Some of the systems are held indirectly 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.
- ⁽⁴⁾ 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.
- ⁽⁵⁾ 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 100 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 Holdings Chart of the Group ⁽¹⁾



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 in its shares, as well as any other material transaction made by an interested party in the corporation's shares that were carried out outside the Stock Exchange in the years 2024 and 2025 and up to 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 by the Company (in NIS thousands)
2024					

⁽¹⁾ The diagram is schematic, reflects the structure of holdings in the Company's investee corporations as of the Report publication, does not include a detailed description of holdings in relation to each project corporation and does not include inactive corporations or holding corporations. For details about the rate of holdings in the Company's projects, see Section 1.4 of the Board of Directors' Report.

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

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 by the Company (in NIS thousands)
Sale of shares by Mr. Ofer Yannay ³	Sale of Company shares in an off-exchange transaction	January 3, 2024	263,250	95	-
Sale of shares by Mr. Nadav Tenne ⁴	Sale of Company shares in an off-exchange transaction	January 3, 2024	263,250	95	-
Sale of shares by Mr. Shahar Gershon ⁵	Sale of Company shares in an off-exchange transaction	January 3, 2024	263,250	95	-
Sale of shares by Noy Infrastructure and Energy GP Ltd. ⁶	Sale of Company shares in an off-exchange transaction	January 3-4, 2024	764,800	95	-
Sale of shares by Mr. Noam Fisher ⁷	Sale of Company shares in an off-exchange transaction	January 2, 2024	263,250	95	-
Sale of shares by Noy Infrastructure and Energy GP Ltd. ⁸	Sale of Company shares in an off-exchange transaction	January 4, 2024	421,000	95	-

³ 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. Yannay committed that he will not sell shares of the company until June 30, 2024.

⁴ 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.

⁵ See footnote 4 above.

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 See footnote 4 above.

⁸ 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

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 by the Company (in NIS thousands)
2025					
Sale of shares by Noy Infrastructure and Energy GP Ltd. ⁹	Sale of Company shares in an off-exchange transaction	February 20, 2025	2,788,584	85.05	-
Sale of shares by Mr. Noam Fisher ¹⁰	Sale of Company shares in an off-exchange transaction	February 20, 2025	1,744,750	85.05	-
Acquisition by Yelin Lapidot Holdings Ltd. ¹¹	Purchase of Company shares in an off-exchange transaction	February 24, 2025	329,485	85.11	-
Acquisition by Meitav Investment House Ltd. ¹²	Purchase of Company shares in an off-exchange transaction	February 20, 2025	941,000	85.05	-
Sale by Nadav Tenne ¹³	Sale of Company shares in an off-exchange transaction	June 25, 2025	1,748,324	94	-
Sale by Shahar Gershon ¹⁴	Sale of Company shares in an off-exchange transaction	June 25, 2025	637,343	94	-
Purchase by Menora Mivtachim Holdings Ltd. ¹⁵	Purchase of Company shares in an off-exchange transaction	June 29, 2025	560,000	94.05	-

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.

⁹ 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.

¹⁰ See footnote 12 above.⁹

¹¹ For additional details, see the immediate report dated February 24, 2025 (Reference No.: 2025-01-012431), which is included in this Report by way of reference.

¹² For additional details, see the immediate report dated February 24, 2025 (Reference No.: 2025-01-012444), which is included in this Report by way of reference.

¹³ For additional details, see the immediate report dated June 25, 2025 (Reference No.: 2025-01-045581), which is included in this Report by way of reference.

¹⁴ See footnote 17 above.¹³

¹⁵ For additional details, see the immediate report dated June 29, 2025 (Reference No.: 2025-01-046290), which is included in this Report by way of reference.

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 by the Company (in NIS thousands)
Purchase by Phoenix Holdings Ltd. ¹⁶	Purchase of Company shares in an off-exchange transaction	June 26, 2025	319,332	94.06	-
Purchase by Yannay Group Ltd. ¹⁷	Purchase of Company shares in an off-exchange transaction	November 27, 2025	1,263,317	95	-
Purchase by Ofer Yannay ¹⁸	Purchase of Company shares in an off-exchange transaction	November 27, 2025	52,000	94.81	-
Transfer of shares by Ofer Yannay to Yannay Group Ltd. ¹⁹	Transfer without consideration	November 27, 2025	8,092,239	-	-
Allocation of restricted share units to Ofer Yannay ²⁰	Allocation of restricted share units	December 1, 2025	1,777,191	-	-
Purchase by Ofer Yannay ²¹	Purchase of Company shares in an off-exchange transaction	December 3, 2025	50,000	99.57	-

¹⁶ For additional details, see the immediate report dated June 30, 2025 (Reference No.: 2025-01-046875), which is included in this Report by way of reference.

¹⁷ For additional details, see an Immediate Report dated November 27, 2025 (Reference No.: 2025-01-093660) and an Amended Report dated December 1, 2025 (Reference No.: 2025-01-094903), the information therein is included in this Report by way of reference.

¹⁸ For additional details, see an Immediate Report dated November 27, 2025 (Reference No.: 2025-01-093660) and an Amended Report dated December 1, 2025 (Reference No.: 2025-01-094903), the information therein is included in this Report by way of reference.

¹⁹ For additional details, see the immediate report dated December 1, 2025 (reference no.: 2025-15-094825), which is included in this Report by way of reference.

²⁰ Allotment of restricted share units (RSU) to Ofer Yannay Assets Ltd., a company wholly owned by Mr. Ofer Yannay (Controlling Shareholder, CEO and Director in the Company), further to the approval of the General Meeting dated December 26, 2025 (Reference No.: 2025-01-093089), and as detailed in the Notice of the Special Meeting dated October 22, 2025, as amended on November 13 and November 20, 2025 (Reference No.: 2025-01-078697, 2025-01-086898 and 2025-01-090006, respectively). For additional details, see the immediate report dated December 1, 2025 (Reference No.: 2025-01-095353), which is included in this Report by way of reference.

²¹ For additional details, see the immediate report dated December 4, 2025 (Reference No.: 2025-01-096454), which is included in this Report by way of reference.

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 by the Company (in NIS thousands)
Purchase and sale by Ofer Yannay ²²	Purchase and sale in forward transaction	December 4, 2025	-	104	-
Option exercise of Company employees and officers	Exercise of options to shares	Total for 2025	3,404	-	-
2026					
Private placement ²³	Private placement of shares and Bonds (Series D)	January 27, 2026	80,280 ordinary shares 10,729,290 Bonds (Series D)	-	In consideration for 15,006,724 Bonds (Series B)
Sale by Ofer Yannay ²⁴	Sale of Company shares in an off-exchange transaction	January 29, 2026	822,221	150.00	-
Sale by Ofer Yannay ²⁵	Purchase of Company shares in an off-exchange transaction	February 16, 2026	152,000	166.80	-
Option exercise of Company employees and officers	Exercise of options to shares	Total in 2026 (until the Report publication date)	99,205	-	-

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, 2025, the Company has a negative profit balance of approximately NIS 68,078 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

²² For additional details, see Immediate Reports dated December 4, 2025 (Reference No.: 2025-01-096939 and Reference No.: 2025-01-096926), which are included in this Report by way of reference.

²³ For additional details, see an Immediate Report dated January 8, 2026 (Reference No.: 2026-01-009385), an Amended Report dated January 25, 2026 (Reference No.: 2026-01-009385), and an Immediate Report dated January 27, 2026 (Reference No.: 2026-01-009991), which are included in this Report by way of reference.

²⁴ For additional details, see the immediate report dated January 29, 2026 (Reference No.: 2026-01-011047), which is included in this Report by way of reference.

²⁵ For additional details, see the immediate report dated March 12, 2026 (Reference No.: 2026-01-022389), which is included in this Report by way of reference.

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. In addition, within the Trust Deed executed in connection with the issuance of the Bonds (Series A to D), the Company undertook that until the final repayment of the Bonds, the execution of a distribution shall be subject to the fulfillment of the conditions set forth in the Trust Deed²⁶ (that the equity shall not be less than NIS 1,200 million; that the ratio between solo equity and the solo balance sheet total shall not be less than 40%; that the ratio between consolidated equity and the consolidated balance sheet total shall not be less than 18%; that the ratio between consolidated net financial debt and EBITDA shall not exceed 12; that the amount of the distribution shall not exceed 50% of the Company's net profit generated as of June 30, 2024; that there is no cause for immediate repayment of the bonds; that no warning signs exist; and that the Company's Board of Directors has determined that there is no concern that as a result of the distribution the Company will not be able 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, cash sweep mechanisms, 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.

²⁶ This section details the most stringent conditions set forth in the deeds.

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, 2024 and 2025 (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						2025					
	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	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	163,792	13,831	260,387	20,901	(166,049)	292,862
Inter-sector income	---	165,103	---	---	(4,254)	160,849	---	106,120	---	---	(2,615)	103,505	-	51,547	-	-	(26,865)	24,682
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	163,792	65,378	260,387	20,901	(192,914)	317,544
Fixed costs arising from external ⁽³⁾	---	17,256	---	---	---	17,256	---	14,319	---	---	---	14,319	-	18,916	-	-	-	18,916
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	25,285	68,801	57,067	8,732	(17,953)	141,932
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)	---	58,551	-	16,616	-	(75,167)	-
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	83,836	87,717	73,683	8,732	(93,120)	160,848

	2023						2024						2025					
	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	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
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	79,956	(22,339)	186,704	12,169	(99,794)	156,696
Total assets ^{(4) (6)}	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	2,454,247	323,383	3,172,532	527,255	-	6,477,417
Total liabilities ^{(5) (6)}	126,701	787,754	1,721,343	261,348	---	2,897,146	225,271	504,488	2,765,427	321,779	---	3,816,965	823,866	272,851	3,056,942	449,046	-	4,602,705

⁽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, and this 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 Nofar Energy Polska's 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 Nofar Polska 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.

⁽⁶⁾ It is noted that the asset and liability line items also include assets and liabilities of systems under construction, which have not yet generated revenues.

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

In 2025, a moderate recovery was recorded in economic activity in Israel, with the gross domestic product growing at an estimated rate of approximately 2.8%. The inflation environment moderated during the year, and the annual inflation rate stood at approximately 2.5%. This trend was supported by a decline in Israel's risk premium and an appreciation of the shekel. Against the background of moderating inflation, beginning in November 2025 the Bank of Israel commenced a process of interest rate reductions, such that as of the end of 2025, the Bank of Israel interest rate stood at 4%.³¹

In 2025, the developed economies, and particularly Europe, exhibited moderate growth due to a tight monetary policy, while emerging markets, mainly in Asia, demonstrated resilience and presented a higher growth rate. The US, the world's largest economy, continued to show resilience to high interest rates and inflation – growing by almost 2% 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:³²

³¹ See: <https://www.boi.org.il/publications/pressreleases/5-1-25a/>

³² British Parliament report, January 2026: <https://researchbriefings.files.parliament.uk/documents/SN02784/SN02784.pdf>

GDP growth

% change in real GDP

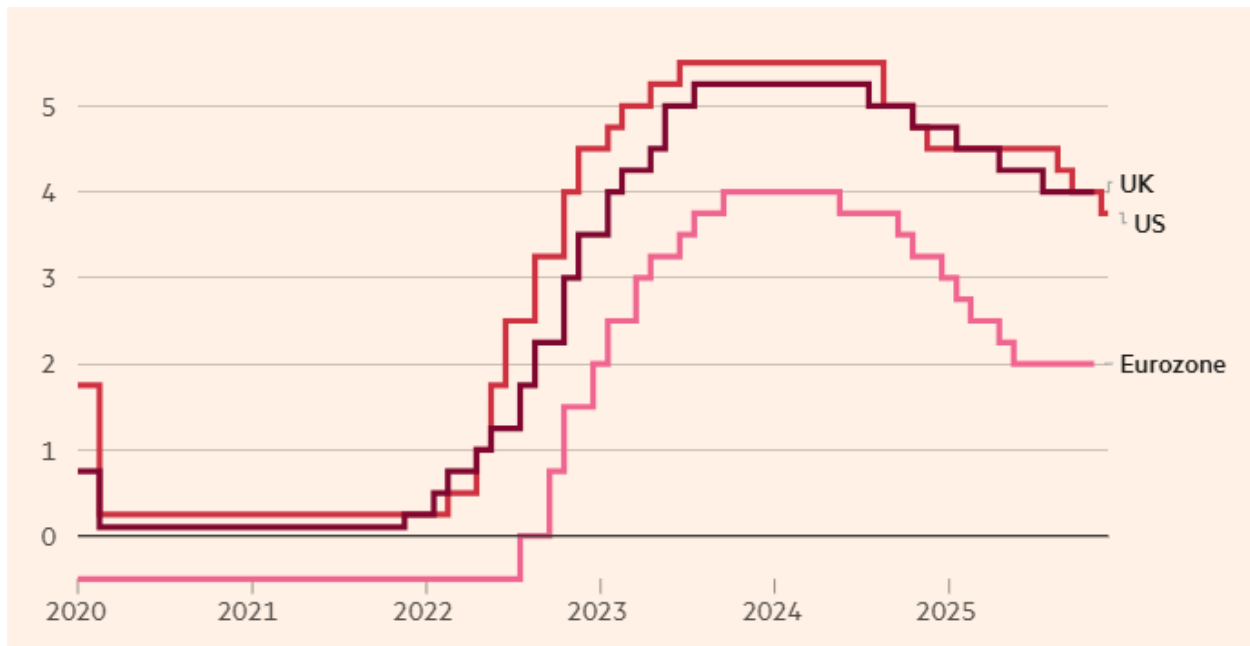
updated 6 Jan

	% change on previous quarter				% change on a year ago			
	Q4 24	Q1 25	Q2 25	Q3 25	Q4 24	Q1 25	Q2 25	Q3 25
UK	0.3	0.7	0.2	0.1	1.9	1.8	1.4	1.3
Eurozone	0.4	0.6	0.1	0.3	1.3	1.6	1.6	1.4
USA	0.5	-0.2	0.9	1.1	2.4	2.0	2.1	2.3
Japan	0.3	0.4	0.5	-0.6	0.7	1.6	1.9	0.7
Germany	0.2	0.3	-0.2	0.0	-0.2	0.2	0.3	0.3
France	0.0	0.1	0.3	0.5	0.6	0.6	0.7	0.9
G7	0.4	0.1	0.5	0.6	1.7	1.6	1.6	1.6
OECD	0.4	0.3	0.6	..	1.9	1.8	1.9	..

From the perspective of monetary policy, during 2025 a measured and cautious shift occurred in the approach of the leading central banks worldwide, following a prolonged period of monetary tightening. The Federal Reserve in the United States (Fed), the European Central Bank (ECB) and the Bank of England (BoE) took gradual and measured steps during the year to reduce interest rates, against the background of moderating inflation and signs of a slowdown in the pace of economic growth. However, monetary policy remained relatively restrained, and the transition to a more accommodative approach was carried out cautiously, in light of global macroeconomic uncertainty.

Below is a graph showing the change in interest rates in the US, UK, and the European region between 2020 and 2025:³³

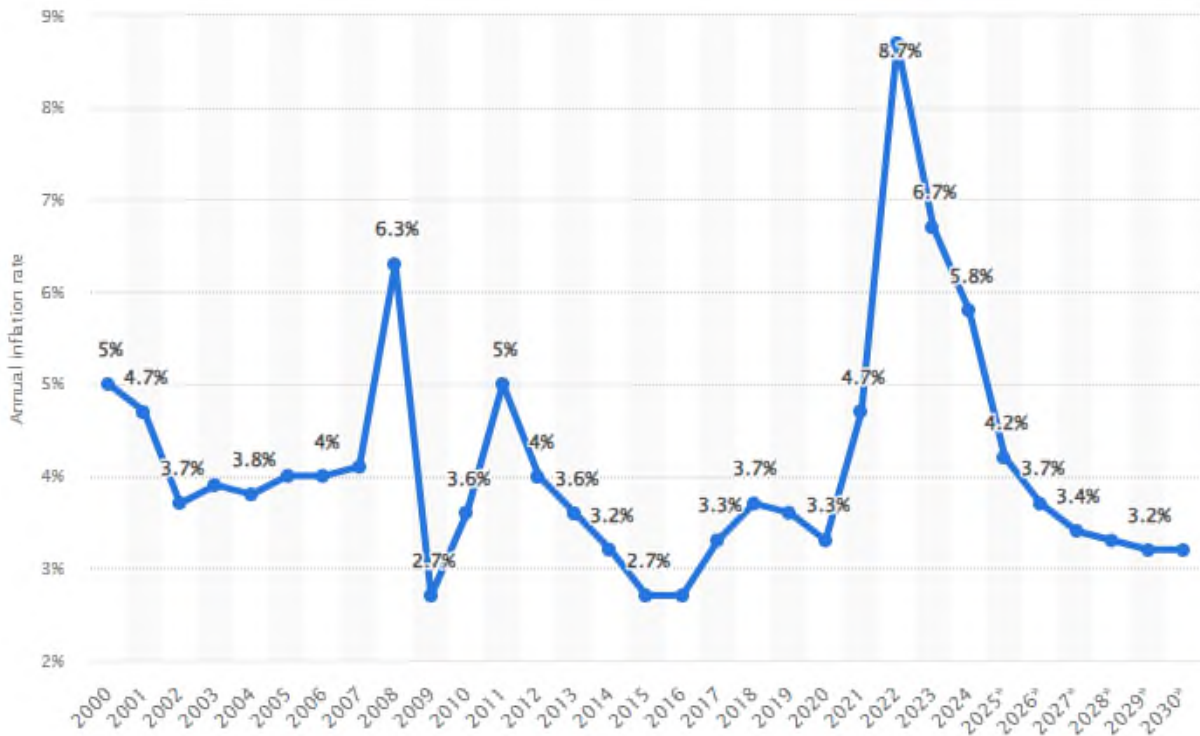
³³ See: <https://www.ft.com/content/088d3368-bb8b-4ff3-9df7-a7680d4d81b2>



From the perspective of global inflation, during 2025 a gradual moderation in the pace of price increases was recorded in most developed economies; however, the pace of convergence to inflation targets remained slow and uneven. In some countries, the inflation rate continued to exceed central bank targets, inter alia due to wage pressures and supply constraints, phenomena which contributed to the persistence of inflation. In light of the foregoing, central banks took cautious and measured steps of monetary easing during 2025, while adjusting the pace of interest rate reductions to actual developments in the inflation environment and to the level of macroeconomic uncertainty.

The following is a graph presenting the projected change in global inflation in the years 2000 through 2030: ³⁴

³⁴ See: https://www.statista.com/statistics/256598/global-inflation-rate-compared-to-previous-year/?srsltid=AfmBOop0RLDzx_JbV9Ny6d8aLcExnUjU0fxAfd8H3pWLKvrh7tC3V3PI



2.2.2 The Global Energy Economy³⁵

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.

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 (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

³⁵ See: "World Energy Outlook 2024", International Energy Association (IEA) October 2024.

over 560 gigawatts (GW). However, the deployment is far from uniform across technologies and countries.

According to data of the International Energy Agency (IEA), the global energy sector continues to face a high level of uncertainty with respect to ensuring a reliable supply, the formulation and implementation of environmental policy, and investments in advanced technologies, while emphasizing the centrality of electricity as a material component in future energy consumption. The report states that electricity demand is expected to continue to grow at an accelerated rate, with electricity already constituting a central component in energy investments and global consumption, alongside a continuing trend of increased use of renewable energy and the growing importance of critical mineral resources required to support the transition to clean energy and the development of advanced infrastructure.³⁶

In 2025, the global energy sector reached a significant turning point, as for the first time the growth in electricity generation from renewable energy, led by solar energy, caught up with and even surpassed the rate of growth in global electricity demand.³⁷ At the same time, the global oil market experienced significant supply surpluses of approximately one million barrels per day, resulting from a slowdown in demand in China alongside an increase in production in countries that are not members of OPEC.³⁸ The demand for electricity continued to increase at an average rate of approximately 3.3%, driven to a large extent by the rapid expansion of data centers and artificial intelligence technologies.³⁹ Moreover, 2025 marked the beginning of the structural decline of coal and gas in global electricity generation, as storage technologies became more economical and enabled clean energy to provide a stable response to the grid.⁴⁰

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.⁴¹ The adoption of these programs led to government support for the development of renewable energies both in terms of

³⁶ See: <https://www.iea.org/reports/world-energy-outlook-2025/executive-summary>

³⁷ <https://ember-climate.org/insights/research/global-electricity-review-2024/>

³⁸ <https://www.iea.org/reports/oil-market-report-october-2024>

³⁹ <https://www.iea.org/reports/electricity-2024>

⁴⁰ <https://www.iea.org/reports/renewables-2024>

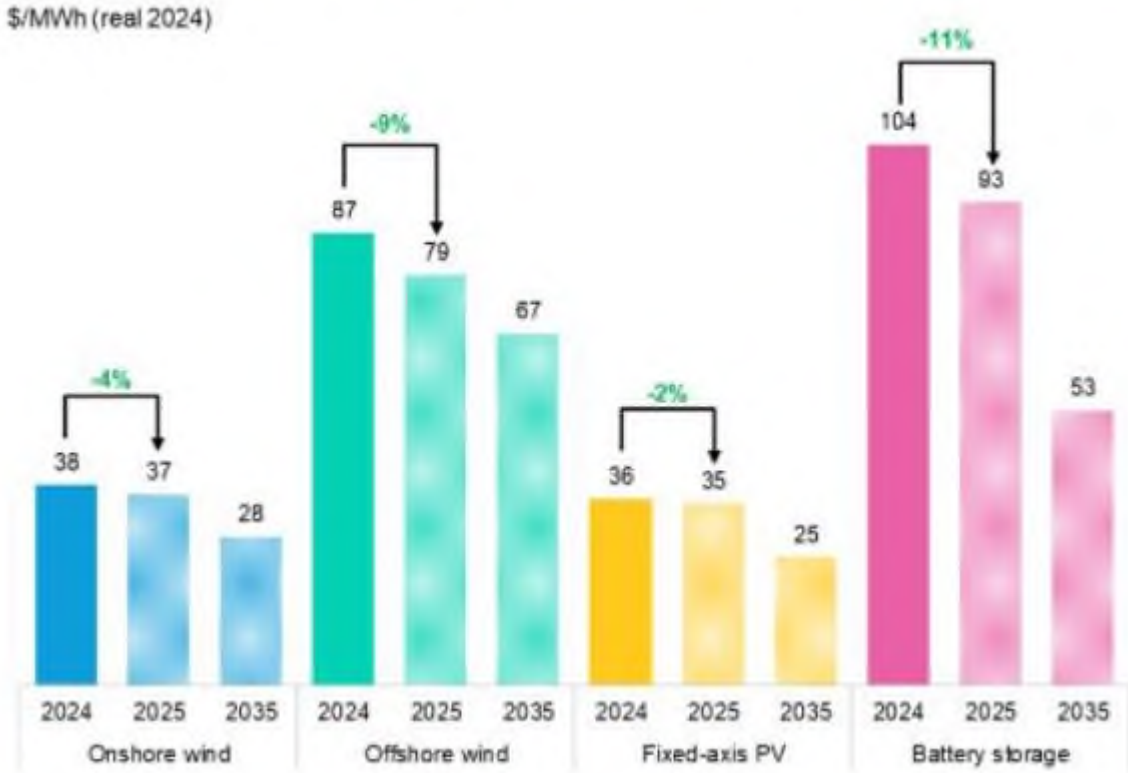
⁴¹ See International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook", June 2021.

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 2021.⁴²

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 storage⁴³:

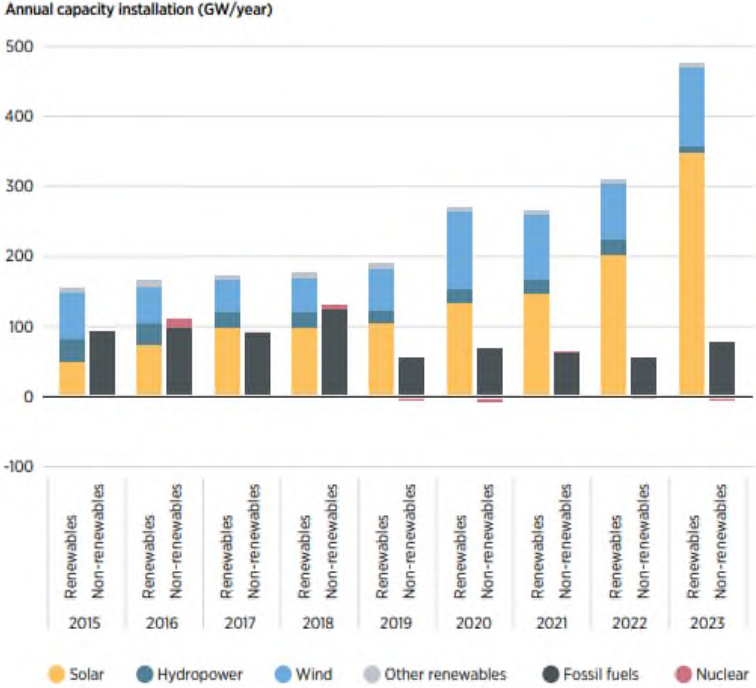
Figure 1: Global benchmark levelized cost of electricity, 2024, 2025 and 2035



⁴² International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook 2023", March 2023.
⁴³ <https://about.bnef.com/insights/clean-energy/global-cost-of-renewables-to-continue-falling-in-2025-as-china-extends-manufacturing-lead-bloombergnef/>

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 2023:⁴⁴

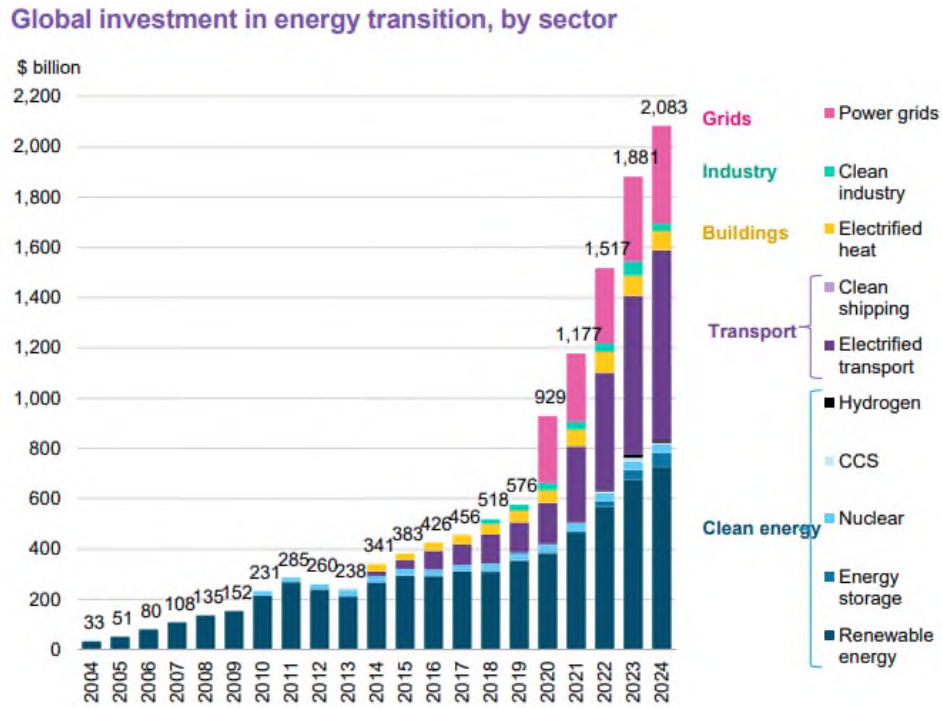


Among renewable technologies, the installed capacity of photovoltaic generation has grown the fastest, with a 7-fold increase from 2015 to 2023. At the end of 2023, the cumulative revised capacity of photovoltaic generation reached approximately 1,500 GW, of which 350 GW were added in 2023 alone.

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).⁴⁵

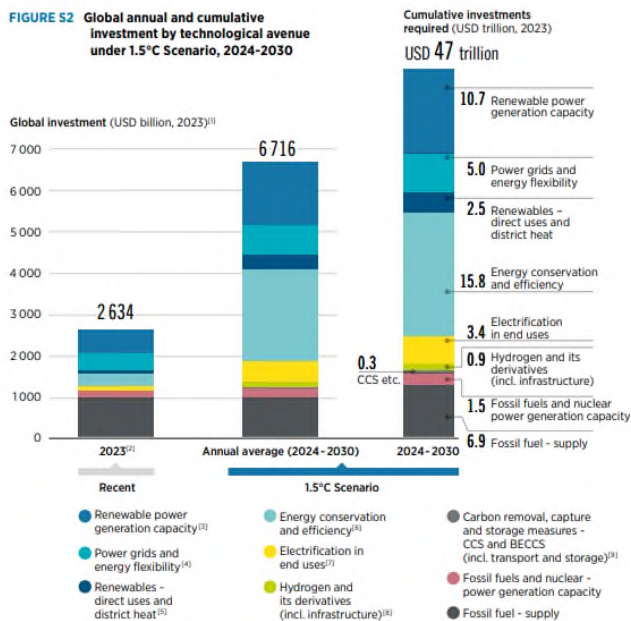
⁴⁴ https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2025/Mar/IRENA_DAT_RE_Capacity_Highlights_2025.pdf
⁴⁵ See: Bloomberg BNEF "Energy Transition Investment Trends 2023", January 2023;
<https://assets.bbhub.io/professional/sites/24/energy-transition-investment-trends-2023.pdf>.

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 2024⁴⁶:



⁴⁶ Bloomberg BNEF "Energy Transition Investment Trends 2025", January 2025.

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:⁴⁷



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.

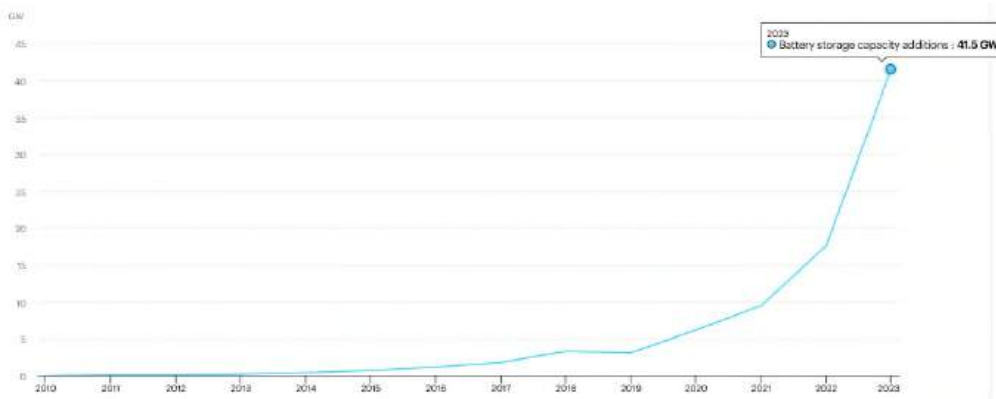
Excessive cloudiness, sand, humidity, temperatures significantly different from the annual average and weather conditions that are not optimal may reduce the electricity output produced. In addition, environmental events that cannot be predicted, such as floods, sandstorms and earthquakes, may cause 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.

⁴⁷ International Renewable Energy Agency (IRENA), "World Energy Transitions Outlook 2024", November 2024.

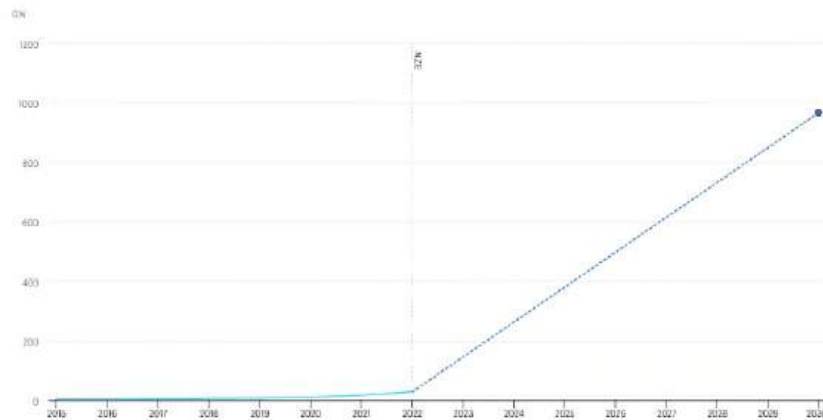
2.2.5 Development of the field of electricity storage

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 2010-2023:⁴⁸



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 be seen in the following graph:⁴⁹



⁴⁸ batteries-and-secure-energy-transitions, International Energy Agency (IEA), April 2024.

⁴⁹ Renewable Energy Progress Tracker International Energy Agency (IEA), October 2024.

In this context, many countries, and in particular the US 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 storage⁵⁰. 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 past two years have been characterized by sharp changes in lithium prices, which increased by more than 120% during 2022 due to growing demand for lithium batteries used for electricity storage and for powering electric vehicles⁵¹, declined by approximately 81% from the beginning of 2023 (relative to the peak price recorded on November 17, 2022), continued to decline until mid-2024, stabilized for a short period, and toward the end of 2025, a slight increase in prices began, as can be seen in the following graph, which presents lithium price volatility from 2021 through January 2026⁵²:



2.2.6 Change to interest rates

⁵⁰ July 2023, Grid-Scale Storage: Tracking Progress 2023, International Energy Agency (IEA), July 2023.
⁵¹ "Why did the price of lithium jump by more than 120% since the beginning of the year?", Calcalist, November 2022
⁵² Trading Economics, Litium, as of January 21, 2026.

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 2.2.1 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 2025 was characterized by high volatility in exchange rates, specifically in relation to the US dollar. Thus, the average dollar exchange rate in January 2025 stood at NIS 3.63; in April it stood at NIS 3.71, and since then declined steadily – in July it stood at NIS 3.34, in December at NIS 3.20, and in January 2026 it stood at NIS 3.14. The euro exchange rate was also subject to fluctuations, with an average monthly rate in 2025 ranging between NIS 3.71 at the low and NIS 4.15 at the high.

As mentioned above, 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 2.2.1 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.

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.

The maritime transportation market experienced significant disruptions during the period between January 2025 and February 2026. While 2025 began with sharp price increases due to shipping disruptions (mainly surrounding the Red Sea crisis and route changes), the second half of the year and the beginning of 2026 are characterized by a sharp downward correction due to excess capacity of new vessels and a decline in demand.

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 Security situation in the State of Israel

During the year 2025, the "Iron Swords" War ended, and restrictions and measures taken during the fighting were gradually lifted, despite the uncertainty due to the security and regional situation.

Operation “Rising Lion” – on June 13, 2025, Operation Rising Lion commenced, which is a large-scale military operation by the State of Israel against Iran and its proxies in the region, following an escalation in the security situation and an intensification of the threat from Iran. In the operation, Israel carried out strikes against military targets and strategic infrastructure in Iran, and in response missiles and UAVs were launched toward Israel from several arenas, including Iran and Lebanon. Following these events, a special state of emergency was declared on the home front throughout the country, which included restrictions on gatherings, temporary closure of educational institutions, reduction of activity in workplaces, disruptions to transportation and large-scale reserve mobilization. These measures led to a partial reduction in economic activity.

Operation “Lion’s Roar” – on February 28, 2026, Operation Lion’s Roar commenced, which is a joint military operation by the United States and Israel to strike Iran. Iran responded by launching hundreds of ballistic missiles and UAVs toward Israel and the Persian Gulf states. In addition, the terrorist organization Hezbollah in Lebanon joined the attacks against Israel, and Israel began a military operation against it.

Following the operation, a special state of emergency was declared on the home front, which included the closure of Israel’s airspace, a prohibition on gatherings, temporary closure and/or reduction of operating hours of various businesses, as well as a massive reserve mobilization, which led to a partial reduction in economic activity.

The uncertainty due to the security situation 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. However, it should be noted that the Company has systems of an immaterial scope that were damaged as a result of the war and the operations (most of which are operational as of the date of publication of the Report). 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 and/or operations. In addition, the operations caused delays in the

construction of projects in various areas of the country, due to restrictions on access to these sites. Naturally, the security situation 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 regional security situation and its impacts, and therefore the Company is unable to assess at this stage the future impact of the situation 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 Structural Change, Clal Investment Transaction in Nofar Israel

On January 13, 2026, the Company entered into a system of agreements with the Clal Group, in which the Clal Group will invest in the Company's activity in Israel.

As part of a reorganization process, the Company commenced the transfer of the majority of its activity in Israel (excluding activity expressly excluded in the agreement⁵³) to Nofar Israel, including the transfer of management, headquarters and support services, as well as the transfer of employees, all subject to the receipt of all required approvals from third parties (including banks, lenders and partners), most of which have already been obtained as of the date of publication of the Report.

Subject to completion of the transfer of the activity and receipt of all required approvals, the Clal Group will invest an amount of approximately NIS 300 million in Nofar Israel, and in consideration will receive 18.75% of the share capital of Nofar Israel, with the investment amount subject to adjustments. The transaction will be completed in two stages: the first stage after receiving a "majority" of the approvals, in which an investment will be made in an amount proportional to the value of the assets actually transferred and all shares will be allocated to the Group, and the second stage, which will be completed by October 31, 2026, in relation to the remaining assets, according to their relative value.

A shareholders' agreement was also executed, including, inter alia: a right of the Clal Group to appoint a director or observer as long as it holds at least 7% of the share capital; determination of certain decisions subject to Clal's approval; a dividend distribution policy of at least 30% of annual profit (subject to the provisions of law and liquidity needs); an undertaking by the Company to act for an IPO of Nofar Israel within 24 months, as well as mechanisms for protection of the investment value, restrictions on transfer of shares, and a non-compete undertaking by the Company in the field of activity of Nofar Israel in Israel (excluding the activity that was excluded).

On March 19, 2026, following the transfer of 18.75% of the Company's activity assets in Israel included in the transaction, the first stage of completion of the transaction was carried out, in which 18.75% of the share capital of Nofar Israel were allotted to Clal, and Clal invested NIS 207 million NIS in Nofar Israel. In addition, on the date of the first closing, the Nofar Israel shareholders' agreement entered into effect. Following the execution of the first closing, the Company and Nofar Israel have an additional period until October 31, 2026 to obtain the required approvals from third parties for the

⁵³ The remaining activity, as defined in the transfer agreement, includes management services for corporations held by the company; installation and operation services for charging stations for electric vehicles; holding shares in Metalogic; electricity generation from Biogas, as well as the establishment and management of data centers.

transfer of the remaining transferred activities. At the time of the second closing, as will be determined by the parties, Clal's investment in Nofar Israel will be completed, and it will invest in Nofar Israel the remaining balance of the investment amount relating to the assets to be transferred to Nofar Israel by the time of the second closing. It is clarified that as of the date of this report, there is no certainty regarding the date of the second closing or the exact amount that Clal will invest in Nofar Israel at the time of the second closing. For additional details, see the immediate reports dated November 2, 2025; January 13, 2026; and March 19, 2026 (Reference Nos.: 2026-01-005880, 2026-01-024558, 01-082678), which are included in this Report by way of reference.

3.1.1.2 General

The Group's activity in the field of activity is based on a business strategy in which the Company enters into agreements with towns (such as kibbutzim and neighborhoods), 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.

In addition, at times the Company approaches asset owners with a proposal that the Company will lease the areas owned by them, construct systems thereon, and sell to them and/or to the relevant electricity distributor or to the IEC grid (through a transaction with an electricity supplier) the electricity generated by such 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 holdings⁵⁴). 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.

⁵⁴ 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).

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 by the Company (and if necessary and in the agreement so provides, together with 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, usually⁵⁵, 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. In this regard, it is noted that as of 2026, future projects will not be executed or operated by Nofar Israel as an EPC contractor or an O&M contractor, but rather a direct engagement will be made between the project company and an external contractor. However, it is clarified that Nofar Israel intends to continue to serve as the O&M contractor for existing projects.

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 share⁵⁶, 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 equity⁵⁷ 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 is noted that in recent years, the Company provides the partner with a loan in respect of its share of the required equity, which is repaid to the Company from the partner's share in the available cash flow of the joint project company, together with interest (generally the senior debt interest plus a margin at a determined rate), while the financing is obtained by the joint project company, led by the Company.

⁵⁵ 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.

⁵⁶ 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.

⁵⁷ In relation to most joint project corporations, the equity capital is nominated as equity, investment or shareholder loans. As of December 31, 2024 and December 31, 2025, the investment balance amounted to approximately NIS 402.1 million and approximately NIS 442 million, respectively.

The electricity generated by the systems is sold to the consumer registered at the site where the system is installed or to the electricity distributor in the area of the system, in accordance with the tariff that the partner (or the consumer, where lease transactions are concerned) pays (or could have paid) to the IEC or to another private electricity supplier,⁵⁸ and with respect to electricity fed into the electricity grid, in accordance with the tariff paid by the IEC pursuant to the various arrangements, or alternatively in a transaction with a holder of an electricity supply license without generation means, where the “market model” arrangement is concerned.

The storage systems established by the Joint Project Corporation are established for three main purposes - (a) the establishment of additional solar systems in areas characterized by network congestion (which without the storage systems cannot be established or there is no economic feasibility for their establishment), (b) 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), (c) 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).^{59,60} 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.⁶¹

(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.

⁵⁸ At times, minus a certain discount.

⁵⁹ 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.

⁶⁰ See Decision No. 63609 of the Electricity Authority - Update of demand hour files.

⁶¹ 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.

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.⁶² In this context, it should be noted that most of the systems in commercial operation, under construction and pre-construction of the Group Companies are systems on roofs and reservoirs. Most of the Company's ground systems in Israel (mainly agro-voltaic systems, i.e. ground systems adapted for agricultural crops) are mainly in the 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.⁶³ 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. However, it should be noted that Nofar generally does not promote zoning change procedures for storage facilities, but rather selects locations in advance where storage facilities can be promoted through the permit track (zoning of farm buildings, industrial/commercial buildings, etc.).

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,⁶⁴ 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 Electric company to maintain a quota for the system. To the extent that the system promoted by the Company was

⁶² 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.

⁶³ 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.

⁶⁴ For details regarding tariff regulations, see Section 3.1.1.3 below.

registered for regulation by virtue of competitive procedures⁶⁵, 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 regulation,⁶⁶ it is required to complete the establishment of the system by the synchronization date specified in the distribution Company's response (it should be clarified that the facility cannot be connected before the effective date specified in the distribution Company's response, with the maximum date usually being six months after the effective date).

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 energy facilities) operate, mainly in the north or south of the country, the IEC provides a positive partial/limited 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 highly 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.⁶⁷

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 Agreement⁶⁸:

The founders' agreements (also: the Partnership 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 (in the past, mostly as an agricultural cooperative society and sometimes as a limited company or as a limited partnership; today, mainly 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.

⁶⁵ For information about the competitive processes regulations, see Section 3.1.1.3 below.

⁶⁶ For details regarding tariff regulations, see Section 3.1.1.3 below.

⁶⁷ 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, 2025, in relation to systems under licensing and development, see Section 1.4 of the Board of Directors' Report.

⁶⁸ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various projects.

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 (in the past, up to 75%, and today, up to 49%) for a fixed period at a predetermined price.⁶⁹ 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.⁷⁰

Most of the agreements stipulate that the Company will perform the construction (EPC) and operation and maintenance (O&M) of the systems.⁷¹ 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

⁶⁹ 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.

⁷⁰ 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.

⁷¹ 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.

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 its holdings in the Joint Project Corporation.⁷²

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 Corporation⁷³, decisions requiring approval by a special majority⁷⁴, signature rights in the Joint Project Corporation, bookkeeping⁷⁵, 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 agreement⁷⁶.

For details regarding authorization agreements, see Section 3.1.11 below. For details regarding electricity sales agreements, see Section 0 below.

⁷² As of the Report Date, the Company received dividends from the project corporations in immaterial amounts.

⁷³ 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.

⁷⁴ 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.

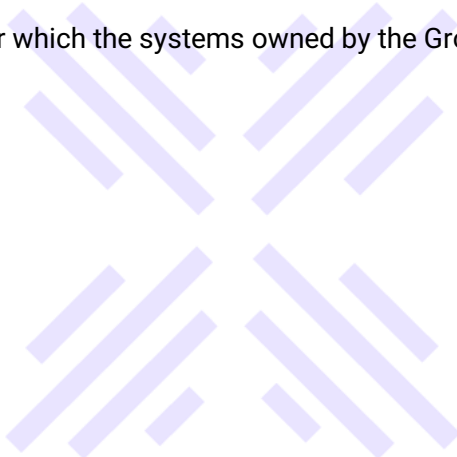
⁷⁵ Usually by the partner against payment of a consideration that reflects acceptable market prices.

⁷⁶ 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.

3.1.1.3 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.⁷⁷

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



⁷⁷ 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.

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop ⁷⁸ installations and reservoirs ⁷⁹ ") ⁸⁰ (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") ⁸¹	Default regulation ⁸²	Winning quota ⁸³	Storage systems ⁸⁴	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
Possibility of registration for the regulation	Possible	---	---	---	---	N/A	Possible

⁷⁸ "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.

⁷⁹ "Reservoir" means - a legally established water reservoir, fish pool or wastewater reservoir.

⁸⁰ 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.

⁸¹ 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.

⁸² 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.

⁸³ 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.

⁸⁴ 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 ⁷⁸ installations and reservoirs ⁷⁹ ") ⁸⁰ (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") ⁸¹	Default regulation ⁸²	Winning quota ⁸³	Storage systems ⁸⁴	Market regulation
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. 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 protection 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 15 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.⁸⁵</p>	<p>16 agorot, linked to the index</p>	<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 2025 - between NIS 3 and 9 per kWh).</p>	<p>Determined in negotiations between the electricity producer and the virtual supplier</p>

⁸⁵ 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 ⁷⁸ installations and reservoirs ⁷⁹ ") ⁸⁰ (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") ⁸¹	Default regulation ⁸²	Winning quota ⁸³	Storage systems ⁸⁴	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. ⁸⁶	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	---	---	---	---	---

⁸⁶ 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 ⁷⁸ installations and reservoirs ⁷⁹ ") ⁸⁰ (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") ⁸¹	Default regulation ⁸²	Winning quota ⁸³	Storage systems ⁸⁴	Market regulation
Construction guarantee amount	---	NIS 150 per kilowatt offered	---	---	NIS 300 per kilowatt for ground installations and NIS 150 per kilowatt for rooftop installations	---	--- ⁸⁷
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.	---	---

⁸⁷ It should be noted that in January 2026, the Electricity Authority published a hearing regarding the determination of the obligation to provide security in the amount of NIS 300 per kilowatt for the purpose of reserving space in the network for facilities in market regulation. As of the date of publication of the Report, to the best of the Company's knowledge, the Electricity Authority has not yet issued a final decision on the matter. For details about the hearing, see https://www.gov.il/he/pages/shim_120.

	Electricity generation arrangement for small systems ("Tariff Arrangement")	Regulation for photovoltaic electricity generation systems in rooftop installations and reservoirs ("Competitive procedure for rooftop installations and reservoirs"⁷⁸)⁸⁰ (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")⁸¹	Default regulation⁸²	Winning quota⁸³	Storage systems⁸⁴	Market regulation
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 ⁷⁸ installations and reservoirs ⁷⁹ ") ⁸⁰ (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") ⁸¹	Default regulation ⁸²	Winning quota ⁸³	Storage systems ⁸⁴	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. ⁸⁸	The electricity is sold under the conditions as specified in the electricity sale agreement between the electricity producer and the virtual supplier

⁸⁸ 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.

3.1.1.3.1 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.

3.1.1.3.2 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.

3.1.1.4 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.

In recent years, the authorities in Israel have been acting to increase the quantities of electricity generated from renewable energy, and in particular from photovoltaic energy, through regulatory easing, increasing quotas for the establishment of renewable energy facilities and storage systems, opening the electricity sales market to competition, regulation of the market⁸⁹ and the like. However, it should be noted that: 1) as of the date of publication of the Report, the planning committees grant approvals for ground-mounted solar facilities only sparingly, and promote almost exclusively agro-voltaic facilities. Alongside this, a certain easing has occurred in light of the fact that Amendment 24 to National Outline Plan 1 was recently approved and is expected to allow the establishment of agro-voltaic facilities of up to 80 dunams under a permit track and without a change of designation; and (2) on August 19, 2025, the IEC closed the option to submit new applications for high-voltage storage facilities. In the Company's estimation, it is possible that the quota will be reopened; however, the timing and scope of such reopening are not known. As of the date of publication of the Report, for

⁸⁹ See Footnote 69 above.

approximately six months it has not been possible to advance new storage facilities in Israel due to this limitation.

In addition, 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 electricity rates in Israel and the change in the time of use tariffs in Israel⁹⁰, there has been a significant increase in the scope of competition in the field. Accordingly, the Company estimates that there will be a certain erosion in the profitability of solar projects in Israel, and hence there is great importance in the selection of projects and the manner in which they are promoted.

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. 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.

⁹⁰ 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.

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 - 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 Milgram (in the B2C field). Additionally, over the past few months, the Company has been engaged in the development of two gas-fired power plants using combined cycle technology, for which the Planning Director's recommendation was received. It should be emphasized that these are only preliminary development stages, and therefore there is no certainty regarding the execution of the said projects.

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.

3.1.1.5 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 plants⁹¹, 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.

⁹¹ 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.

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 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 electric grid - 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.

Additionally, during 2025, the Company began initiating projects in areas with integrated agriculture (agro-voltaic), and within this framework, it began promoting projects in the various TAB committees. 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 2032.⁹²

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, if any, 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.

3.1.1.6 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:

- 3.1.1.6.1** 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.
- 3.1.1.6.2** A high-quality and professional workforce, possessing the knowledge, experience and expertise that enable the initiation, planning and construction of projects, and which assists 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 - to act so that the projects are profitable.
- 3.1.1.6.3** 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.
- 3.1.1.6.4** 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. However, as stated above, although the Company will continue to serve as an O&M contractor for existing projects,

⁹² See: <https://isolaralliance.org/uploads/docs/89dd61fd0137a8789f047aac775c99.pdf>

the Company intends to construct and operate future projects through external contractors.

- 3.1.1.6.5 Financial stability and the ability to raise the necessary funding, for the purpose of setting up the systems with low capital.
- 3.1.1.6.6 Publication of quotas and competitive procedures, by the regulator and the relevant authorities.
- 3.1.1.6.7 Free space in the network that allows the initiation, establishment and connection of a system to the electricity grid.
- 3.1.1.6.8 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.
- 3.1.1.6.9 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.
- 3.1.1.6.10 Ability to meet the schedules established in accordance with the various regulations.
- 3.1.1.6.11 Ability to characterize and manage high-quality and efficient operation and maintenance in order to maintain efficient production performance during the operation period.

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

See Section 3.2.9 below.

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

3.1.1.8.1 **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.

3.1.1.8.2 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.

3.1.1.9 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, or for end purposes through holders of licenses to supply electricity without production means, 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 security uncertainty, 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 1.3 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, 2024, and 2025, 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	Revenue in 2025 (NIS thousands)	% of the Company's income
PV Systems	73,572	21%	90,376	28%	158,241	49%
Other	9,579	3%	28,443	9%	5,551	2%
Total revenue	83,151	---	118,819	---	163,792	---

3.1.5 New Products

Following the Electricity Authority's decision⁹³ 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.

⁹³ Electricity Authority Decision No. 63704 - Market model for production and storage facilities connected or integrated in the distribution grid.

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.

3.1.6 Customers

As of the Report Date, the customers of the Group companies are primarily consumers (partners in the joint project companies or asset owners on whose premises the photovoltaic systems are installed), electricity distributors that purchase the electricity generated by the systems located in their area from the joint project companies, the System Operator, the IEC, and companies holding a license for the supply of electricity without generation means ("virtual suppliers") with which the Company enters into agreements for the sale of electricity and facility availability, as well as end customers – large electricity consumers and kibbutzim.

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, 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 distributors⁹⁴

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

⁹⁴ The provisions listed below include the main provisions applicable to most agreements. Naturally, there is a certain difference between the various agreements.

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 term of the agreement is 24 years (and in certain cases 24 years and 11 months) from the commercial operation date (or, in agreements relating to ground-mounted systems, from the commencement date of construction works of the facility or the date of receipt of approval of the Israel Land Authority for the transaction, in lands that are not privately owned), and that it shall enter into force as of the date of successful completion of the facility tests as required under the grid codes and the connection of the facilities to 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 3.1.1.3 above).

[Manner of engagement with the 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 Power Solutions 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 Power Gen 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 quarter⁹⁵:

	Q1	Q2	Q3	Q4
2023	19%	30%	32%	19%
2024	19%	29%	33%	19%
2025	20%	30%	31%	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 agreements⁹⁶:

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.

⁹⁵ In view of the fact that during the years 2023-2025, 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.

⁹⁶ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

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 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 addition, in a significant portion of the agreements, the partner (or the asset owner) is entitled to grants upon the achievement of milestones, which generally include a signing grant, a positive distributor response grant, a possession delivery grant and a commercial operation grant, as well as payment of annual option fees.

In most of the agreements in which the systems are located "behind the meter" of the holder (i.e., connected to the holder's internal electricity network), the holder undertakes to purchase from the Company (or from the joint project company) the entire amount of energy generated by the systems, according to the electricity meter, at the TOU tariff applicable to the customer, at a discount agreed between the parties or at the tariff under the relevant regulatory arrangement.

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.⁹⁷

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 Company or Joint Project Corporation may terminate the agreement at any time, for any reason and without giving reasons, by giving written notice to the holder. This right is generally limited to the period preceding the delivery of possession of the land for the purpose of commencing the construction works, while the option to cancel thereafter is more limited. Other agreements specify events and circumstances that give the other party the right to terminate the agreement.⁹⁸

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 rental fees paid by the joint project companies in 2023, 2024 and 2025 amounted to NIS 21,840 thousand, NIS 24,225 thousand and NIS 25,604 thousand, respectively.

3.1.12 Raw materials, equipment and suppliers

⁹⁸ 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.

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

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)⁹⁹ and part including construction and maintenance of systems that are owned by the Company and corporations under its control.

In this regard, it is noted that future projects as of 2026 will not be executed or operated by Nofar Israel as an EPC contractor or an O&M contractor, but rather a direct engagement will be made between the project company and an external contractor. However, it is clarified that Nofar Israel intends to continue to serve as the O&M contractor for existing systems.

- (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.

⁹⁹ 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.

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 (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 364 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 the trend continuing in 2025 as well. In addition, as stated above, future projects to be established as of 2026 will not be constructed or operated by Nofar Israel as an EPC contractor or an O&M contractor, but rather a direct engagement will be made between the project company and an external contractor (alongside the fact that the Company will continue to serve as the O&M contractor for existing systems), and therefore, in the Company's estimation, the trend of decline in the revenues of the segment is expected to continue in the coming years as well.

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.

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 3.1.1.9 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 below¹⁰⁰:

- (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 external 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 (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

¹⁰⁰ The provisions listed below include the main provisions applicable to most agreements. Naturally, there is a certain difference between the various agreements.

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 below¹⁰¹:

- (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

¹⁰¹ The provisions listed below include the main provisions applicable to most agreements. Naturally, there is a certain difference between the various agreements.

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 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 2024 and 2025, 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	Revenue in 2025 (NIS thousands)	% of the Company's income
Setting up the systems on roofs	80,956	24%	27,803	9%	28,043	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%	37,335	12%
Total revenue	175,841	---	113,829	---	65,378	---

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, 2024 and 2025, 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, 2024 and 2025, broken down by customer type:

Customer type	The Company's income in the field of activity		
	2023	2024	2025
Joint project corporation*	165,103	106,120	51,547
Third parties	10,738	7,709	13,831
Total	175,841	113,829	65,378

* 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, 2025 (in NIS thousands)	Backlog of orders as of the Report Date (in NIS thousands)
First quarter 2026	6,511	---
Second quarter 2026	4,855	4,855
Third quarter 2026	5,105	5,105
Fourth quarter 2026	4,880	4,880
2027	21,350	21,350
2028	21,350	21,350
Total	64,051	57,540

(*) 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.

It is noted that future projects to be established as of 2026 will not be constructed or operated by Nofar Israel as an EPC contractor or an O&M contractor, but rather a direct engagement will be made between the project company and an external contractor (alongside the fact that the Company will continue to serve as the O&M contractor for existing systems).

Below is the Group's order backlog as of December 31, 2025 compared to previous years (in NIS thousands):

December 31, 2023	December 31, 2024	December 31, 2025
61,590	58,801	64,501

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 purpose of construction, operation and maintenance of the systems in the segment includes, inter alia, solar panels, installation infrastructure for the panels (structures and/or tracking systems), floats for systems installed on water reservoirs, electricity storage systems in batteries, inverters, management and control systems, electric vehicle charging systems, transformers, cables, connectors, electrical cabinets and production meters.

The majority of the equipment used for the construction of the systems (including solar panels, storage systems, electric vehicle charging systems, inverters, as well as floats for installation on water reservoirs) is purchased from suppliers abroad (see details in Section 3.2.9.2 below), mainly in USD and EUR, and at times also in other currencies, including GBP.

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, as stated, this is equipment with generally high availability, and in the Company's assessment, there is no material dependence on a single supplier.

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), Tongwei Solar (China), JINKO (China), JA SOLAR (China), Longi (China).

Converter manufacturers - SMA (Germany), Kaco New Energy (Germany), SOLAR EDGE (Israel), and Sungrow (China).

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

Tracking system manufacturers - Next Tracker (USA) Soltec (Spain) Array Technologies (USA)

Storage system manufacturers - Tesla (USA) , Balilious Group (Israel), Sungrow (China), Envision (China), Catel (China).

Charging stations – Afcon (Vestel charging station supplier in Israel), Lugano Israel (Sungrow station supplier in Israel) and Siemens (Israel).

The construction of the projects is carried out primarily through engagements with EPC contractors (Engineering, Procurement and Construction) and/or BoP contractors (Balance of Plant), who are responsible for the execution of the construction works, while the Company serves as the developer and as the entity managing and supervising the execution of the works.

The Company operates, in accordance with the characteristics of the project, its scope, location and market conditions, under two main engagement structures with the construction contractors. Under the first structure, the Company engages with an EPC contractor under a Full Wrap model, within which the contractor bears overall responsibility for the execution of the engineering, procurement and construction works of the project, including integration among all project systems, compliance with schedules, budget and facility performance, all in accordance with the terms of the agreement.

Under the second structure, the Company operates under a split engagement model (Multi-Contracting), within which the Company engages separately with key equipment suppliers and BoP contractors and/or various subcontractors for the execution of the construction components, while the Company serves as the entity managing and integrating the project, including management of procurement, coordination between the contractors and engineering supervision.

The selection of the engagement structure is made by the Company in accordance with commercial considerations, contractor availability, project complexity, financing conditions and allocation of execution risks, with each of the models enabling the Company operational and managerial flexibility according to the circumstances of the project.

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:

[Suppliers of equipment for solar projects \(mainly panels and converters\)](#) - Purchases are made under framework agreements and/or on a project basis, in US dollars or euros. Payment terms generally include an advance payment of approximately 5%–15% of the transaction price, and the balance is paid according to agreed milestones, including upon delivery of the equipment and its arrival at the project site, and sometimes via an irrevocable letter of credit, as applicable. In most contracts, the supplier has the right to lien and/or retain the equipment until most of the consideration is paid.

The warranty period provided by panel suppliers for product defects is generally between 10 and 12 years, depending on the type of panels. In addition, the panels are generally guaranteed for a period of 25 to 30 years from the date of delivery, which includes an agreed-upon degradation rate throughout the warranty period. The standard warranty period for inverters is usually between 5 and 10 years, with the possibility of extension for periods of up to 20 years. The warranty provided by suppliers of floats and tracking systems is generally for a period of up to approximately 10 years.

[Battery Supplier](#) – the procurement of electricity storage systems is carried out pursuant to framework agreements and/or project-specific procurement agreements, with several international suppliers, in accordance with project needs, equipment availability and commercial and technological considerations. The engagements include, inter alia, the supply of storage systems, ancillary equipment, integration services and, at times, also long-term maintenance and support services.

Payment to suppliers is generally made under a structure of a down payment at a limited rate of the transaction price, with the balance paid in accordance with milestones, including manufacturing, shipment, delivery to site and completion of acceptance tests, while in most cases the supplier has a lien or right of retention over the equipment until full payment of the consideration.

The warranty period for storage systems generally ranges from approximately 10–20 years, and includes, in addition to product warranty, also performance warranty, including energy capacity and degradation rates over time, subject to compliance with the operating and maintenance conditions defined in the agreements. In some cases, the warranty is conditional upon engagement in service and maintenance agreements with the supplier.

[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 sum¹⁰², 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.

The Group operates, in accordance with the characteristics of the project, through engagements with EPC contractors and/or BoP contractors responsible for the execution of the electro-mechanical and infrastructure construction works of the systems, including civil works, installations, grid connection and testing and commissioning.

As part of certain projects, the Company engages under a Full Wrap EPC structure, in which the contractor bears overall responsibility for the construction of the project and for compliance with schedules and performance requirements, and in other projects the Company operates under a split engagement structure, in which the Company engages directly with equipment suppliers and various BoP contractors and serves as the entity managing and integrating the project.

In each of the outlines, the main system components (installation infrastructure, including floatation systems for systems installed on water reservoirs, as well as solar panels, storage systems and converters) and the construction plans are determined and approved by the Company, which is responsible for project management and engineering supervision of the execution of the work.

¹⁰² 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).

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, 2024, and 2025, 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	2025	
Supplier A	Subcontractor for systems construction	7%	5%	7%	See Section 3.2.9.2 above
Supplier B	Subcontractor for systems construction	9%	9%	5%	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

(*) Under 5%.

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 pre-construction (Sabinar III with a capacity of 40 megawatts) in the country with a cumulative capacity of 447 megawatts. For additional details about the platform's activities and projects, see Section 1.3 and 1.4 of the Board of Directors' Report.

Romania - During the years 2022 and 2023, the Company established a local initiation platform in Romania (Nofar Energy SRL) which is responsible for initiating, locating, developing, purchasing, setting up and financing solar projects and wind projects in Romania. As of the date of publication of the Report, the platform's project portfolio includes solar and storage projects in various stages of development. In addition, the Company is examining entry into additional storage projects in Romania. For additional details about the platform's activities and projects, see Section 1.3 and 1.4 of the Board of Directors' Report.

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 initial development of server farms in the UK, and Atlantic Green - engaged in the initiation of battery storage projects (BESS) in the UK.

For additional details regarding the activities of the Noventum and Atlantic Green platforms and the projects, see Section 1.3 and 1.4 of the Board of Directors' Report.

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 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 date of the Report, Noy-Nofar Europe holds 63.5% of the rights in Sunprime (and is expected to hold 66% following an investment agreement signed in December 2025, which has not yet been completed as of the Report Date). For details regarding the agreement to purchase the holdings in Sunprime, loan and investment agreements signed between Sunprime and Andromeda, see Section 4.7 below.

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

For details regarding the Sunprime platform's activities and projects, see Section 1.3 and 1.4 of the Board of Directors' Report.

Initiative activity in Germany – As of the Report Date, the Company's activity in Germany includes holding the Stendal storage project with a total capacity of 104.5 megawatts (and approximately 209 megawatt hours), which is in the readiness stage for connection to the electricity grid. In addition, the Company is examining entry into additional storage projects in Germany. For details about the project and the Company's activities in Germany, see Section 1.3 and 1.4 of the Board of Directors' Report.

Development Activity in Poland - As of the Report Date, the Company holds a backlog of solar projects and storage projects in Poland in various stages of operation, construction and development, which it holds 100%. For details regarding the Company's project backlog and activities in Poland, see Sections 1.3 and 1.4 of the Board of Directors' Report.

Startup Activity in Serbia – The Company operates in Serbia through subsidiaries that are fully owned by the Company. 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. For details regarding the projects and the Company's activities in Serbia, see Section 1.3 and 1.4 of the Board of Directors' Report.

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. For details regarding activities in Greece, see Section 1.3 and 1.4 of the Board of Directors' Report.

The main provisions of the founders' agreements between the Company and its partners in the various countries will be described below¹⁰³:

The agreements regulate 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.

¹⁰³ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various projects.

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

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.¹⁰⁴ 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).¹⁰⁵

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%).¹⁰⁶ 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.¹⁰⁷ 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 at the end of 2023.¹⁰⁸

¹⁰⁴ <https://www.ree.es/en/datos/generation/installed-capacity>. Spain 2020: the road ahead for solar.

¹⁰⁵ See footnote 105 above.

¹⁰⁶ https://www.ree.es/sites/default/files/publication/2021/07/downloadable/inf_renov_ree_2020EN.pdf

¹⁰⁷ <https://www.ree.es/en/press-office/press-release/news/press-release/2022/12/wind-and-solar-photovoltaic-electricity-generation-break-records-spain-2022>

¹⁰⁸ <https://www.ree.es/en/datos/generation/installed-capacity>

Accordingly, the volume of production from photovoltaic systems accounted for approximately 14% in 2023, approximately 17% in 2024, and approximately 19% in 2025.¹⁰⁹ 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.¹¹⁰ In 2024, the trend continued with a slight increase in the share of generation from renewable energy from 51% in 2023 to approximately¹¹¹ 56%, and in 2025 the trend continued with a slight increase in the share of generation from renewable energy to approximately 57%.

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.¹¹²

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 2024 the MITECO (Ministry of Ecological Transition) updated the National Energy and Climate Plan for the years 2023-2030 (National Energy and Climate Plan) which aims to meet the following goals by 2030: Reduction of 32% in greenhouse gas emissions compared to 1990, consumption of 48% renewable energy out of the total energy consumed, and production of 81% of electrical energy using renewable energy sources.¹¹³

According to the Spanish National Energy and Climate Plan, the target by 2030 is that the installed capacity of electricity generation systems from solar energy will provide electricity at a capacity of

¹⁰⁹ <https://www.ree.es/en/datos/generation/generation-structure> and <https://www.ree.es/en/press-office/news/press-release/2025/12/electricity-demand-spain-set-to-continue-its-growth-trend-in-2025>

¹¹⁰ "Renewable energy breaks records and accounts for more than 50% of electricity generation in Spain in 2023", Red Eléctrica

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

¹¹² https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-directive_en

¹¹³ <https://www.ree.es/en/datos/generation/installed-capacity>. Spain 2020: the road ahead for solar.

76 thousand megawatts out of 157 thousand megawatts, the installed capacity of wind will reach 62 thousand megawatts, and energy storage capacity will amount to 22.5 thousand megawatts.¹¹⁴

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.¹¹⁵

In addition, in 2024 a tender in the amount of EUR 156 million was conducted for the subsidization of standalone storage facilities, in which 45 projects were awarded with an aggregate capacity of 3.4 GWh.¹¹⁶ In addition, in January 2026 the results of a tender for the subsidization of storage facilities published during 2025 were published, in which EUR 818.3 million will be allocated among 126 projects planned to add 9.4 GWh to the electricity grid by 2029.¹¹⁷

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. As of the Report Date, the tax applies at a rate of 7%, however, at this stage it is not yet clear whether it will continue to apply beyond that.¹²⁰

In April 2025, there was a power outage in Spain and Portugal, following which Royal Decree 7/2025 was published, the main goal of which is to take action to stabilize the grid through measures to strengthen the electricity system, add storage and flexibility, and electrification. The document allows for shortened schedules for developing storage projects, exemption from environmental permits under certain conditions, and regulation of flow priority and charging capacity from the electricity grid.¹²¹

¹¹⁴ https://www.enerdata.net/publications/daily-energy-news/spain-target-2030-power-renewable.html?utm_source=chatgpt.com

¹¹⁵ <https://www.idae.es/en/node/14631>; <https://www.idae.es/en/node/14672>.

¹¹⁶ https://www.ess-news.com/2024/12/16/spain-allocates-e150m-for-2-82-gwh-of-grid-scale-standalone-batteries/?utm_source=chatgpt.com

¹¹⁷ https://reglobal.org/spain-allocates-e818-million-funding-to-energy-storage-projects/?utm_source=chatgpt.com

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.

¹²¹ https://en.cnesa.org/latest-news/2025/7/1/major-breakthrough-in-spains-energy-storage-policy-energy-storage-explicitly-classified-as-public-utility?utm_source=chatgpt.com

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 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 34% of the total installed capacity, wind accounting for approximately 16%, coal accounting for approximately 9%, and solar accounting for approximately 17% of the installed generation capacity with approximately 5 gigawatts.¹²²

Following ongoing talks with the European Union, the Romanian government committed, within the framework of the National Energy and Climate Plan (NECP)¹²³, to a target of approximately 30% electricity production from renewable sources by 2030, and even raised the target to approximately

¹²³ https://ec.europa.eu/energy/sites/default/files/documents/ro_final_necp_main_en.pdf.

38% in 2024.¹²⁴ This target is estimated to require the construction of significant new renewable energy generation capacity, including approximately 10 gigawatts of solar generation.¹²⁵

According to estimates, approximately 11.6 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 10 gigawatts in 2030 - an increase of approximately 7.8 gigawatts in approximately 6 years.¹²⁶

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.¹²⁷ 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.¹²⁸

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, 2025,¹²⁹ 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.¹³⁰¹³¹ To the best of the Company's knowledge, the restriction does not apply to electricity produced from solar projects.

In addition, the Romanian Electricity Authority has established rules (ANRE Order no. 60/2024), which

¹²⁴ https://commission.europa.eu/publications/romania-final-updated-necp-2021-2030-submitted-2024_en

¹²⁵ 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>.

¹²⁶ Based on information provided to the Company from an international consulting firm.

¹²⁷ See: <https://www.pv-magazine.com/2025/01/21/romania-allocates-e150-million-for-standalone-battery-storage-rollout/>

¹²⁸ Report of Renew Romania (2021), Schoenherr Attorneys at Law.

¹²⁹ https://bondoc-asociatii.ro/prolongation-of-electricity-and-natural-gas-price-caps/?utm_source=chatgpt.com

¹³⁰ <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>

¹³¹ See: <https://seenews.com/news/romania-plans-to-extend-energy-price-cap-scheme-1271004>

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.¹³²

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.¹³³

As of January 1, 2026, Romania is abandoning the “first-come, first-served” method and moving to a system of annual tenders for the allocation of grid connection rights. The new mechanism applies to new electricity generation facilities with a capacity of 5 megawatts (MW) and above; expansion of capacity of existing facilities by 5 megawatts and above; and storage facilities (BESS) connected to the grid with a capacity of 5 megawatts and above. The process will be managed by the national grid operator (Transelectrica) in accordance with the following stages: each year (in October), data on available capacity in each region of the grid for the next 10 years will be published; if demand for connection in a particular region exceeds the existing capacity (without upgrades), a “starting price” will be set based on the cost of the required grid upgrade in that region; developers will submit price bids (per megawatt). The winners will be those offering the highest price, and they will receive the connection rights. The funds collected from the tender winners will be transferred to a designated fund to be used solely for financing upgrade and expansion works of the national electricity grid. In addition, several amendments were introduced to clarify the transition to the new method: it was determined that projects that submitted an application prior to 2026 may avoid the tender only if they meet strict timelines (submission of a Solution Study by December 31, 2025; receipt of final technical connection approval (ATR) by June 30, 2025). A project that does not receive an ATR by that date will be required to enter the tender track; an obligation of refund to developers who paid for solution

¹³² See: <https://bnt.eu/legal-news/romania-anre-introduces-new-amendments-applicable-starting-october-1/>

¹³³ See: <https://www.kinstellar.com/news-and-insights/detail/3135/important-fiscal-changes-in-romania-starting-january-2025>

studies but whose application was cancelled due to the transition to the new method (refund by March 2026); it was clarified that grid upgrade costs financed by the winners of large tenders (above 5 megawatts) will not be passed on to small developers below 5 megawatts seeking to connect in the same regions.¹³⁴

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 2050¹³⁵, by increasing the installed capacity of renewable energies and increasing production of electricity from renewable energies. Recent developments in the field of AI and data centers have led to a trend of increasing electricity consumption and a material increase in electricity demand forecasts in the UK market, as well as in other markets.

As of the end of 2025, the installed capacity in the United Kingdom stood at approximately 128 gigawatts, of which approximately 52% is from renewable energy, approximately 31% from natural gas and approximately 6% from nuclear energy. Electricity generation in the United Kingdom in 2025 amounted to approximately 250 TWh, of which approximately 36% was from renewable energy, approximately 27% from natural gas and approximately 12% from nuclear energy. According to estimates, by 2030 the installed capacity in the country is expected to reach approximately 168 gigawatts, of which the share of installed renewable capacity is expected to stand at approximately 65%, while electricity generation in the United Kingdom is expected to reach approximately 338 TWh, of which the share of generation from renewable energy is expected to stand at approximately 75%.¹³⁶

With respect to energy storage, the storage sector in the United Kingdom is developed and advanced and constitutes a material component of the UK energy market. The installed storage capacity in the UK market currently stands at approximately 6 GW, and according to market forecasts is expected to increase to approximately 7.9 GW by the end of 2026 and to approximately 4.6 GW by 2030.

Green energy constitutes an important component of the UK government's targets, as presented in the Clean Power 2030 Plan published in December 2024¹³⁷ (CP30). A central component of the plan includes a target of reaching 95% generation from renewable energy in the United Kingdom by 2030, increasing the installed capacity of renewable energy – wind and solar, reducing carbon dioxide emissions and more.

¹³⁴ <https://www.lexology.com/library/detail.aspx?g=fb8e8b38-6a18-4673-9f73-55e6d4966d19>; <https://www.bpv-grigorescu.com/regulatory-updates-of-interest-for-the-energy-and-telecommunications-sectors-at-the-end-of-2025/>

¹³⁵ <https://climateactiontracker.org/countries/uk/targets>

¹³⁶ Based on information provided to the Company by an external consulting firm.

¹³⁷ <https://assets.publishing.service.gov.uk/media/677bc80399c93b7286a396d6/clean-power-2030-action-plan-main-report.pdf>

A material regulatory development in the UK market is the grid connection reform led by NESO (a program also referred to as TMO4+). The purpose of the reform is to enable the UK market to meet the CP30 targets, while accelerating the advancement of projects with higher readiness and that are strategically aligned with the CP30 plan. For this purpose, a comprehensive review of renewable energy projects in the UK market is being carried out, alongside a transition from the First Come First Serve method to the First Ready First Connected method. Accordingly, prioritization is given to projects that are more ready for connection and that are strategically aligned with the CP30 targets. Renewable energy projects are assessed, inter alia, based on their stage of progress in the development process, including land agreements and the obtaining of planning consents, as well as the regional energy quotas allocated in the grid connection reform. Projects with higher readiness are expected to be included in Gate 2, while receiving a defined and at times accelerated connection date. During the third quarter of 2025, applications were submitted for the projects under the program and began to be examined, with responses to be provided gradually until March 2027, unless further changes occur to this timetable. In December 2025, initial responses began to be received under this process for projects with connection dates in 2026 and 2027, as well as initial results regarding the inclusion of projects in the sub-stages of Gate 2.

With respect to regulatory arrangements in the UK market, the Contracts for Difference (CfD)¹³⁸ arrangement for wind and solar projects constitutes an example of support by the UK government for renewable energy. Under these tenders conducted by the Transmission System Operator, a government-owned company, Low Carbon Contracts Company, enters into a CfD contract with the producer, under which the electricity producer sells electricity in the free market and is entitled to receive compensation in the amount of the difference between the contract price (Strike Price) and the market price, and if the market price is higher, the producer is required to return the said difference to the government company, as customary in CfD agreements. The latest tender in the series (AR7 tender) was held in January 2026. As part of this tender, the term of the CfD was extended to 20 years, while the CfD price is indexed to electricity prices. However, a change was made whereby the CfD tariff will not apply if the electricity price in the UK market is negative for a period exceeding one hour. The UK subsidiary of Nofar Energy, Noventum Power, submitted three projects with an aggregate capacity of approximately 63 megawatts to this CfD tender. The clearing price of the tender stood at GBP 65.23 per megawatt-hour, in 2024 terms, for a period of 20 years, indexed to the consumer price index.

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

¹³⁸ <https://www.gov.uk/government/publications/contracts-for-difference/contract-for-difference>.

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.

The revenues of battery projects in the United Kingdom 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) capacity market; and (5) network payments / receipts.

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.

It should be noted that the Company has entered into optimization agreements with respect to its energy storage projects in the UK. The optimization agreement for the Buxton project was executed at the time of the project's financing, while the optimization agreements for the Cellarhead project were executed in December 2025. As part of the Company's risk management policy, optimization agreements were entered into with two different optimizers in relation to the Cellarhead project, with each optimizer independently optimizing the revenues of 50% of the project.

[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.

Annual electricity generation in 2025 is estimated at approximately 268 terawatt-hours, reflecting an increase of approximately 2% compared to 2024. In particular, photovoltaic generation reached a new

all-time high of approximately 25.1% of total generation, amounting to 44 terawatt-hours, while wind generation decreased by approximately 3.3%. Also, in terms of production capacity, the installed capacity from renewables in the country has reached 41 GW.¹³⁹

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 gigawatts¹⁴⁰, 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 reached over 16 gigawatts.¹⁴¹ 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 2023. As part of the implementation of lessons learned, and following the recognition of the importance of the transition to renewable energy, in order to meet the renewable energy targets set under the 2017 National Energy Plan and the commitments undertaken by Italy, new incentive mechanisms for renewable energy were introduced in the form of Contracts for Difference, as anchored under the FER19 five-year program. Accordingly, the total installed photovoltaic capacity in the country stood at approximately 43.5 gigawatts in 2025, representing an increase of approximately 6.4 gigawatts compared to the previous year.¹⁴²

[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 2017¹⁴³, 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.

¹³⁹ <https://www.terna.it/en/media/press-releases/detail/electricity-consumption-2025>.

¹⁴⁰ <https://www.iea.org/articles/renewables-2020-data-explorer?mode=market®ion=Italy&product=PV>.

¹⁴¹ <https://iris.polito.it/retrieve/handle/11583/2602370/64878/SolarEstimateBCAM.pdf>.

¹⁴² <https://www.terna.it/en/media/press-releases/detail/electricity-consumption-2025>

¹⁴³ <https://www.mise.gov.it/index.php/en/news/2037432-national-energy-strategy>.

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 2021.¹⁴⁴ 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 2030.¹⁴⁵ In 2021, the European Commission approved Italy's multi-year Recovery and Resilience plan, which was 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.¹⁴⁶

As part of the implementation of the Italian government's plan to meet renewable energy targets, the Italian electricity services operator published the FER19 regulation, which constituted a five-year regulatory framework for the years 2019–2024. The program included a series of tenders for the sale of electricity, intended to promote the development of renewable energy generation systems with a capacity of approximately 7,700 megawatts, of which approximately 1,570 megawatts were allocated to tenders for rooftop solar systems and wind energy generation facilities. 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.

During 2025, the next five-year plan for the years 2025–2029, referred to as FERX Transitory, was approved to promote renewable energy projects with a total capacity of approximately 17.65 GW,¹⁴⁷ in a manner that provides certainty to the Italian renewable energy market through 2029. In the first stage, an implementation decree for 2025, the FERX Transitory, was published, which included direct access to CfD mechanisms for renewable energy projects with a capacity of less than 1.4 MW, an increase in additional CfD premiums for small-scale projects and asbestos-related projects, alongside measures aimed at increasing the competitiveness of CfD tenders in order to reduce CfD tariffs in practice. Additional changes included indexing 20% of the CfD tariff to the consumer price index, and a requirement that at least 5% of the capacity in each project be sold at market prices, such that up to 95% of the installed capacity may be submitted to CfD tenders. Accordingly, the CfD range in Italy expanded to approximately EUR 50 to EUR 112 per megawatt-hour, depending on the size of the project, its characteristics, and the specific CfD tender in which it participated. The Company

¹⁴⁴ https://ec.europa.eu/commission/presscorner/detail/en/IP_19_3000.

¹⁴⁵ Integrated National Energy and Climate Plan - December 2019.

¹⁴⁶ https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/italys-recovery-and-resilience-plan_en

¹⁴⁷ <https://www.wfw.com/articles/italys-new-transitional-fer-x-decree-incentives-for-renewable-energy-projects-for-2025/>

understands that the purpose of the temporary regulatory update is to enable continued support for renewable projects until long-term regulation is approved, which is expected to support an additional 40 GW and underpin tenders to be published by 2028. The subsequent FERX regulation is expected to be published during 2026.

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 intended to support the initiation and development of storage projects, while generating revenue streams for project owners that are additional to project revenues from electricity trading and from the provision of grid services to the system operator. For details regarding Sunprime's award in a tender process for availability of generation capacity, see the Immediate Report dated March 22, 2025, Reference No.: 2025-01-019017, the contents of which are included in this Report by way of reference.

In the second half of 2025, the MACSE tender was held in the Italian market, designated for storage projects in southern Italy, in which storage projects competed for availability payments covering most of the asset's revenues (95%, while the asset owner may freely trade electricity in the remaining 5%). In the tender held in 2025, ENEL won the majority of the allocated capacity. It should be noted that Sunprime participated in these tenders but did not win.

Another regulation that began operating in the Italian market in 2025 is the Energy Release mechanism. This is a regulatory tool designed to support Italian industry by reducing the energy costs of energy-intensive companies through green electricity at a competitive price. Under this mechanism, industrial companies receive a virtual allocation of electricity from the state, and energy developers undertake to establish and connect new renewable energy projects against such allocation. 50% of the generation from these projects is sold under a CfD agreement with the system operator (GSE) over a period of 20 years, at a price of EUR 65 per megawatt-hour (MWh). With respect to the remaining 50% of electricity generation, there is no restriction on how the electricity may be sold by the asset owner, and the asset owner may participate in FERX tenders in respect of such generation capacity. The asset owner is entitled to receive advance payments of approximately 10%–15% of the establishment costs from Sunprime and is exposed to penalties if it fails to establish the projects to which it has committed within 40 months. For details regarding Sunprime's engagement in Contracts for Difference under the Energy Release mechanism, see the Immediate Report dated February 6, 2026, Reference No.: 2026-01-013137, the contents of which are included in this Report by way of reference.

Renewable energy market in the UK¹⁴⁸

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 2025, the total installed generation capacity in the country was approximately 250 gigawatts, with approximately 84% of it from renewable energies (solar, wind and hydro)¹⁴⁹, 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. To the best of the Company's knowledge, the battery market in Germany is still in its early stages, with installed capacity of commercial (non-residential) battery systems amounting to approximately 3 GW as of 2025. 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

¹⁴⁸ Based on information provided to the Company from an international consulting firm.

¹⁴⁹ https://www.bundesnetzagentur.de/SharedDocs/Pressemitteilungen/EN/2026/20260108_EEG.html

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.

[Renewable energy market in Poland](#)¹⁵⁰

As of the date of publication of this Report, the total installed capacity in Poland reached approximately 78.3 gigawatts, of which coal accounted for only approximately 23%, while renewables accounted for approximately 48% of the installed capacity in the country, consisting of 25 gigawatts of solar capacity and 11 gigawatts of wind capacity.

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. Further to the above, during 2024, the Polish government presented two scenarios for updating its targets to the European Commission, under which the share of renewables in actual generation in 2030 is expected to reach 65.6% under the moderate scenario, or approximately 68.9% under the more 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 2040.

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.

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).

¹⁵⁰ Based on information provided to the Company from an international consulting firm.

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.

The year 2025 marks a significant turning point in the regulation of the electricity and renewable energy market in Poland. The current government is advancing a series of reforms (the “Deregulation Law”) aimed at removing bureaucratic barriers and accelerating the transition to green energy in order to meet European Union targets. Set out below is a summary of the key updates in 2025 and their implications:¹⁵¹

Licensing relief and project advancement (Deregulation Act 2025) – the new law (adopted in July 2025 and entering into force largely in January 2026) includes several material relief measures: the threshold requiring a generation concession has been increased from 1 MW to 5 MW. Projects below 5 MW require only a simplified registration, significantly shortening time to market; PV (photovoltaic) installations with a capacity of up to 500 kW intended for self-consumption (without injection to the grid) are now exempt from building permits, subject to fire safety requirements; the maximum timeframe for granting grid connection approvals for PV installations has been reduced to 45 days (instead of 120–150), and building permits for large-scale installations and storage facilities have been shortened to 30 days.

Grid Connection Reform – in order to address grid congestion and the “capacity hoarding” phenomenon by speculative projects, the following rules were introduced: increase in upfront fees – the advance payment for grid connection has doubled from PLN 30 to PLN 60 per kW (capped at PLN 6 million per project); new application fee – a non-refundable fee of PLN 1 per kW of requested capacity has been introduced; reduction of permit validity – the validity of grid connection conditions (GCC) has been shortened to one year only (except for offshore wind and nuclear), to ensure that only committed projects retain allocated capacity; flexible connection agreements – the grid operator is now permitted to offer “flexible connection” arrangements allowing curtailment during peak hours without financial compensation to the developer.

Infrastructure sharing (Cable Pooling) – the updated regulation expands and formalizes cable pooling, enabling multiple technologies (e.g., solar farms and wind farms) to share a single grid connection

¹⁵¹ <https://www.dentons.com/en/insights/newsletters/2025/october/10/powered-by-dentons/powered-by-dentons-october-2025/grid-connection-new-framework-supporting-renewable-generation-and-energy-storage#:~:text=New%20amount%20of%20the%20advance,%E2%82%AC1%2C414%2C638>

point. This measure enables more efficient use of existing infrastructure and reduces the need for costly grid upgrades.

Update of the National Energy and Climate Plan (NECP) and 2030 targets – in July 2025, an updated version of the national energy plan was approved: 2030 RES target – Poland now aims for more than 50% (and in some cases up to 56%) of electricity from renewable sources by the end of the decade; energy storage – the government has allocated significant budgets (approximately PLN 70 billion) for subsidizing and establishing storage facilities, which are now considered critical for system stability.

Wind law status (minimum distance) – one of the most material issues is the “700-meter rule” for wind turbines. In August 2025, the President vetoed a proposal to reduce the distance to 500 meters. As of early 2026, the government is working on drafting new legislation that would allow wind farms to be developed closer to residential areas, although this remains a subject of political debate.

Consumer protection and electricity trading: fixed-price contracts – large energy suppliers (with more than 200,000 customers) are required to offer a fixed-price contract for at least 12 months, in order to provide certainty to households; exchange trading obligation (Obligo) – there is an intention to reinstate the obligation to sell at least 55% of generated electricity through the energy exchange (TGE), in order to improve price transparency.

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 2030¹⁵², 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.¹⁵³

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 facilities and their development process.¹⁵⁴ Also, during 2023, the first storage tender in the country was held, aimed at distributing subsidies for storage projects through a competitive process. During

¹⁵² <https://balkangreenenergynews.com/greece-targets-80-from-renewables-by-2030-with-28-gw-plus-7-gw-storage/>.

¹⁵³ 2023 a record year for clean energy in Greece, IPTO, January 2024.

¹⁵⁴ <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>

2024¹⁵⁵, an additional tender was published granting subsidies for facilities with an aggregate capacity of 300 megawatts¹⁵⁶, and in 2025, a third tender was held for 189 megawatts located in coal mining regions.¹⁵⁷

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 electricity¹⁵⁸, and frequency balancing and stabilization markets in the European regulation format¹⁵⁹: 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 Serbia¹⁶⁰

At the end of 2025, the total installed production capacity in the Serbian market was about 8.8 GW, of which about 4 GW of renewable energies (about 46%). Similar to other countries in Europe, 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 318 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 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

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

¹⁵⁶ https://renewablewatch.in/2024/02/20/greece-announces-winners-of-1-5-gw-energy-storage-auction/?utm_source=chatgpt.com

¹⁵⁷ https://www.ess-news.com/2025/03/24/greece-awards-189-mw-of-battery-storage-in-third-auction/?utm_source=chatgpt.com

¹⁵⁸ <https://www.admie.gr/en/market/general/description>.

¹⁵⁹ <https://www.admie.gr/en/market/general/balancing-market>

¹⁶⁰ Based on information provided to the Company from an international consulting firm.

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 gigawatts.

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.

For further details regarding regulation of the various platforms in Europe, see Section **Error! Reference source not found.** above.

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 the subsequent years, including during the Report Period, the growth trend in the scope of the Company's activity continued, as reflected in the entry into additional projects, the commencement of project construction, the securing of financing, entry into PPA agreements and the like. In 2025, the Company focused on advancing its various platforms, including the continued development, initiation, construction, execution of financing agreements and grid connection of projects. 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 and/or adding value. In addition, during 2025, the Company realized value from the platforms it developed, and in this context sold part of its holdings in the Noy–Nofar partnership (5%), its entire holdings in the Ratesti project in Romania (50%), and part of its holdings in the Stendal project in Germany (49%).

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 3.1.1.9 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.

In addition, during the Report Period, the Company decided to commence activity in the field of proprietary electricity trading, in order to reduce the scope of fees paid to third parties for the sale of electricity in the open (merchant) market. Within this activity, the electricity generated by the Company's facilities is expected to be sold at spot prices and/or through short-term hedging arrangements. In this context, in December 2025, the Company, through Nofar Europe, entered into an agreement to acquire approximately 50.5% of an electricity trading company incorporated in Romania, in consideration for an amount that is not material to the Company. The completion of the agreement is subject to the fulfillment of conditions precedent, which, as of the date of publication of this Report, have not yet been satisfied. Upon completion of the transaction, a shareholders' agreement will enter into force governing the relationship between the shareholders of the Company, including the Company's undertaking to provide financing and guarantee facilities to the trading company.

The revenues of this segment include revenues from the sale of electricity, services to the electricity grid (such as energy or availability for grid stabilization and balancing), as well as revenues from the sale of green certificates (Renewable Energy Credits or Guarantees of Origin), which are certificates issued to project owners for each kilowatt-hour generated by 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 1.3 of the Board of Directors' Report.

3.3.3 Customers

During the Report Period, revenues in this segment included revenues from the sale of electricity generated by the Company's connected projects, as detailed in Section 1.4 of the Board of Directors' Report. In addition, during the Report Period, the Company generated revenues from the sale of part of its holdings in the Noy–Nofar partnership (5%), its holdings in the Ratesti project in Romania, and part of its holdings in the Stendal project in Germany (49%).

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 (until the Project sale date) 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 from Sunprime projects is carried out on the open market, under CfD agreements and availability fee payments (under Capacity Market regulations). The sale of electricity by the Dziewoklucz project company 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.

In 2024 and 2025, the Group's revenues from the sale of electricity to Telecor, SA, generated by the Olmedilla and Sabinar project companies, amounted to approximately NIS 143,012 thousand and NIS 125,807 thousand, respectively. It should be noted that, in light of the availability of potential customers, as well as the option to sell electricity in the open market, the Company believes that the Group does not have a dependency on Telecor, SA For further details regarding the PPA agreements of the Sabinar and Olmedilla projects, see the 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 in this Report by way of reference.

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.

Below is a description of the main points of Tolling agreements:

Under tolling agreements, the project owner grants an external energy company the right to use a storage project for the purpose of electricity trading and the provision of ancillary services to the system operator, for a period defined in the agreement, typically between 5 and 10 years from a date specified therein (usually shortly after commercial operation), in consideration for fixed monthly usage fees (Tolling Fee). In certain cases, the agreements also include a profit-sharing mechanism in respect of revenues from electricity trading and ancillary services from the commercial operation date and for the term defined in the agreement.

In addition, such agreements typically include provisions regarding the project company's obligations with respect to the commercial operation date of the project, the annual availability of the project, and technical parameters with which the project company is required to comply, as well as a mechanism for adjusting the usage fees in the event of failure to meet availability targets, technical parameters, and commercial operation milestones as set out in the agreement, a mechanism for adjusting the usage fees where the project demonstrates improved technical parameters and/or availability, and the payment of compensation by the project company in the event of failure to meet technical requirements. The agreements also generally include provisions regarding termination and the payment of compensation by the breaching party to the other party in accordance with a mechanism set forth in the agreement in the event of early termination, including in cases where commercial operation is not achieved by the agreed date. In addition, the agreements typically include the provision of security by the parties, including parent company guarantees (PCG).

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, 2024, and 2025 broken down by quarters¹⁶¹:

Q1			Q2			Q3			Q4		
2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
23%	18%	16%	22%	33%	32%	39%	34%	38%	16%	15%	14%

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

¹⁶¹ 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.

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 contractors¹⁶²:

¹⁶² The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

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 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 agreement¹⁶³:

- (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 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

¹⁶³ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various agreements.

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)¹⁶⁴

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 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 cancelling 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.

¹⁶⁴ The provisions set forth below include the main provisions applicable in most transactions. Naturally, there is a certain difference between the various 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 2024 and 2025, 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	2025	
Supplier A	Construction contractor	8%	2%	4%	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%	3%	See Section 3.3.9.1 above.
Supplier F	Panel supplier	---	24%	2%	See Section 3.2.9.2 above.
Supplier G	Construction contractor	---	8%	26%	See Section 3.3.9.1 above.
Supplier H	Construction contractor	---	---	9%	See Section 3.3.9.1 above.
Supplier I	Construction contractor	---	---	8%	See Section 3.3.9.1 above.

The Company has no doubt that switching to an alternative supplier or suppliers instead of the same supplier will result in a very substantial additional cost to the Company.

3.4 Others – Group activity that does not exceed the scope of activity as of the date of the report: Initiative and investment activity in renewable energies in the US and activity in the field of Data Centers

3.4.1 Group activity in initiating and investing in renewable energies in the US

3.4.1.1 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 0 below. The activity is carried out through two arms held by Nofar USA LLC (wholly owned, indirectly, by the Company): (1) Nofar USA Energy Investment and Management LLC (“**Nofar USA EIM**”), which is 90% indirectly held by the Company and is engaged in the development of utility-scale solar and energy storage projects, as well as DG project portfolios, as detailed below; and (2) Blue Sky (as defined above), which is 67% indirectly held by the Company and is engaged in the development of “behind-the-meter” solar and storage systems, primarily C&I (Commercial and Industrial) projects.

Activity of Nofar USA EIM

Nofar USA EIM Activity – Acquisition of Pinegate Portfolio

On December 30, 2025, Nofar USA EIM entered into an agreement to acquire a portfolio of nine utility-scale solar projects in the United States, with a total capacity of approximately 1 GWdc, from Pinegate Renewables LLC, a company undergoing Chapter 11 bankruptcy proceedings in a federal court in Houston, Texas (the “**Seller**”). For further details, see the Immediate Reports dated December 31, 2025 and January 6, 2026 (Reference Nos.: 2025-01-105695, 2025-01-105808 and 2026-01-002093, respectively), the contents of which are included in this Report by way of reference.

The portfolio includes nine projects across four states (Texas, Alabama, North Carolina and South Carolina): seven projects are in commercial operation with a total capacity of approximately 648 MWdc, one project is at an advanced construction stage with a capacity of approximately 106 MWdc (the Foley project), and one project is pre-construction with a capacity of approximately 225 MWdc (the Lavender project). The portfolio was acquired through the purchase of all equity interests in subsidiaries of the Seller’s group holding the projects.

As of the date of the Report, the seven operational projects generate and sell electricity under long-term power purchase agreements (PPAs) to corporate offtakers and/or regulated utilities, all of which have investment-grade credit ratings. The total senior debt associated with the operational projects as of the Report date amounts to approximately USD 261 million, and total obligations to tax equity partners are estimated by the Company at approximately USD 132 million. It should be noted that the obligations to tax equity partners are secured by a guarantee of the Company.

As of the date of publication of the Report, the Foley project is at an advanced construction stage and has reached mechanical completion, and a long-term PPA has been executed in respect thereof. The project was acquired without senior debt and in a manner that allows the purchaser to benefit from the full tax incentives (ITC) relating to the investment therein, expected to be at a rate of approximately 40%. With respect to the Lavender project, as of the date of publication of the Report, grid connection approval has been obtained, a long-term PPA has been executed, and high-voltage equipment has been procured, granting the project ITC Safe Harbor status. The project is expected to benefit from tax incentives at a rate of approximately 50%.

For further details, see the Immediate Reports dated December 31, 2025, January 6, 2026, February 16, 2026 and February 27, 2026 (Reference Nos.: 2025-01-105695, 2025-01-105808, 2026-01-002093, 2026-01-015067 and 2025-01-018533, respectively), the contents of which are included in this Report by way of reference.

Below is information about the projects:

Project	US state / Electricity market	Megawatt DC	Project status	Date of commercial operation (actual/projected)	PPA period (as of commercial operation)
Jungmann	Texas / ERCOT	53	In commercial operation	2025	15 years
Texas One	Texas / ERCOT	67	In commercial operation	2025	15 years
Lavender	Texas / ERCOT	225	Pre-construction	H1 2027 (forecast only)	15 years
East Atmore	Alabama / SERC	115	In commercial operation	2025	17 years
Foley	Alabama / SERC	106	Under construction	H1 2026 (forecast only)	17 years
Cabin Creek	North Carolina / SERC	98	In commercial operation	2023	5 years ('Eligible Facility' with renewable PPA)
Phobos	North Carolina / SERC	110	In commercial operation	2023	5 years ('Eligible Facility' with renewable PPA)
Allora	South Carolina / SERC	99	In commercial operation	2023	5 years ('eligible facility' with renewable PPA)
Gunsight	South Carolina / SERC	106	In commercial operation	2022	5 years ('Eligible Facility' with renewable PPA)

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

The total purchase price for the portfolio amounts to USD 285 million. In addition, adjustments to the purchase price were made upon completion of the transaction, which included, inter alia, an addition for payments and expenses paid or accrued by the Seller from January 1, 2026 until the completion date for the construction and development of the Foley and Lavender projects, as well as operating costs incurred in the ordinary course of business, subject to an agreed budget (the "Interim Period Costs").

The acquisition of the portfolio was financed in part through bridge loans obtained by a subsidiary from Bank Hapoalim in a total amount of USD 255 million, for a period of 90 days, with an option to extend for an additional 45 days. It should be noted that, subject to the completion of due diligence and additional conditions set forth in the agreement, the parties intend to enter into long-term financing agreements that will repay the bridging loans.

For further details regarding the transaction, the bridge financing from Bank Hapoalim and the completion of the transaction, see the Immediate Reports dated December 31, 2025 (Reference No.: 2025-01-105695), February 26, 2026 (Reference No.: 2026-01-018281), and February 27, 2026 (Reference No.: 2026-01-018533), the contents of which are included in this Report by way of reference.

For details regarding the senior financing borne by the projects, as well as the financing of the acquisition through a bridge loan, see Section 4.5.1.6 below.

[Nofar USA EIM Activity – Development of Additional Solar and Storage Projects](#)

On March 14, 2025, Nofar USA EIM (the "Purchaser") entered into an agreement to enter into two utility-scale battery projects in Texas, which received preliminary interconnection 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. Pursuant to these agreements, the Purchaser provided guarantees to the grid operator in respect of the two projects in a total amount of approximately USD 17 million, and also paid the sellers an amount of approximately USD 1.2 million on account of the purchase consideration. 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. In April 2025, Nofar USA carried out the work required to commence construction in order to secure ITC eligibility.

In August 2025, Nofar USA entered into an agreement granting it an exclusive option to acquire solar projects in Texas at various stages of development, with an aggregate capacity of up to 400 MWdc, subject to the timelines set forth in the agreement. In December 2025, the first transaction under this agreement was executed, pursuant to which the Company acquired a solar project in advanced stages

of development in Texas with a total capacity of approximately 19 MWdc, in consideration for an amount that is not material to the Company.

In addition, in light of the changes in tax incentives promoted by the Trump administration, Nofar USA is examining entry into projects at attractive prices, and within this framework, during the third quarter of 2025, acquired a portfolio of solar projects in early development stages with a capacity of approximately 857 megawatts, and in parallel, agreements were signed for the acquisition of additional projects in Texas as stated above. Alongside the acquisition of the said portfolio, solar panels were purchased to secure the tax incentives for some of these projects.

Alongside this, during the third quarter of 2025, Nofar USA entered into two corporate financing framework agreements: one in the amount of approximately USD 40 million for a period of two years until September 2027 (the "First Loan"), and one in the amount of USD 20 million for a period of one year until September 2026 (the "Second Loan") (together: the "Corporate Financing Frameworks"). These frameworks are secured by a parent company guarantee (PCG), and the First Loan is also secured by liens over the Bracero Pecan and Fairway project companies and the company holding them. In addition, the frameworks include financial covenants for the Company identical to the covenants of the Company's bonds, and financial covenants for Nofar USA regarding minimum equity (including shareholder loans) of USD 35 million and an equity-to-assets ratio of at least 15%, as well as a cross-default clause for loans taken by the Company.

Blue Sky Activity - Initiating Solar Projects and Storage

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 US. 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.

During the Report Period, Blue Sky focused on the construction of new projects, strengthening its organizational and management infrastructure, operating existing projects, carrying out maintenance and performance optimization activities, collecting payments and reinforcing its collection processes, improving the tenant mix to whom electricity credits are sold, expanding partnerships with REIT funds, establishing new partnerships, and expanding into additional segments in the United States, primarily involving behind-the-meter storage projects.

As of the Report Date, Blue Sky has a backlog of projects in various stages of development. For details about Blue Sky's project backlog, see Section 1.3 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), which is included in this Report by way of reference.

3.4.1.2 [Renewable energy market in the US](#)

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 2024, with a 64% increase in capacity, reaching 7.4 gigawatts.¹⁶⁵

In 2025, the renewable energy market in the United States developed dramatically, driven by a surge in solar and battery storage capacity. Between January 1 and October 31, 2025, utility-scale solar capacity increased by approximately 19.5 gigawatts, while an additional approximately 4.8 gigawatts were added by smaller solar installations. The U.S. Energy Information Administration (EIA) forecasts continued strong growth in the solar sector, with estimates indicating that over the next 12 months, an even larger volume of utility-scale solar capacity—approximately 36 gigawatts—is expected to be added. Significant growth was also recorded in battery energy storage, which increased by 45% since the beginning of 2025, adding approximately 12 gigawatts of new capacity. The EIA further notes that planned battery capacity additions over the next 12 months amount to approximately 22 gigawatts, representing an additional increase of 56%.¹⁶⁶

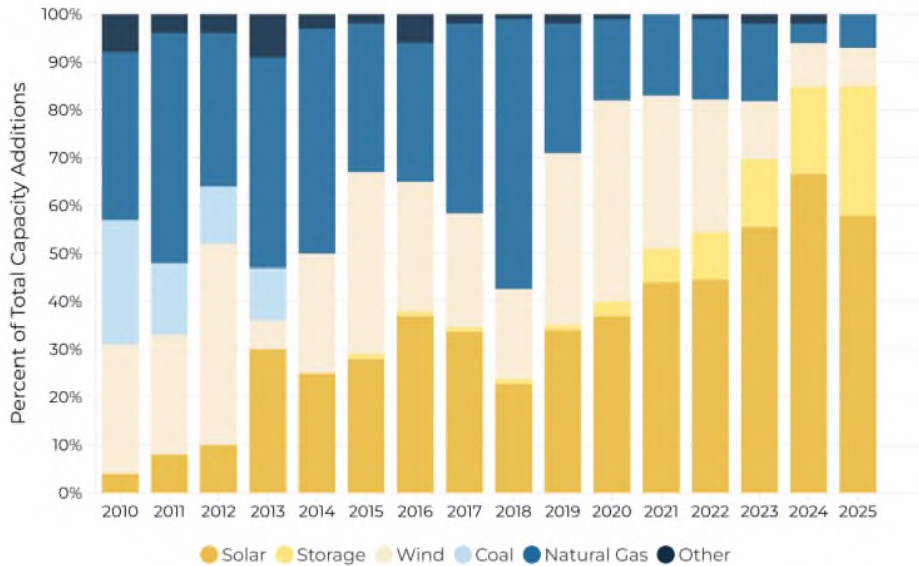
Below is a graph showing the rate of new energy production sources in the US each year:¹⁶⁷

¹⁶⁵ "2025 renewable energy industry outlook", Deloitte.

¹⁶⁶ <https://www.renewableenergymagazine.com/panorama/renewables-provided-26-percent-of-us-electricity-20251229>

¹⁶⁷ <https://seia.org/research-resources/solar-market-insight-report-q4-2025/>

U.S. Annual Additions of New Electric Generating Capacity



Source: SEIA/Wood Mackenzie Power & Renewables U.S. Solar Market Insight Q4 2025; EIA



According to a January report by the U.S. Energy Information Administration (EIA), the United States is facing a four-year period of the strongest growth in electricity demand since 2000. According to EIA estimates, total electricity consumption in the US is expected to increase by 1% in 2026 and by 3% in 2027. This surge is attributed to structural changes in the economy, and specifically to the rapid expansion of large-scale computing facilities and data centers designed to support artificial intelligence workloads. To support the growing demand, the EIA forecasts a substantial expansion of generation capacity, primarily through solar energy, which is expected to grow by 21% annually through 2027, alongside continued reliance on natural gas to maintain grid stability.¹⁶⁸

In recent years and in particular in 2022, former US President Joe Biden has worked to encourage the use of clean energy. From the moment Biden took office, the Biden Administration 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 2035¹⁶⁹, 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 renewable energy projects¹⁷⁰, which include, among other things, the extension of the eligibility period for federal tax

¹⁶⁸ <https://www.eia.gov/pressroom/releases/press582.php>

¹⁶⁹ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/06/fact-sheet-the-bipartisan-infrastructure-deal/>.

¹⁷⁰ <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>.

incentives for wind and solar projects and their expansion to include storage projects.¹⁷¹ for further details regarding the IRA regulations most relevant to the Company's operations, see Section 3.4.1.3 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.

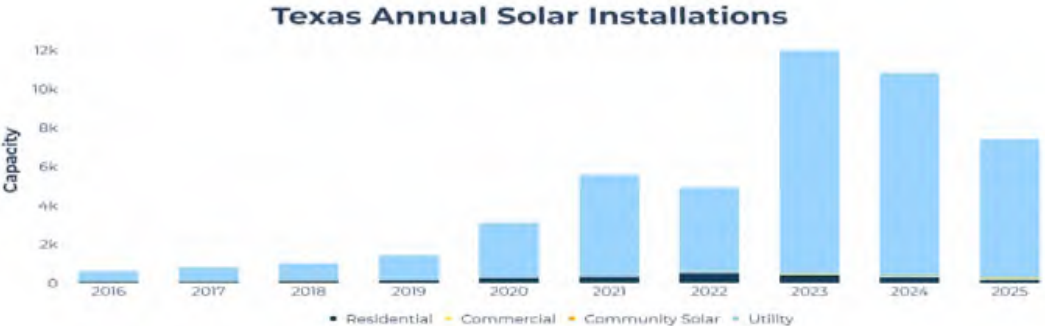
After a Republican victory in the Congressional and Senate elections and Trump's inauguration in early January 2025, there was a significant change in the US government's approach to renewable energy, with Trump declaring an "energy emergency" that allows for the promotion of conventional energy sources.¹⁷² In this framework, 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.¹⁷³ For details regarding regulatory changes in the US in 2025 in relation to the renewable energy market, see Section 3.4.1.3 below.

The Texas Market

During 2025, Nofar USA entered into two Utility storage projects in Texas and the first project from a portfolio of DG-Solar projects totaling approximately 10 MWac.

The state of Texas is second only to California in total solar capacity with 48 gigawatts of installed capacity and is expected to grow significantly – reaching approximately 85 gigawatts in the next five years. The rate of electricity produced from solar in the country is about 9.5% of the country's energy consumption.

The following graph shows the annual solar power installed in Texas over time¹⁷⁴:



¹⁷¹ US Office of Energy Efficiency and Renewable Energy website, Department of Solar Energy: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>

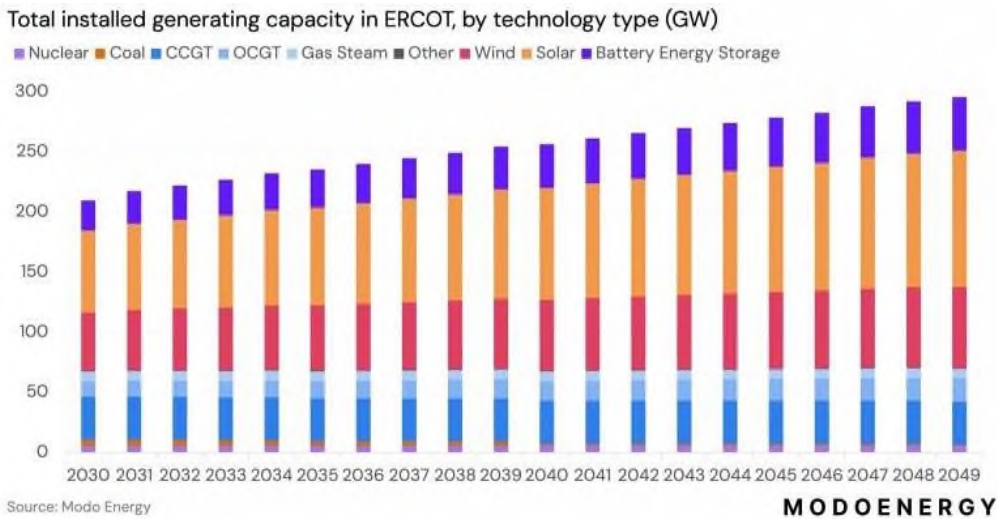
¹⁷² <https://www.whitehouse.gov/presidential-actions/2025/01/declaring-a-national-energy-emergency/>

¹⁷³ <https://www.reuters.com/world/us/trump-will-declare-national-energy-emergency-incoming-administration-official-2025-01-20/>

¹⁷⁴ <https://seia.org/state-solar-policy/texas-solar/>

In recent years, Texas has experienced significant growth in battery storage as part of the transition to renewable energy. As of 2025, 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 100 gigawatts by 2030.¹⁷⁵

The following graph shows the forecast for total installed generation capacity in ERCOT, by technology (gigawatts)¹⁷⁶:



New England Market

The energy market in New England is undergoing a profound transition toward renewable energy sources. As of 2025, developers have submitted applications for grid connection (regional generation queue) for new projects with a total capacity of approximately 38.5 gigawatts. This project pipeline is dominated by renewable energy projects and supporting infrastructure, including 17 GW of offshore wind projects, 18 GW of storage projects, and 13.5 GW of solar projects. In addition, the New England market recorded a 2% increase in electricity demand in 2025, primarily driven by the growth of data centers and the shift to electrification in heating and transportation.

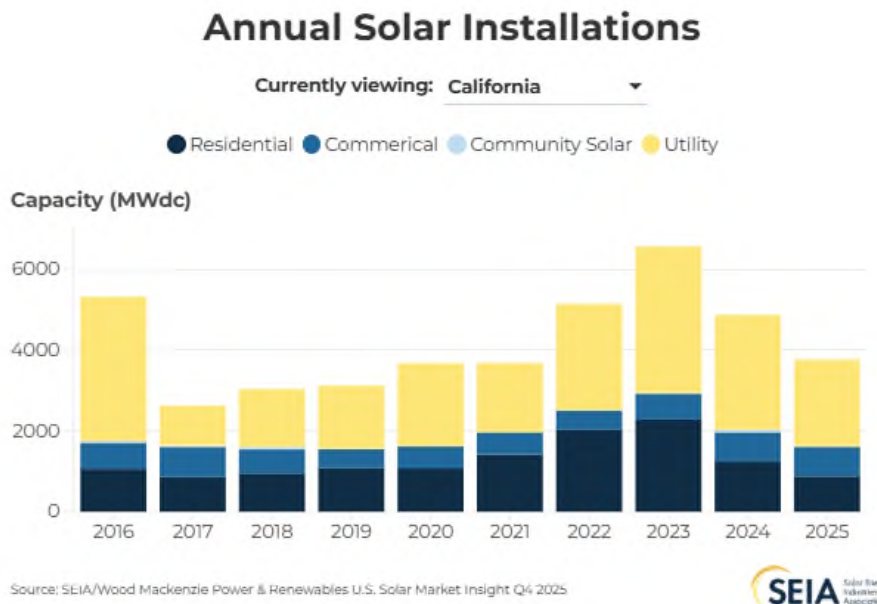
The California market

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, awareness of renewable energies, setting a target for the transition to energy consumption from renewable sources

¹⁷⁵ <https://seia.org/state-solar-policy/texas-solar/>
¹⁷⁶ MODO Energy

at a rate of 100% by the year 2045¹⁷⁷, a large consumer population, high electricity consumption as well as a high electricity tariff. According to publications, solar systems totaling approximately 54 gigawatts have been installed in California to date, providing approximately 34.75% of the state's energy consumption.¹⁷⁸

In the following graph you can see the annual solar power installed in the country over time:¹⁷⁹



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.¹⁸⁰ It should be noted that following the regulatory changes that have occurred in California in recent years, Blue Sky changed 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.

3.4.1.3 Limitations, legislation, standards and special constraints

¹⁷⁷ <https://www.energy.ca.gov/sites/default/files/2019-06/REN-DevelopingRenewableEnergy.pdf>.

¹⁷⁸ <https://seia.org/state-solar-policy/california-solar/>

¹⁷⁹ <https://www.seia.org/state-solar-policy/california-solar>.

¹⁸⁰ <https://pv-magazine-usa.com/2022/12/15/california-pulls-the-plug-on-rooftop-solar>.

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.

- 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")), which was expanded during 2022 and now also includes storage projects. 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 Parter"), 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 commenced during the years 2022–2033 increased to 30% of the invested cost, and may reach up to 50% subject to the fulfillment of certain conditions.
- Federal tax incentives (ITC and PTC) are most effectively utilized through arrangements with a local partner with U.S. federal tax liability (a "tax equity partner"), under which the tax equity partner provides a portion of the equity required for the construction of the project in exchange for receiving the majority of the federal tax benefits granted in respect of the project (in most cases through the establishment of a special purpose vehicle jointly held by the project developer and the tax equity partner, whose sole activity is the development, ownership and operation of the

renewable energy project), as well as a defined share of the project's future distributable cash flows, ensuring the tax equity partner a predetermined return within a defined period of time. At the end of the defined period, the tax equity partner is entitled to a reduced share of the federal tax benefits granted in respect of the project and of the project's distributable cash flows. At that point, the developer typically has the right to buy out the tax equity partner's rights to future tax benefits and cash flows in accordance with a pre-agreed valuation formula between the parties. The level of the defined return and the duration of the tax equity partner's entitlement depend, inter alia, on market conditions and the developer's negotiating leverage vis-à-vis the tax equity partner. In addition, the tax benefit may be utilized through the sale of the right to the tax benefit near the commercial operation date of the project, in consideration for a pre-agreed payment and with the benefit of accelerated depreciation during the term of the agreement (where, under such an agreement, the developer typically undertakes vis-à-vis the purchaser to comply with the statutory conditions entitling eligibility for the ITC and undertakes to indemnify the purchaser in cases where, due to compliance with such statutory requirements, the purchaser is not entitled to benefit from the ITC acquired), or independently, against the profits of the project company.

- As noted above, in the connected projects within the Pinegate portfolio, tax equity partners are present in two models. The first group of projects (Allora, Gunsight, Cabin Creek, Phobos) is based on the Inverted Lease Pass-Through model, pursuant to which the project company leases the project to a designated lessee entity, held by the developer (as GP, holding 1% of the rights) and the tax equity partner (holding 99% of the rights). The tax credit for the investment (ITC) and the majority of the tax benefits (depreciation, profits and operating losses) are allocated to the partners in accordance with their ownership interests. During the period prior to the Flip Date (as defined below), the tax equity partner is entitled to a preferred return of 2.0% per annum on its total investment, as well as its share of the cash flows in accordance with its ownership interest. Accordingly, in the Company's assessment, through 2028, the tax equity partner will be entitled to substantially all of the available distributable cash flow. After five years from the commercial operation date or upon achieving an agreed return (the "Flip Date"), the tax equity partner's ownership and share of ongoing cash flows are reduced to 5%, and the Company is granted a right to acquire the tax equity partner's holdings in accordance with a pre-agreed valuation formula. The second group of projects (Jungmann, East Atmore, Texas One) is based on a Preferred Equity model, pursuant to which the tax equity partner is entitled to 29% of the project cash flows for a period of 5–7 years from the commercial operation date. At the end of this period, and upon repayment of the tax equity partner's investment together with an agreed return, the tax equity partner's share in the cash flows decreases to 5%–6%, and the Company has the right to acquire the tax equity partner's interest pursuant to an agreed valuation mechanism.

With regard to Blue Sky, it should be noted that the models implemented by it are the Partnership Flip model and the Tax Credit Sale.

- 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.
- On July 4, 2025, the Budget Reconciliation Bill, also known as the “One Big Beautiful Bill,” was adopted, which included legislative changes regarding tax incentives (ITC and PTC) relevant to the Company’s activity in the United States. According to the Budget Reconciliation Bill, the ITC incentive rates will remain unchanged for storage projects that commence construction until 2033, after which they will decrease until their cancellation in 2035. For solar projects, the tax-incentive rates will remain unchanged for projects that complete construction by the end of 2027 or commence construction by July 4, 2026, provided construction is completed by the end of 2030. In addition, the law establishes restrictions regarding the use of equipment manufactured by a Prohibited Foreign Entity after 2025. On August 15, 2025, a presidential order was published defining “Commencement of Construction” for solar projects above 1.5 megawatts and wind projects that commence construction after September 2, 2025, such that commencement of construction will be limited to the commencement of significant on-site construction work or commencement of off-site construction work of a substantial nature, typically characterized by the procurement of unique equipment for the project. In addition, an investment of 5% of the project’s construction cost will be considered the commencement of construction for solar projects under 1.5 megawatts and for storage projects. Restrictions were also established regarding completion of construction for wind projects and solar projects above 1.5 megawatts. Nofar USA is continuously monitoring these changes to ensure compliance with the law’s restrictions.

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 China¹⁸¹ (which was partially reduced to 10% in November 2025 under specific orders related to the war on fentanyl). In response, Canada and China imposed tariffs against the US, and the European Union, after a period of suspension and negotiations, began applying graduated retaliatory tariffs on American products starting in July 2025, although in August 2025 an initial agreement was reached to ease tensions with the US administration.¹⁸² The Company estimates that the escalation of a global trade war, including the imposition of tariffs and retaliatory tariffs, may cause uncertainty and

¹⁸¹ <https://www.fb.org/market-intel/tallying-up-the-latest-retaliatory-tariffs>

¹⁸² <https://globaltaxnews.ey.com/news/2025-0906-eu-publishes-countermeasures-against-us-tariffs-while-suspending-implementation>

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. During February 2026, the American tariff system experienced a shake-up following a historic Supreme Court ruling. In the ruling in *Learning Resources, Inc.*, the justices held, by a 6–3 majority, that the President does not have statutory authority to impose tariffs under the IEEPA. As a result, all tariffs imposed pursuant to this law were immediately invalidated, including tariffs on Canada, Mexico and China. Following this, the U.S. administration invoked Section 122 of the Trade Act of 1974, which allows the imposition of a temporary global import surcharge of up to 15% (due to a balance of payments deficit) for a period of up to 150 days. This measure is intended to serve as an interim solution while the U.S. administration works to establish more permanent tariff measures.¹⁸³

3.4.1.4 Operating income and customers

For details regarding Blue Sky project revenues, see Section 1.3 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 discount (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).

The revenue from Pinegate Portfolio projects is derived from PPA agreements for periods ranging from 5 (renewable agreements) to 17 years.

3.4.1.5 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 2025, Blue Sky focused mainly on activities of initiating various storage projects, entered into lease agreements regarding the construction of batteries for various sites, and began development

¹⁸³ <https://www.whitecase.com/insight-alert/united-states-terminates-ieepa-based-tariffs-following-supreme-court-decision>

procedures for these projects. In addition, in 2025, Nofar USA entered into two utility-scale storage projects in Texas, and in February 2026 completed the acquisition of the Pinegate portfolio, which includes seven operational projects and two projects in construction (Foley) and advanced development stages, located in Texas, Alabama, North Carolina and South Carolina. The Group intends to act in the coming years to complete the construction of the Foley project and to obtain the required permits for the development of the remaining projects in the United States. The Company estimates that in 2026, a significant increase in revenues in the US is expected as a result of consolidating the results of the operational projects within the Pinegate portfolio into the Company's financial statements, and upon completion of construction and grid connection of the projects currently in development and construction, an additional significant increase in revenues in the US is expected. It is emphasized that the Company's estimates regarding the increase in the scope of activity and its profitability constitute forward-looking information, as defined in the Securities Law, and are dependent on factors beyond the Company's control, including receipt of all required approvals for the construction and connection of the systems, completion of construction, and the absence of changes in regulatory conditions and the IRA, and the like.

In 2024, one of the minority shareholders in Blue Sky and companies under its control filed claims against the Company, Nofar USA and Blue Sky, and Nofar USA also filed several claims against the minority shareholder and companies under its control. These proceedings may have some impact on Blue Sky's operations. For details, see Section 4.10 below and Note 17.C. to the financial statements.

3.4.1.6 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 US, 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.

The Company estimates that, given the scope of potential projects promoted by Nofar USA, Nofar USA's share in the US renewable energy market is negligible.

Given the scope of the projects promoted by Nofar USA, as well as the number of territories in which it 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.

3.4.2 **Group's Activity in the Field of Data Centers**

In 2025, the Company entered the data centers (server farms) sector and, in this context, began to examine various opportunities for development and investment in this field.

In this framework, as of the date of publication of this Report, the Company is conducting negotiations with B.S.R Shoham – Center Limited Partnership and additional landowners holding rights in a land parcel in Shoham with an area of approximately 32 dunams (the “**Owners**”), for the acquisition of 51% of the rights in the land (through a designated indirect subsidiary) for a total consideration of approximately NIS 181 million. In addition, the Owners will be granted a PUT option to sell their remaining holdings for cash or in consideration for the allocation of shares in a designated subsidiary of the Company, on the terms detailed in the Immediate Report dated February 3, 2026 (Reference No.: 2026-01-012143), the contents of which are included in this Report by way of reference (the “**Immediate Report**”). The Owners granted the Company a No-Shop undertaking under a non-binding memorandum of understanding for a period of 30 days (with an extension of an additional 30 days) during the negotiations regarding the transaction. In parallel, the parties are expected to discuss entering into a cooperation agreement for the promotion, development and construction of a data center on the land. It is clarified that, as of the date of publication of this Report, there is no certainty regarding the completion of the negotiations, the execution of binding agreements or the terms thereof, which are subject to the completion of negotiations and execution of detailed agreements between the parties, and are conditional, inter alia, upon obtaining required approvals, including approvals from the relevant corporate bodies of the parties and regulatory approvals (if required). For additional details, see the immediate report, the contents of which are provided in this report by reference.

In addition, as of the date of publication of this Report, the Company is examining additional opportunities for development and investment in the data centers sector, both in Israel and globally.

It should be noted that the data centers sector is currently experiencing substantial growth, both in Israel and worldwide, primarily driven by the surge in artificial intelligence (AI) usage and the widespread adoption of cloud services. Globally, the market is undergoing a “super-cycle” of infrastructure investment, with demand for computing power driving the development of “mega campuses” and the planning of high energy-density facilities incorporating advanced cooling technologies.¹⁸⁴

¹⁸⁴ <https://www.researchandmarkets.com/reports/5820214/israel-data-center-market-investment-analysis>

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 Kfar Saba, 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.

The subsidiaries' offices (Nofar Israel in Kfar Saba, Blue Sky in the Miami, Florida area, Sunprime in Milano, Italy, Nofar Romania in Bucharest, Romania, Nofar Europe in Amsterdam and Berlin, Atlantic Green in Reading, Noventum Reading in London, Electrum Nofar in Warsaw, Poland, and Nofar Adria in Belgrade, Serbia), are 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.

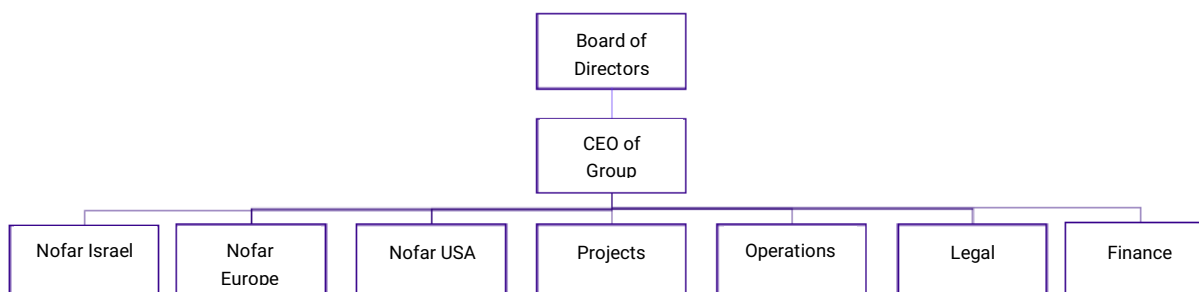
The Company has no substantial fixed assets, with the exception of the electricity generation systems owned by the Group Corporations. For details, see Note 11 of the Company’s financial statements.

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, December 31, 2025, and the Report Date, the Group employs 255, 290 and 364 employees and officers, respectively, broken down as follows:

In the years 2023-2024

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

In 2025

Area of activity	Israel	USA	Europe	Headquarters
Initiation and investment	11	28	140	9
Construction and operation	37	---	---	3
Engineering	6	1	24	9
Headquarters	12	10	53	21

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.

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 2024 and 2025 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 and its subsidiaries.

On June 5, 2024, July 23, 2024, and February 10, 2025, 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.

In 2025, on June 5, September 1, September 15, October 9, November 5, November 12, November 13, December 22, and on January 21, 2026, the Company allotted, respectively, 41,083, 167,630, 22,607, 130,837, 50,000, 50,000, 130,837, 50,000 and 50,000 options to employees and Officers. For details regarding the allotments, see the Immediate Reports dated June 5, 2025, September 1, 2025, September 15, 2025, October 9, 2025, November 5, 2025, November 12, 2025, December 22, 2025 and January 21, 2026 (Reference Nos.: 2025-01-040668, 2025-01-066144, 2025-01-069461, 2025-01-074719, 2025-01-084042, 2025-01-087303, 2025-01-086588, 2025-01-102115 and 2026-01-005880, respectively), the contents of which are included in this Report by way of reference.

For details regarding the terms of the options, see the reports above, as well as description and amendment thereto published by the Company on May 30, 2024 (Reference No.: 2024-01-056994).

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 regarding the compensation policy of the Company's officers, see the appendix to the Notice of General Meeting dated November 20, 2025 (Reference No.: 2025-01-090006), which is included in this Report by way of reference.

4.3 Working capital

4.3.1 General

As of December 31, 2025, the Company has positive working capital in the amount of approximately NIS 235 million, compared to positive working capital in the amount of approximately NIS 224 million as of December 31, 2024, and approximately 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, 55, and 60 days for the years 2023, 2024, and 2025, 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, December 31, 2024, and December 31, 2025 include a provision in the amount of approximately NIS 74, 359, and 135 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 ¹⁸⁵		
		2023	2024	2025
Initiating and investment in Israel	From payment of "net" to "net" + 60	60	60	60
Construction and operation	From payment in advance and in cash to "net" + 75 days	75	75	75
Development and investment abroad	From payment of "net" to "net" + 60	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 areas¹⁸⁶:

Area of activity	Range of supplier, service provider and subcontractor credit	Average credit days		
		2023	2024	2025
Construction and operation	From payment in advance and in cash to "net" + 60 days	63	65	65
Initiation and investment abroad	From payment in advance and in cash to "net" + 30 days	30	30	30

¹⁸⁵ 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.

¹⁸⁶ The suppliers' credit in the field of initiation and investment in Israel is mainly credit provided by the Company to the joint project corporations.

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**").

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 HaAyin, Yehud-Monoson 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 Authority¹⁸⁷ 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 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

¹⁸⁷ Electricity Authority Decision No. 63704 - Market model for production and storage facilities connected or integrated in the distribution grid.

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 operations through its equity, issuance of bonds, non-tradable commercial papers (NCPs), loans from banking corporations, financing institutions and investment funds, loans from partners, investment transactions in subsidiaries and in joint project companies, and from surplus positive cash flows from its operations.

4.5.1.1 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.

4.5.1.2 Tradeable securities

During the Report Period, the Company issued commercial papers. For details, see Section 4.5.5 below.

4.5.1.3 Investments in subsidiaries by institutional entities

In 2025, the Company entered into an investment deal with Clal Group in Nofar Israel. For details about the transaction, see Section 3.1.1.1 above.

4.5.1.4 Bank project financing in Israel

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 ratio¹⁸⁸ (usually 1.25, when there are systems held by the Company for which this ratio is examined in aggregate¹⁸⁹), 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.

4.5.1.5 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.¹⁹⁰ 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).

4.5.1.6 Financing the activity in the United States

Pinegate Portfolio Financing

Financing the acquisition of the Pinegate Portfolio – In February 2026, Nofar USA EIM, 90% held (indirectly) by the Company, entered into a financing agreement with Bank Hapoalim Ltd., for a total amount of up to USD 255 million, for the purpose of providing bridge loans to finance the acquisition of the Pinegate Portfolio. As of the Report Date, full withdrawal of the entire loan amount has been made. For additional details, see the immediate report dated February 26, 2026 (Reference No.: 2026-01-018281). It should be noted that, subject to the completion of due diligence and additional conditions set forth in the agreement, the parties intend to enter into long-term financing agreements that will repay the bridging loans.

¹⁸⁸ "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).

¹⁸⁹ 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.

¹⁹⁰ 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.

Senior financing of the Pinegate Portfolio – the Pinegate Portfolio includes nine solar projects in the United States, of which seven projects in commercial operation carry senior debt in a total amount of approximately USD 261 million as of December 31, 2025, and two projects in construction and development stages are financed, as of the date of publication of this Report, through equity and through bridge financing from Bank Hapoalim, as detailed above. The senior financing is structured as non-recourse or limited-recourse project finance loans, secured by liens over the assets of the project groups, rights, shares, and shareholder loans of the project group companies.

The senior debt in the portfolio is divided into three main groups (first – Jungmann, East Atmore, Texas One; second – Allora, Gunsight; and third – Cabin Creek, Phobos), with some of the loans including components of variable interest based on SOFR plus a determined margin, and some of the loans including components of fixed interest within defined ranges with periodic reset mechanisms, partially supported by USDA guarantees. The financing agreements include compliance with a Debt Service Coverage Ratio (DSCR) in the range of 1.0 to 1.3 and leverage limitations (Debt-to-Worth). The loans include provisions regarding cash sweep mechanisms, restrictions on dividend distributions, change of control provisions, cross-default provisions within each debt group, and events of default. It should be noted that the Company replaced the previous owners' guarantees and provided corporate guarantees to secure various obligations, including in connection with debt service and indemnification of tax equity investors in the portfolio.

Corporate financing

During 2025, Nofar USA took out corporate financing from non-bank financing entities. For details about the corporate financing taken by Nofar USA, see Section 3.4 above.

Blue Sky activity 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 its connection to the electricity grid, Blue Sky typically enters into an agreement for the sale of the ITC or an agreement with a tax equity partner, the proceeds of which are used to repay part of the equity invested by Blue Sky during the construction period and to repay 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.

4.5.1.7 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 financing agreements that constitute material credit, 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, December 31, 2024, and December 31, 2025¹⁹¹:

		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) (*)	Balance in NIS per day December 31, 2025 (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%	2,286,250	4.52%	5.51%
	Non-project financing	Variable interest	---	---	---	---	---	---	427,000	6.74%	6.79%
	Senior bank financing (**)	Variable interest	578,823	7.04%	7.09%	828,687	7.01%	7.06%	832,508	6.82%	6.87%
	Senior financing from project partners	Variable interest	576	3%	3.04%	436	3.00%	3.04%	329	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%	2,013,019	3.95%-7.00%	4.41%-7.85%
	Senior bank financing	Fixed interest	364,681	4.6%-6.01%	4.6%-6.01%	70,377	6.82%	6.82%	598,303	4.6%-8.52%	4.6%-10.19%
Shorts term loans											
Field of Initiation and Investment in Israel	Senior bank financing (**)	Variable interest	322,500	6.1%	6.16%	217,662	6.92%	6.98%	152,120	6.50%	6.56%
	Non-project financing	Variable interest	---	---	---	65,041	7.7%	7.75%	430,000	6.41%	6.46%
	Senior financing from project partners	Fixed interest	17,306	6%	6%	---	---	---	---	---	---
Field of Initiation and Investment Abroad	Non-project financing	Fixed interest	---	---	---	---	---	---	67,489	8.86%	9.04%

* 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, 2025 until the date of publication of this Report, the Group companies obtained credit in a total amount of approximately NIS 3,049 million, primarily arising from the bridge financing loan for the Pinegate Project, financing for the acquisition of Ellomay shares, and project financing of Sunprime (in which the Company holds 30%).



¹⁹¹ 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.

4.5.3 Credit with variable interest

Below are details about main variable interest loans taken by the Group Companies:

	Change mechanism	2023		2024		2025		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)	Interest range	Credit amount as of December 31 (NIS thousands)	
Non-project financing in Israel	Prime + 0.5% up to prime + 1.7%	---	---	7.70%	65,041	6%-7.2%	857,000	6.62%
Israel project financing	Prime + 0.5% up to Prime + 1.9%	4.2%-7.5%	901,899	6.5%-7.9%	1,046,785	6.25%-7.65%	984,958	6.77%
Overseas project financing	Euribor +1.75% to Euribor +4%	4.63%-7.8%	1,064,133	4.63%-7.65%	1,660,516	3.44%-6.58%	1,808,920	4.84%
	Sonia + 2%-3.5%	5.9% - 8.6%	76,245	7.74%-7.88%	74,354	3.95%-7.04%	204,099	5.08%

4.5.4 Financing credit facilities

The Group Companies have financing credit facilities as detailed below¹⁹²:

	December 31, 2023		December 31, 2024		December 31, 2025		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)	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	1,978,886	1,841,958	2,028,886	1,891,958
Non-project bank financing facilities and for project initiation in Europe and the USA(**)	1,699,523	1,491,529	3,266,968	1,734,870	2,899,789	2,389,411	5,612,207	3,413,036

(*) For details regarding the terms of the credit facility, see Section 4.5.1.4 above under "Israeli bank financing."

(**) For details regarding the terms of the credit facility, see Section 4.5.5 below.

¹⁹² 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.

4.5.5 Significant funding

The following are details regarding material financing, as defined in the Securities Authority's position No. 104-15 regarding reportable credit, taken out by the Company and investee corporations, as of December 31, 2025:

Loan no.	The Borrower	The Lender	Balance as of December 31, 2025 (NIS millions)	Interest and linkage terms ¹⁹³	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2025	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	316 (Remaining par value and linkage) ¹⁹⁴	1.48% per year index-linked	Repayments made: 10% - 30 June 2023 6% - December 31, 2023 and 2024 and June 30, 2024 and 2025 4% - 31 December 2025 Future repayments: 4% - 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 1,861 million) The ratio of solo equity to solo balance sheet will not be less than 35% (as of the Report Date, the ratio is 42.9%) ¹⁹⁵ Consolidated net financial debt to EBDITA ratio will not exceed 15 (as of the report date, the ratio is 6.97) ¹⁹⁶	Inter alia, breach of undertakings included in the Trust Deed, imposition of an attachment, appointment of an office holder, insolvency proceedings, a material adverse change, suspension of trading on the stock exchange, an unlawful undertaking, acceleration of debts of the Company and/or a company held by it by other creditors, failure to comply with any of the financial covenants for two consecutive quarters, and a downgrade below a BBB-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 Offer Report published by the Company on August 12, 2021 (Reference No.: 2021-01-131616), included in this Report by way of reference.

¹⁹³ The description does not include transaction fees (including credit provision fee, facility cancellation fee and facility non-utilization fee) and arrears interest.

¹⁹⁴ As of December 31, 2025, the outstanding par value without linkage of bonds (Series A) is NIS 273,240 thousand.

¹⁹⁵ Solo equity as of December 31, 2025 - NIS 1,861 million; Solo net balance as of December 31, 2025 - NIS 4,334 million.

¹⁹⁶ net consolidated financial debt as of December 31, 2025 - nis 671 million; EBDITA for 2025 - NIS 96 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

Loan no.	The Borrower	The Lender	Balance as of December 31, 2025 (NIS millions)	Interest and linkage terms ¹⁹³	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2025	Notes / additional essential conditions			
							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	26	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 1,861 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 42.9% ²⁰⁰). Consolidated equity to consolidated balance sheet total will not be less than 14% (as of the report date it is 28.9%). The ratio of consolidated net financial debt to EBITDA will not exceed 15 (as of the Report Date, the ratio is 6.97) ¹⁹⁶	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 (Cross) of debts of the Company and/or the Company's investee companies, failure to meet certain financial benchmarks for two consecutive quarters, downgrade from BBB-	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	803	6.95% per year not linked	5% - Repaid on June 30, 2025 10% - 30 June 2026 and 2027 15% - 30 June 2028 30% - 30 June 2029 and 2030.	The ratio of consolidated net financial debt to EBITDA will not exceed 15 (as of the Report Date, the ratio is 6.97) ¹⁹⁶	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 (Cross) of debts of the Company and/or the Company's investee companies, failure to meet certain financial benchmarks for two consecutive quarters, downgrade from BBB-	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.

excluding expenses for share based payment. Therefore, the EBDITA used to calculate the said ratio includes the results of the establishment activity and operation of the company 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 EBDITA 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, 2025 (NIS millions)	Interest and linkage terms ¹⁹³	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2025	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	1,095	6.69% per year, unlinked	5% - Repaid on June 30 and December 31, 2023 15% - June 30 and December 31, 2031-2033		Inter alia, breach of undertakings included in the Trust Deed, imposition of an attachment, appointment of an office holder, insolvency proceedings, a material adverse change, suspension of trading on the stock exchange, an unlawful undertaking, acceleration of debts of the Company and/or companies held by the Company by other creditors (Cross Default), failure to comply with any of the financial covenants for two consecutive quarters, discontinuation of rating or a 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.

Loan no.	The Borrower	The Lender	Balance as of December 31, 2025 (NIS millions)	Notes / additional essential conditions						
				Interest and linkage terms ¹⁹³	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2025	Breach event, Cross default	Collateral, pledges and guarantees and their amount in the financial statements	Return rights	Additional Information
5	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.	---	<p>CAPEX framework - 6 Month Sonia plus a margin of between 2.75% and 3.75%.¹⁹⁷ It should be noted that there is a commitment in the agreement to partially hedge the Sonia.</p>	<p>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.</p> <p>The VAT framework will be repaid, whichever is earlier, 12 months from the date of commercial operation or March 2028.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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>	<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>

¹⁹⁷ 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.

Loan no.	The Borrower	The Lender	Balance as of December 31, 2025 (NIS millions)	Notes / additional essential conditions						
				Interest and linkage terms ¹⁹³	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2025	Breach event, Cross default	Collateral, pledges and guarantees and their amount in the financial statements	Return rights	Additional Information
.6	Subsidiaries (indirectly) of the Company Slobozia, Volter, Corbii Mari project	Consortium of international funding bodies	95	<p>The interest was paid in semi-annual installments starting from the date of the first drawdown of the financing.</p> <p>The loan principal is repaid in semi-annual, unequal installments, from the interest payment date specified in the repayment schedule until the end of the loan term, including a balloon payment of between 23% and 50% of the principal on the final, scheduled repayment date.</p> <p>The agreement includes a cash sweep mechanism to accelerate the repayment of principal payments.</p> <p>VAT framework: Will be repaid by November 26, 2027, if not extended as detailed above.</p> <p>During the establishment period: Euribor interest rate (6 months) plus a margin of 3.5% After commercial operation: Euribor interest rate (6 months) plus a margin of 3.3%</p> <p>VAT framework: Euribor interest rate (6 months) plus a margin of 2.75%</p>	<p>The interest was paid in semi-annual installments starting from the date of the first drawdown of the financing.</p> <p>The loan principal is repaid in semi-annual, unequal installments, from the interest payment date specified in the repayment schedule until the end of the loan term, including a balloon payment of between 23% and 50% of the principal on the final, scheduled repayment date.</p> <p>The agreement includes a cash sweep mechanism to accelerate the repayment of principal payments.</p> <p>VAT framework: Will be repaid by November 26, 2027, if not extended as detailed above.</p>	<p>Annual historical and future DSCR is less than 1.1 (As of the Report Date, the Company is not required to review the criteria.</p>	<p>The agreement includes customary events of default for immediate acceleration in project finance agreements in relation to the borrower, the shareholder and material parties to the project agreements, including, inter alia, non-payment of amounts, failure to comply with financial covenants, breach of undertakings and representations under the agreement, failure to achieve commercial operation in respect of each of the projects by a specified date and failure to complete the project by a specified date, cross default in respect of other debts of the borrowers, the shareholders in the borrowers and the Company prior to completion of the projects, all subject to certain thresholds as set forth in the agreement, insolvency proceedings and enforcement proceedings (against the borrowers, the shareholders in the borrowers, the Company or a material party to the project agreements), a material adverse change in the projects or in the financial condition or in the project agreements, breach of the project agreements, events relating to key contractors and the like.</p>	<p>The loan is secured by customary security for project finance agreements, including first-ranking liens over the shares of the borrowers, over shareholder loans extended to the borrowers, and over all assets and rights of the borrowers.</p>	<p>The financing agreement includes an undertaking by Nofar Europe B.V. and Nofar Ratesti BV, secured by a guarantee of the Company, that in the event of a cost overrun in construction, they will provide the additional equity required to complete the construction, up to an amount of EUR 4.66 million for Slobozia, EUR 14.28 million for Corbii Mari and EUR 9.26 million for Volter.</p>	<p>For additional details, see immediate report dated November 16, 2024 (Reference No.: 2025-01-093097).</p>

Loan no.	The Borrower	The Lender	Balance as of December 31, 2025 (NIS millions)	Notes / additional essential conditions						
				Interest and linkage terms ¹⁹³	Repayment dates	Financial benchmarks and calculation of compliance as of December 31, 2025	Breach event, Cross default	Collateral, pledges and guarantees and their amount in the financial statements	Return rights	Additional Information
.7	Subsidiaries (indirectly) of the Company Iepuresti and Ghimpati project	International financing bodies	267	6 Month Euribor plus a spread at an average rate of 2.9% during the operating period ¹⁹⁸ .	The interest is repaid in semi-annual installments. The principal of the loan is repaid in semi-annual, unequal installments, including a balloon payment in the range of 28% to 32% of the principal at the final maturity date set for June 2036. In addition, the agreement includes a Cash Sweep mechanism to accelerate the repayment of the balloon.	Annual historical and future DSCR is less than 1.1 (As of December 31, 2025, as of the Report Date, the Company is not required to review the criteria.	The agreement includes customary events of default for immediate acceleration in project finance agreements, including, inter alia, non-payment or delay in payment of the loan; failure to comply with financial covenants; breach of undertakings and representations under the agreement; cross default in respect of other debts of the borrowers and the shareholders in the borrowers and cross acceleration in respect of the Company, subject to the conditions set forth in the agreement; a material adverse change; insolvency proceedings against the borrowers, the shareholders in the borrowers, the Company and material parties to the project agreements; failure to comply with a final judgment in amounts as specified in the agreement; illegality; cessation of activity; legal proceedings; breach of project agreements; change in law; revocation of project permits; failure to comply with construction conditions as set forth in the agreement; events relating to construction contractors, maintenance contractors and the like.	The loan is secured by customary security for project finance agreements, including liens over the shares of the borrowers and the shareholder loans extended to the borrowers, a lien over all assets and rights of the borrowers (including by virtue of shareholder loans, undertakings to inject equity, EPC, O&M and PPA agreements and the like), liens over the borrowers' bank accounts and the like. The agreement also includes a negative pledge undertaking and restrictions on transactions in the borrowers' assets. It should be noted that the security secures the repayment of all loans and credit facilities provided under the financing agreement (including Capex facilities, VAT facilities and hedging transactions).	The financing agreement includes an undertaking by Nofar Europe B.V. and Nofar Ratesti BV, secured by a guarantee of the Company, that in the event of a cost overrun in construction, they will provide the additional equity required to complete the construction, up to an amount of EUR 24 million.	For additional details, see the immediate report dated August 21, 2024 (Reference No.: 2024-01-085962), which is included in this Report by way of reference.

¹⁹⁸ The interest rate ranges between 2.3% and 3.4% per annum, with the interest rate decreasing upon the commercial operation of the project (as defined in the financing agreement). The interest rate does not include fees payable, including a front-end fee, commitment fee, mobilization fee and annual fee payable throughout the term of the loan, in the amounts set forth in the agreement.

(*) For reportable credit obtained by the Company after the balance sheet date, see reports dated February 26, 2026 and February 27, 2026 (Reference Nos.: 2026-01-018281 and 2026-01-018533) regarding bridge financing for the acquisition of a portfolio of solar projects in the United States (Pinegate), and an Immediate Report dated February 24, 2026 (Reference No.: 2026-01-017171) regarding Sunprime's entry into a project finance agreement, the contents of which are included in this Report by way of reference.

Below is a summary of the Group's loans that include a cross-breach clause in accordance with the Securities and Exchange Authority's staff position - 104-15 'Reportable Credit Event':

The loans (*)	Cross Default	Original Overall Facilities	Total balance of loans as of December 31, 2025 (in NIS millions)	Financial benchmarks	Meeting financial criteria
<p>Three corporate financing facilities taken by the Company and a corporate financing facility taken by a subsidiary of the Company in Israel (the "Israel Facilities") as well as two corporate financing facilities taken by Nofar USA (the "US Facilities").</p>	<p>The Israel Facilities include a cross-breach clause in relation to the repayment of the Company's other debts.</p> <p>The US Facilities include a cross-default provision for other debts of Nofar USA as well as the Company.</p>	<p>Israel Facilities - NIS 550 million</p> <p>US facilities - USD 60 million</p>	<p>Israel - NIS 550 million</p> <p>US - USD 60 million</p>	<p>The Israel Facilities and the US Facilities include an undertaking to comply with financial covenants identical to the financial covenants of the Company's Bonds (Series B, C, and D).</p> <p>In addition, the US Facilities include an undertaking to comply with covenants for Nofar USA regarding minimum equity (including shareholder loans) of USD 35 million and an equity-to-assets ratio of at least 15%.</p>	<p>Regarding compliance with the financial benchmarks of the Bonds (Series B to D) - see the table above.</p> <p>Minimum equity (including shareholder loans) of Nofar USA - USD 58.8 million</p> <p>Equity-asset ratio of Nofar USA - 36%</p>
<p>Two series of commercial papers issued to institutional entities by the Company's subsidiary partnerships in Israel</p>	<p>A cross-default provision in respect of the acceleration of other debts of the Company or its consolidated companies or investee companies, on terms identical to those of the Company's bonds (Series B, C and D).</p>	<p>---</p>	<p>Commercial papers series Nofar Israel Energy LP - 65</p> <p>Commercial paper series Nofar Energy Europe LP - 210</p>	<p>-</p> <p>The consolidated equity to consolidated balance sheet ratio of the Company shall not be less than 14% for two consecutive quarters.</p>	<p>For compliance with this covenant, see the table above in relation to the Company's bonds (Series B-D).</p>

A loan from Bank Leumi Le-Israel Ltd. obtained by Nofar Energy Europe Partnership, a limited partnership wholly owned by the Company, for the purpose of acquiring Ellomay.	A cross-default provision in respect of the acceleration of other debts of the borrower or the Company, provided that where the creditor is not a financial creditor or bondholders, the debt is in an aggregate amount of at least NIS 10 million.	The loan facility is in the lesser of: (a) NIS 320,000,000; or (b) an amount equal to 65% of the value of the Ellomay shares purchased under the Ellomay Purchase Agreement.	-- (After the balance sheet date, the loan was fully repaid)	The loan includes financial criteria identical to the financial criteria of the Company's Bonds (Series B-D).	Regarding the actual compliance with the criteria, see the table above regarding the Company's Bonds (Series B-D).
Bonds of the Company	For details regarding the terms of the Bonds (Series A-D) which include a cross-breach provision, see the table above.				
Senior Finance Slobozia, Volter, Corbii	For details regarding loans in connection with the Slobozia, Volter, Corbii Mari project which include a cross-infringement clause, see Section 7 in the table above.				

(* In addition to the above, it should be noted that the Company provides, from time to time and as needed, a corporate guarantee (PCG) to secure some of the project financing and other commitments of the Company's subsidiaries. The repayment of such a guarantee, depending on its amount, may constitute grounds for the immediate repayment of the loans listed in the table.

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. In addition, the shares of some of the Company's investee companies are pledged for the benefit of corporate financing taken out by the Group, including shares of subsidiaries in the US and shares of Ellomay.

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. In July 2025, Midroog assigned a rating of A3.il with a stable outlook to the Company's bonds, and in November 2025, Midroog assigned a rating of A3.il to the Company's bonds (Series D) in a debt exchange offer of Series D bonds in exchange for Series B bonds.¹⁹⁹ On March 12, 2026, Midroog published an issuer comment report regarding the effects of the Company's acquisition of control in Ellomay and the completion of the acquisition of a material asset portfolio in the United States (Pinagate) on the Company's risk profile.²⁰⁰ In addition, on March 12, 2026, Midroog assigned a rating of A3.il with a

¹⁹⁹ For further details, see the Immediate Reports dated July 28, 2024, September 12, 2024, January 6, 2025, February 10, 2025, July 29, 2025 and November 16, 2025 (Reference Nos.: 2024-15-079360, 2024-15-602878, 2025-01-001850, 2025-15-009313, 2025-15-009655, 2025-15-056303, 2025-15-087639), the contents of which are included in this Report by way of reference.

²⁰⁰ For further details, see the Immediate Reports published by Midroog dated December 29, 2025 and March 12, 2026 (Reference Nos.: 2025-15-104332 and 2026-15-022390), the contents of which are included in this Report by way of reference.

stable outlook to the Company's Bonds (Series E), which, as of the date of publication of this Report, the Company is considering issuing.²⁰¹

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 assessment, in the coming year, the Group companies will be required to raise financing and senior project financing in an estimated amount of several hundred million NIS for the purpose of financing transactions entered into by the Group and the construction of 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.

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 shareholders 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

²⁰¹ For further details, see the Immediate Report published by Midroog dated March 12, 2026 (Reference No.: 2026-15-022378), the contents of which are included into this Report by way of reference.

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.

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.

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.

Shareholders and Investment Agreement

On January 8, 2026, Andromeda entered into an additional shareholders' agreement with Sunprime Holdings (which also includes an investment component as detailed in Subsection (d) below), within the framework of which the following were arranged, inter alia: (a) waiver by the parties of the interest accrued during 2025 in respect of the shareholders' loan of Andromeda and the shareholders' loan of Sunprime Management, and their conversion into non-interest-bearing shareholder loans; (c) arrangements regarding the repayment of the full balance of Andromeda's first shareholders' loan by no later than January 31, 2026; (d) Andromeda shall purchase from shareholders from among

Sunprime Management shares of Sunprime Holdings at a rate of approximately 2.5% of the share capital, no later than January 31, 2026, in consideration for payment in two stages: a first payment on the completion date and a second deferred/conditional payment in accordance with the conditions set forth in the agreement; and (e) an undertaking by the parties to act to convene a shareholders' meeting for the purpose of adopting a new/updated articles of association of Sunprime Holdings, including adjustments to corporate governance provisions and additional provisions, including with respect to the incentive agreement as detailed below.

Incentive Agreement

In addition, on January 9, 2026, an incentive agreement (Management Incentive Plan) (the "**Incentive Agreement**") was executed between Andromeda and Surge S.r.l. ("**Surge**"), one of the shareholders in Sunprime Holdings (holding approximately 17.70% of the share capital of Sunprime Holdings). The purpose of the Incentive Agreement is to implement an incentive plan for certain managers and employees of the Sunprime group through Surge, including the granting of special economic rights to Surge in connection with certain liquidity events (such as a change of control, certain distributions or an IPO). Inter alia, it was determined that in the event of a liquidity event, Surge will be entitled to an additional payment in an amount equal to 9% of the relevant proceeds of Andromeda (as defined in the agreement) in respect of the portion of the equity value of Sunprime Holdings at the time of the event exceeding a defined threshold, all in accordance with Andromeda's relevant holding rate at the time of the liquidity event and subject to the additional payment being positive. In addition, a designated distribution mechanism was established for certain cases, as well as tag-along rights in favor of Surge in certain change of control scenarios. It was further determined that the parties shall act, no later than January 31, 2026, to adopt a new articles of association of Sunprime that will reflect the provisions of the incentive agreement, including the distribution mechanism and the tag-along right.

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.

4.7.2 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.

In October 2025, the Company entered into an agreement with the Interland Group for the acquisition of its holdings in Atlantic Green for an amount that is not material to the Company. The transaction has been completed, and as of the date of the Report, the Company holds all of the interests in Atlantic Green. 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.

4.7.3 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.

4.7.4 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.

On October 5, 2025, a wholly owned subsidiary (indirectly) of the Company entered into an agreement with Econergy International LTD. for the sale of all of its holdings (50%) in Ratesti Solar Plant SRL. For additional details, see immediate reports published by the Company on October 5, 2025 and December 21, 2025 (Reference Nos.: 2025-01-073761 and 2025-01-101490, respectively), the contents of which are included in this Report by way of reference.

4.7.5 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.

4.7.6 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.

4.7.7 Changes in the rate of 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 (“Noy Nofar Europe”) 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.

On November 3, 2025, the Company entered into an agreement to sell 5% of its rights in the Noy-Nofar Europe Partnership and its general partner to the Noy Fund, for a consideration of EUR 18.95 million. Following completion of the transaction on December 25, 2025 (the “**Closing Date**”), the Company holds 47.5% and Noy Fund holds 52.5%, which granted Noy Fund control over Noy Nofar Europe. For further details, see the Immediate Reports dated November 4, 2025 and December 27, 2025 (Reference Nos.: 2025-01-083415, 2025-01-083759 and 2025-01-103733, respectively), the contents of which are included in this Report by way of reference.

Upon completion of the transaction, a new partnership agreement between the Company and Noy Fund entered into force, replacing the previous partnership agreement (for details regarding prior partnership agreements, see Section 4.7.9 of the 2024 Annual Report, the contents of which are included in this Report by way of reference), which governs, inter alia, the management of Noy Nofar Europe and the relationship between the parties as partners in Noy Nofar Europe, the principal terms of which are as follows:

- (a) Under the agreement, it was determined that Noy Nofar Europe will engage in the promotion, ownership, financing, development, construction and operation of the partnership’s existing projects: Olmedilla, Sabinar I, Sabinar II, Sunprime projects and Hybridization and development projects.
- (b) The board of directors of the general partner will consist of five members: two appointed by the Company and three appointed 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.
- (c) 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, a change in signatory rights.

- (d) The financing of Noy Nofar Europe's activities will be primarily from its independent sources. To the extent that financing cannot be obtained from its own sources, Noy Nofar Europe shall act to obtain financing in the following order of priority: (1) financing from a banking institution or a non-bank financial institution, without the provision of security by the limited partners and without recourse to the limited partners; (2) if such financing cannot be obtained or cannot be obtained on commercially reasonable terms, Noy Nofar Europe shall approach all limited partners with a request to provide the required financing on a pro rata basis according to their holdings in the partnership (i.e., Noy Fund – 52.5% and the Company – 47.5%), in such amounts and at such times as determined by the general partner. Financing provided by the limited partners shall be provided as shareholder loans linked to the index, bearing annual interest at a rate to be determined by the general partner, and shall be repaid from the distributable cash flow of Noy Nofar Europe on a pari passu basis in accordance with the repayment waterfall set forth in the agreement. Each limited partner may, but is not obligated to, provide its pro rata share of the financing. If a partner does not provide its pro rata share, the other partners that have provided their share may, but are not obligated to, provide, in its place, the portion not provided as excess financing, which shall be provided as an index-linked shareholder loan bearing interest at the rate of the relevant shareholder loans plus an additional interest margin as determined in the agreement. Where excess financing is provided by way of a guarantee, the partner providing the excess guarantee shall be entitled to an annual guarantee fee at the rate of the fee paid to the financial institution issuing the guarantee, plus interest as determined in the agreement; and provisions shall apply regarding the calling of guarantees, including classification of the called amount as a regular shareholder loan or as an excess financing loan (as applicable), and a pro rata arrangement for participation in amounts called beyond the relative share of the guarantor.
- (e) The agreement includes a profit distribution policy, pursuant to which all distributable cash flow (after repayment of excess financing loans and shareholder loans) shall be distributed to the partners in accordance with their ownership percentages in the partnership at the time of distribution.
- (f) The agreement includes provisions regarding a right of first offer by either of the parties; a right of first refusal in favor of Noy Fund in cases where the seller is not from the Noy Group and the

purchaser is a competitor of the Noy Group; and tag-along rights in the event of a sale of Noy Nofar Europe interests by any of the parties. A mechanism was also established regarding the sale of Noy Nofar Europe's assets: in the event that the general partner decides to sell or transfer (directly or indirectly) Noy Nofar Europe's holdings in the investee companies or any of them, and as long as the Company holds at least 15% of the limited partners' rights, the Company shall be granted a right of first offer to acquire the interests being sold.

4.7.8 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 (the Stendal 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.

On December 11, 2025, Frig Investment Limited ("**Frig**"), a wholly owned (indirect) subsidiary of the Company, entered into a share purchase agreement with a fund managed by EB-SIM, one of the leading investment managers in Germany (the "**Purchaser**"), for the sale of 49% of the share capital of Seerose Energie GmbH, the entity establishing and operating the Stendal project, as well as the transfer of a proportional portion of the shareholder loans extended to the project company. The transaction was completed on December 16, 2025, and the consideration in the amount of EUR 25.2 million was received. Upon completion of the transaction, a shareholders' agreement entered into force governing, inter alia, the management of the board of directors and decision-making rights, financing provisions, a deadlock mechanism including a buy-sell mechanism, as well as additional mutual rights of the shareholders, including pre-emption rights and tag-along rights.

For further details, see the Immediate Reports published by the Company on November 18, 2025 (Reference No.: 2025-01-088355), December 14, 2025 (Reference No.: 2025-01-099089), and December 17, 2025 (Reference No.: 2025-01-100733), which are included in this Report by way of reference.

4.7.9 Acquisition of first utility storage projects 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 1.3 of the Board of Directors' Report.

4.7.10 Acquisition of a portfolio of solar projects in the US – Pinegate

In December 2025, the Company entered into an agreement to acquire the Pinegate portfolio, which includes nine solar projects in the United States. In February 2026, the Company completed the acquisition of the said portfolio. For details regarding the agreement and the portfolio, see Section 3.4.1.1 above.

4.7.11 Investment Agreement with Clal Group in Nofar Israel

In January 2026, the Company entered into a set of agreements with Clal Group regarding an investment in the Company's activity in Israel. In March 2026, the first stage of the completion of the transaction was carried out. For details, see Section 3.1.1.1 above.

4.7.12 Share purchase agreement in Ellomay Capital Ltd.

On December 16, 2025, the Company entered into an agreement with S. Nechama Investments (2008) Ltd., Anat Rafael and Kanir Joint Investments (2005) (the "**Sellers**"), for the acquisition of all of their shares in Ellomay Capital Ltd. ("**Ellomay**"), constituting approximately 45.85% of the issued and paid-up share capital of Ellomay. Ellomay is a dual-listed public company, whose shares are traded on the NYSE American and the Tel Aviv Stock Exchange. On March 4, 2026, the transaction was completed and the Company became the controlling shareholder of Ellomay. For further details, see the immediate report dated December 16, 2025 and March 4, 2026 (Reference No.: 2025-01-100448, 2026-01-019801, respectively), the contents of which are included in this Report by way of reference.

The total consideration determined in the agreement amounts to approximately NIS 458.5 million, based on a company valuation of NIS 1 billion for Ellomay, subject to adjustments as detailed in the agreement (including adjustments for distributions, consolidations and capital changes until the completion date of the transaction).

Pursuant to the agreement, the Company is entitled to appoint up to four directors on behalf of the Company to the board of directors of Ellomay, in place of an identical number of directors appointed by the Sellers.

Ellomay operates as a producer of conventional and renewable energy in Europe, Israel and the United States, with its principal activity focusing on solar projects, biogas and energy storage. In addition, Ellomay holds, inter alia, approximately 16.9% (indirectly) of the shares of Dorad Energy Ltd.,

approximately 83.3% in the Manara pumped storage project, and a portfolio of hundreds of megawatts in solar projects in Italy, Spain and the United States at various stages of development.

The acquisition was financed in part through the Company's own sources and in part through a loan obtained by a wholly owned limited partnership of the Company from Bank Leumi Le-Israel Ltd., as detailed in Section 4.5.5 above. To secure repayment of the said loan, inter alia, a first-ranking fixed charge over the shares of Ellomay was granted in favor of Bank Leumi.

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 barriers²⁰²; 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,²⁰³ 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.²⁰⁴

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 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

²⁰² 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.

²⁰³ For more details, see Electricity Authority decision No. 63609 - Update of demand hour files.

²⁰⁴ 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 Electric 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.

(certified according to the provisions of the Electricity Regulations (Licenses), 5745-1985) prior to commercial operation and at least once every six years).²⁰⁵

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

- 4.10.1 During 2024, 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 allegedly 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 lawsuits in Delaware and California against the minority shareholder and companies under its control, alleging breach of representations under

²⁰⁵ For more details, see the Electricity Authority's Guidelines - instructions for installing a charging system for an electric vehicle (November 19, 2019).

the Blue Sky acquisition agreement and breach of fiduciary duty by the minority shareholder, and other claims. 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 lawsuits.

4.10.2 During the Report Period, a motion to certify a class action was filed against the Company, against Mr. Ofer Yannay, the controlling shareholder of the Company and formerly the Chairman of the Board of Directors (currently serving as the Company's CEO and a director), and against Mr. Nadav Dana and Mr. Shahar Gershon, who previously served as co-CEOs of the Company, by a shareholder of the Company. The motion alleges breaches of disclosure obligations, breach of contract, negligence, and breach of duties of care and fiduciary duties, in connection with the Company's reports from February and June 2025, and regarding the failure to disclose material information to the Company's shareholders during those months. The claimed damage in the motion amounts to approximately NIS 58.8 million. In light of the preliminary stage of the proceedings, as of the date of the Report, the Company's legal counsel is unable to assess the chances of the claim.

4.10.3 In addition, during the Report Period, a claim was filed against the Company and against S. Nechama Investments (2008) Ltd., Kanir Joint Investments (2005) – Limited Partnership, and Anat Rafael (together: the "**Other Defendants**"), by Prime Energy P.I Ltd., Lahav L.R Real Estate Ltd., and Yaron Kikoz (together: the "**Plaintiffs**"). The claim alleges that the Other Defendants breached a binding agreement to sell their shares in Ellomay Capital Ltd. to the Plaintiffs and instead sold them to the Company. The Plaintiffs seek declaratory relief and an order for specific performance for the sale of the shares to them, or alternatively, expectation damages in the amount of NIS 20,000,000, or reliance damages in the amount of NIS 350,000. 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.
- **Data centers** – Development of data center activities on a large scale.
- **Electricity trading** – Development of electricity trading activities.

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 security tensions in Israel and their 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 2026 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.
- **Development of the Company's electricity trading platform.**
- **Developing the Company's activities in the field of Data Centers.**

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 security tensions in Israel 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 US, 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 US 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, the Rising Lion Operation, and Lion's Roar Operation, 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 3.4.1.3 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, Electric 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. During 2025 and early 2026, prices remained volatile and higher than historical averages, due only to the continued structural change in Europe (reducing the flow of Russian gas through pipelines) alongside a growing need for investments to modernize electricity grids. 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. The decline in prices continued consistently until reaching a record low at the end of 2025, and from the beginning of 2026, there has been a certain increase in material prices; however, prices remain significantly lower than 2022 levels. It should be noted that changes in Chinese VAT regulations recently published, together with increases in raw material prices in the first months of 2026, primarily lithium, may lead to a further increase in the prices of energy storage systems.
- [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 US is carried out through main contractors (construction and maintenance). Accordingly, this activity outline exposes part of the Group's activities in Europe and the US 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 US.
- [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 US 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.

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. 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.

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 agreements. Some lease agreements include conditions precedent and conditions subsequent clauses. In addition, the lease agreements can be cancelled 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 US 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 US. 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.

4.14.3.7 Entry into new markets and integration of acquired activities - the expansion of the Company's operations into additional markets and geographic regions involves exposure to various risk factors, including, inter alia: changing local regulation, economic and political conditions in the target countries, and unique market characteristics. The success of operations in these markets depends, inter alia, on the Company's ability to develop an in-depth understanding of the relevant markets, identify suitable business opportunities, conduct comprehensive due diligence, recruit professional personnel, and secure adequate sources of financing. In addition, the acquisition of new activities and the completion of their integration into the Company's existing structure involve operational and organizational complexity. These processes may be accompanied by challenges in implementing management and control processes, information flows, the application of a uniform financial reporting framework, and the effective integration of personnel. Furthermore, there is a risk arising from a partial understanding of the acquired market or from failure in implementing its business strategy and development plans. Failure in one or more of the above factors, including unsuccessful completion of integration processes, may lead to delays in realizing the business potential of

acquisitions, impair the Company's ability to achieve its strategic objectives, and adversely affect its financial results and business condition.

4.14.3.8 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		
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	

	Extent of Impact of the Risk Factor		
	Major effect	Moderate effect	Minor effect
Dependence on tax partners and compliance with the conditions required to receive tax benefits		X	
Changes to the tax policy		X	
Entry into new markets and integration of acquired activities	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 19, 2026

O.Y. Nofar Energy Ltd.

Via:

Zvi Levin, Chairman of the Board

Ofer Yannay, CEO and Director

Part B

The Board of Directors' Report



Board of Directors Report of the State of the Corporation's Affairs For the period ended on December 31, 2025

The board of directors of O.Y. Nofar Energy Ltd. (hereinafter: the **"Corporation"** or the **"Company"**) is pleased to hereby present the Board of Directors' Report of the State of the Company's Affairs as of December 31, 2025 (hereinafter: the **"Date of the Statement of Financial Position"**) and for the year ended 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 to the State of the Corporation's Business, Results of its Operations, Equity and Cash Flows

1.1 General

The Company was incorporated in Israel 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 US 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, among other things, 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 US. 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

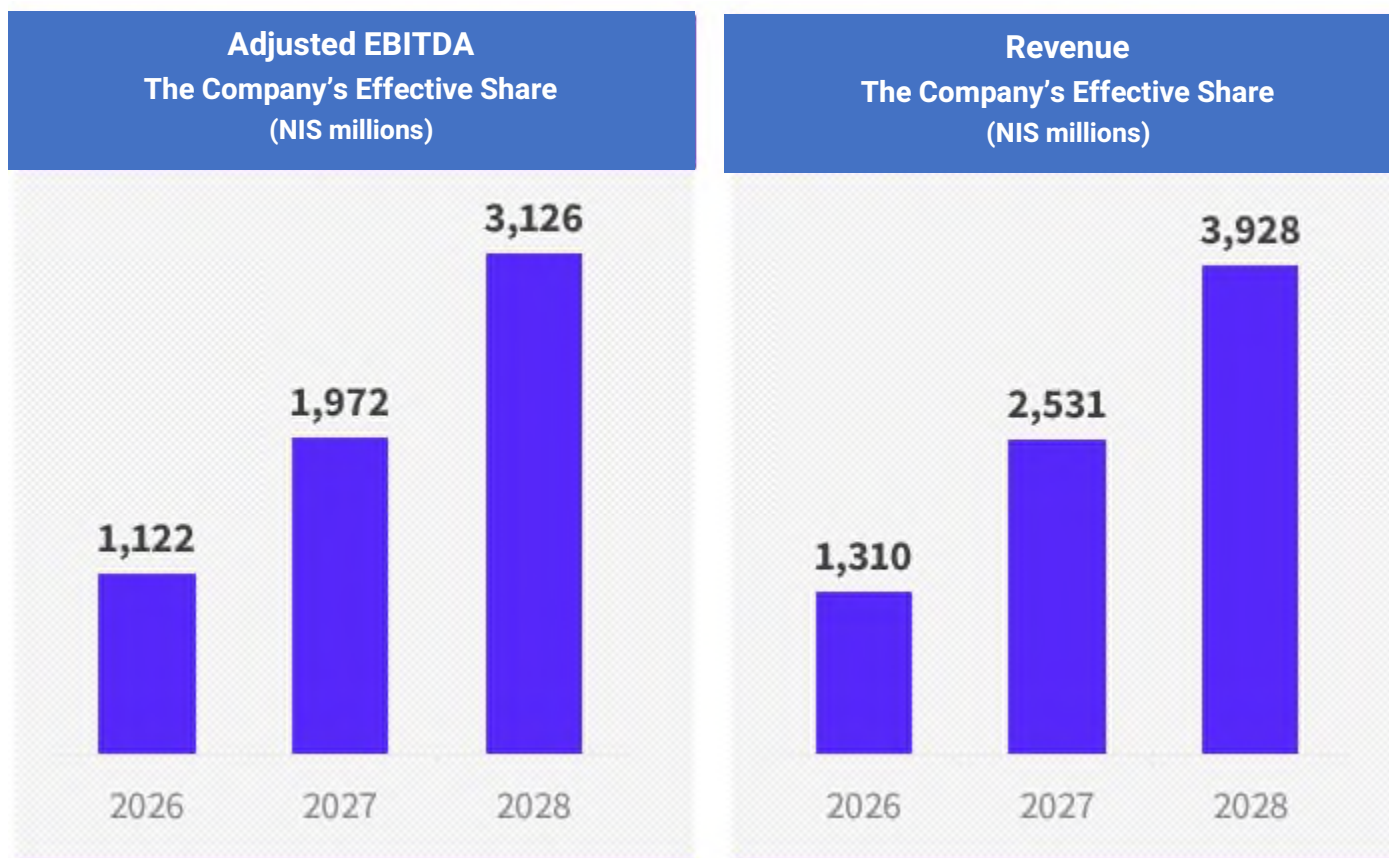
distribution network, as the case may be. In addition, the Company commenced initial initiation procedures for server farms.

In addition, the Company acquired the controlling shares (45.85%) in Ellomay Capital Ltd., which holds interests in the Dorad Power Plant, in a pumped storage project in Manara under construction, and in a global portfolio of projects at various stages of development.

For details about the Company's areas of activity as of the date of the Report, see Sections 1.2.2, 1.2.3, 3.1-3.4 of the chapter Description of the Corporation's Business - Part A of the Periodic Report for the year 2025, 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, 3.3.1, and 3.4 of the chapter Description of the Corporation's Business - Part A of the Periodic Report for the year 2025.

1.3 Key indicators in the Company's activity



It should be emphasized that the Company's assessments above regarding the Company's revenues and the adjusted EBITDA are forward-looking information, as defined in the Securities Law, which is based to a significant extent on the Company's expectations and assessments regarding the development of the Company's activities and projects, as well as the economic, industry and other developments, and their integration with each other. These targets and plans may not materialize or may materialize differently, including materially differently, from the Company's estimates, due to factors beyond the Company's control, such as: 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 connection works required by the grid operator; changes in system construction costs; delays in obtaining permits required to commence construction of the project; receipt of negative or limited positive grid connection responses; receipt of a grid connection approval at a later date than estimated by the Company or at a connection point different 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 Land Authority; delays in works carried out by the system operator required for connection of the project; delays in completion of compliance tests; delays in obtaining land rezoning; delays in supply of system components; changes in construction costs, including due to unforeseen expenses; increases in raw material prices; increases in transportation costs; changes in exchange rates; delays in obtaining permits required to commence construction of the project; delays in development of the electricity grid; delays in construction; changes in regulatory tariffs; changes in laws and/or regulatory frameworks; imposition of taxes on electricity revenues in the countries in which the Group operates; changes in financing policy and/or costs; difficulties in raising financing sources; changes in interest rates; system defects; changes in weather conditions; changes in electricity tariffs or system costs; changes in 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 in the electricity sector in particular; regulatory changes; system failures; outbreak of a pandemic and the restrictions imposed as a result; changes in the security or political situation, including the impact of the "Iron Swords" war and Rising Lion and Lion's Roar operations on the Company's activity; as well as the occurrence of one (or more) of the risk factors detailed in Section 4.14 in Chapter A of this Report.

For details regarding the Group's project backlog, see Section 1.4 below. It is emphasized that, in light of the early stages of part of the backlog of projects, as of the date of this Report there is no certainty regarding their execution, or execution at the capacities detailed in Section 1.4 below. It should be emphasized that failure to meet one of the assumptions detailed in Section 1.4 below may cause a change in the income from the sale of electricity in relation to the amounts detailed above.

The above data was calculated according to the effective share of the Company. For details regarding the Company's holdings in each type of system, see the tables in Section 1.4 below and the notes at the bottom of these tables. It is emphasized that the data regarding the connected projects are not identical to the data in Section 1.4 below, as such data assume that all systems would operate in a full representative year, based on the assumptions used for calculating the results

under a first representative year assumption, and in relation to the Blue Sky projects, that all electricity generated in the systems would be sold to customers instead of self-consumption. In addition, the Company's estimates regarding the results for the years 2026, 2027, and 2028 are based on the data in the tables in Section 1.4 below and the notes at the bottom of these tables, estimates from consulting companies regarding electricity prices in the years 2026-2028, and the expected increase in the index as received from external consultants.

The Adjusted EBITDA metric is a financial measure that is not in accordance with generally accepted accounting principles, and it was calculated as project gross profit (revenues from electricity generation less operating and maintenance costs), which is the financial measure that most directly corresponds to generally accepted accounting principles, excluding system depreciation, G&A costs, and development, plus the Company's effective share of capital gains from actual realizations. The Company cannot provide a reconciliation between Adjusted EBITDA and gross profit on a forward-looking basis without unreasonable effort, since the items affecting this financial measure under generally accepted accounting principles are not within the Company's control and/or cannot be reasonably predicted. These items may include, among other things, forward-looking depreciation and amortization, acquisition expenses, other income, finance income, finance expenses, share in losses of investee entities accounted for under the equity method, and income taxes. Such information may have a significant impact, which may be unpredictable, on the Company's future financial results.

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 ⁽¹⁰⁾	Serbia	Romania	Total	
						Olmedilla	Sabinar I & II	Buxton ⁽⁸⁾		Ada	Ratesti ⁽⁹⁾		
Rates rage⁽²⁾ (NIS/kWh, as of December 31, 2025)			0.16-2.47	0.02-1.37	0.0 - 0.24	0.1-0.77	0.0 - 0.2	0.245-2744-	-1.2-2.53	0-1.73909	0.118-1.141	-	
Number of systems	Solar	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	
		Dec. 31, 2025	1,539	31	260	1	2	1	2	1	1	1,838	
	Storage	Dec. 31, 2023	7	-	-	-	-	-	-	-	-	-	7
		Dec. 31, 2024	27	2	-	-	-	1	-	-	-	-	30
		Dec. 31, 2025	40	2	-	-	-	1	-	-	-	-	43
Total installed power (100%)	Solar (MWp)	Dec. 31, 2023	302	16	70	169	155	-	20	-	155	887	
		Dec. 31, 2024	329	18	178	169	238	-	20	-	155	1,108	
		Dec. 31, 2025	344	18	279	169	238	-	40	27	155	1,269	
	Storage (MWh)	Dec. 31, 2023	21	-	-	-	-	-	-	-	-	-	21
		Dec. 31, 2024	80	2	-	-	-	60	-	-	-	-	142
		Dec. 31, 2025	111	2	-	-	-	60	-	-	-	-	173
Total setup costs (in NIS thousands)		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	
		Dec. 31, 2025	1,489,785	202,001	1,093,155	486,873	809,461	119,567	143,225	79,595	421,728	4,845,390	
Equity balance provided by the Company (NIS millions)⁽⁷⁾		Dec. 31, 2025	183	44	78	111	158	39	143	80	93	930	
		Dec. 31, 2023	901,323	72,465	190,727	231,877	302,370	-	-	-	240,696	1,939,457	

		Israel ⁽¹⁾	USA ⁽⁵⁾⁽⁶⁾	Italy ⁽⁵⁾	Spain ⁽⁵⁾		England	Poland ⁽¹⁰⁾	Serbia	Romania	Total
					Olmedilla	Sabinar I & II	Buxton ⁽⁸⁾		Ada	Ratesti ⁽⁹⁾	
Total senior debt balance (NIS thousands)	Dec. 31, 2024	1,046,349	67,680	516,212	201,690	461,303	75,476	-	-	211,372	2,580,082
	Dec. 31, 2025	984,628	57,304	874,524	227,667	424,105	70,785	-	38,391	166,091	2,843,495
Balance of the senior debt period, in years (weighted average)	Dec. 31, 2025	16	3.5	15	15	21	5	-	9	8	-
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
	2025	331,959	14,655	98,408	77,468	73,502	10,645	9,050	6,456	41,553	663,697
Income from Tax Equity	2023	-	2,575	-	-	-	-	-	-	-	2,575
	2024	-	6,038	-	-	-	-	-	-	-	6,038
	2025	-	6,246	-	-	-	-	-	-	-	6,246
Total income (NIS thousands)	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
	2025	331,959	20,901	98,408	77,468	73,502	10,645	9,050	6,456	41,553	669,943
TOTAL PROJECT EBITDA⁽³⁾ (NIS thousands)	2023	131,085	9,277	15,143	69,123	51,194	-	115	-	2,407	278,343
	2024	161,507	18,443	45,920	72,218	47,193	4,142	3,937	-	92,083	445,443
	2025	170,283	12,169	82,207	58,557	42,169	6,529	6,623	6,177	28,896	413,610
TOTAL PROJECT FFO⁽³⁾ (NIS THOUSANDS)	2023	76,655	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	293,824
	2025	89,715	10,261	50,951	50,782	19,948	1,343	6,623	6,177	17,693	253,492
Total free flow after senior debt service (NIS thousands)⁽³⁾	2023	34,783	103	8,386	38,457	42,975	-	115	-	2,407	127,225
	2024	33,245	8,223	4,549	44,858	13,164	3,795	3,937	-	51,611	163,383
	2025	36,936	8,202	21,499	40,469	(13,125)	1,343	6,623	6,177	(27,741)	80,383
Company's share of the free cash flow after debt service (NIS thousands)	2025	13,570	8,202	11,287	21,246	(6,890)	1,276	6,623	6,177	(13,870)	47,620
Rate of the Company's holdings⁽⁴⁾, indirectly (weighted average)	Dec. 31, 2023	40%	67%	33%	50%	47%	-	72%	-	50%	45%
	Dec. 31, 2024	42%	67%	33%	50%	47%	-	72%	-	50%	47%
	Dec. 31, 2025	44%	67%	33%	50%	47%	100%	100%	100%	50%	47%

(*) Projects in commercial operation are projects connected to the electricity grid as of December 31, 2025, 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 5 and 25 years (about 20 years at a rate according to a weighted average) and the average rate was about NIS 0.16 - 2.47 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 at no consideration or against payment of a negligible amount.

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. During the Report Period, the average rate of electricity sold in Italy by Sunprime on the free market was about 91 euro cents per kWh. As detailed in the Company's Periodic Report for 2025, 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, Serbia, 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, 5 and 9 years as well as in the open market (Merchant). It should be noted that during the Report Period, the flow of electricity by the projects in Spain to the grid was temporarily limited due to the floods in Spain, which caused a temporary shutdown of parts of the electricity grid. Additionally, during the Report Period, the sale of electricity from the Dziejoklucz project in Poland was carried out within the framework of the Balancing Market, until a production license is received in November 2025.

(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 as of December 31, 2025, the outlines of the engagement accepted in the Group in relation to systems that are not under the Company's control are accounted for using the equity method. According to this method, the results of the investee corporations are not reflected in detail in the Company's financial statements (revenues, expenses, etc.), but through a single "net" amount, which does not allow the reader of the reports to calculate the aforementioned indices from the financial statements. Therefore, in the Company's estimation, there is importance in presenting the total revenues and 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 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 revenues 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 revenues (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 (revenues, EBITDA, FFO and free flow) of the associates, which are presented in the financial statements according to the equity method.

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

	2025	2024	2023
Gross profit	239,630	306,392	184,221
Systems depreciation	173,980	139,051	94,122
EBITDA	413,610	445,443	278,343
Senior debt financing expenses	160,117	151,619	85,633
FFO	253,492	293,824	192,710

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, 2025:

	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	669,943	(224,862)	445,080
EBITDA	413,610	(134,780)	278,829
FFO	253,492	(77,263)	176,229
Free cash flow	80,383	(17,342)	63,041

	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)
Equity profits (losses)	---	---	(21,203)

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)

* 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. The data presented in the table with respect to the Sunprime, Olmedilla, Sabinar and Ratesti projects represent the Company's holdings for the vast majority of the Report Period, until December 2025. With respect to the holding rates in the Sunprime projects, as well as in the projects in Spain (Sabinar and Olmedilla), it should be noted that following the completion of the transaction for the sale of the holdings (5%) in Noy-Nofar Europe, the holding rates in these projects as of December 31, 2025 were 30% (Sunprime), 45% (Olmedilla) and approximately 43% (Sabinar). It should also be noted that on December 18, 2025, the transaction for the sale of all of the Company's holdings (50%) in the Ratesti project was completed, such that as of December 31, 2025 the Company did not hold any interest in the project.

⁽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 3.19 per dollar, and an average exchange rate for the Report Period of NIS 3.453 per dollar, as applicable. The data regarding the systems in Europe are based on exchange rates of the NIS-EUR, which as of the Report Date is NIS 3.746 to the Euro, and an average exchange rate for the Report Period of NIS 3.893 to the euro, as applicable. The data regarding the systems in the United Kingdom are based on NIS to GBP exchange rates, which as of the date of the Report are NIS 4.29 per GBP, and an average exchange rate for the Report Period of NIS 4.546 per GBP, 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.
- (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) Regarding the Buxton project, it should be noted that during the Report Period, the project is partially operational. It should also be noted that in October 2025, all holdings in Atlantic Green, which owns the Buxton project, were purchased, so that as of the date of publication of the report, the Company holds 100% of the project's holdings.
- (9) With regard to the Ratesti project, it should be noted that the revenues in 2024 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. It should be noted that on December 18, 2025, the transaction for the sale of all of the Company's holdings (50%) in the Ratesti project was completed, such that as of December 31, 2025 the Company did not hold any interest in the project. For details, see Section 1.5 below.
- (10) The projects in Poland are: Krzywinski I and Dziewoklucz I. It should be noted that during the Report Period and as of the publication of the Report, the grid operator limits the flow of electricity by the Dziewoklucz project company, due to infrastructure work required on the grid lines adjacent to the project.

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

Segment/ project name	Israel		Italy	Romania			Germany	Poland	USA
	PV	Storage	Sunprime	Iepuresti	Ghimpati	Slobozia	Stendal	Krzywinski 2	Blue Sky (C&I 2)
Projected power (MWp)	12	---	77	169	146	74	---	5	2
Storage capacity (MWh)	---	12	---	---	---	---	209	---	---
Weighted rate for first full year of operations (NIS)	0.35	---	0.32	0.39	0.38	0.30	---	0.49	0.55
Projected annual production hours (KWh/KWp)	1,600	---	1,389	1,403	1,384	1,540	---	1,091	1,541
Expected revenues for the first full year of operation ⁽⁵⁾ ⁽⁶⁾	6.5	1.7	34.2	91.8	77.7	33.5	69.1	2.7	2.5
Total projected setup costs ⁽³⁾ ⁽¹⁰⁾	23.4	4.1	186.8	520.6	423.2	239.7	337.1	8.5	22.3
Equity provided by the Company as of December 31, 2025 ⁽¹¹⁾	18	5	---	307.0	252	153	98	5	12
Projected EDITDA for the first year of operation ⁽⁶⁾ ⁽⁷⁾	5.6	1.2	29.9	79.4	66.7	27.9	61.3	2.2	1.8
Predicted total debt (senior debt) ⁽¹⁰⁾	19.9	3.5	176.7	224.7	187.3	138.6	253.1	3.4	8.9
Projected loan period (years) ⁽⁴⁾	25	20	15	12	12	12	7	11	15
Projected FFO for the first year of operation ⁽⁶⁾ ⁽⁸⁾	4.4	1.0	21.1	68.1	57.3	20.1	51.6	2.0	1.8
Expected date of operation	2026	2026	2026	Q1 2026	Q2 2026	Q2 2026	Q2 2026	Q1 2026	Q2 2026
Rate of holdings ⁽⁹⁾	41%	25%	30%	95%	95%	95%	51%	100%	67%
Company's share in the cash flow for the first operating year	41%	100%	30%	100%	100%	100%	51%	100%	100%
Has senior debt been provided?	In relation to some of the projects	No	Yes	Yes	Yes	Yes	Yes	No	No

Continued - Projects connected after the Report Date and projects ready to connect as of the Report Date ⁽¹⁾ (financial data in NIS millions)

	USA - Pinegate Portfolio ^(*)						
Segment/ project name	Allora	Cabin Creek	Gunsight	Phobos	Jungmann	Texas One	East Atmore
Projected power (MWp)	99	98	106	110	53	67	115
Storage capacity (MWh)	---	---	---	---	---	---	---
Weighted rate for first full year of operations (NIS)	0.10	0.13	0.10	0.12	0.14	0.17	0.16
Projected annual production hours (KWh/KWp)	1,852	1,757	1,831	1,762	1,894	1,869	1,820
Expected revenues for the first full year of operation ^{(5) (6)}	62.2	50.2	31.4	35.5	24.8	30.8	48.3
Total projected setup costs ⁽³⁾⁽¹⁰⁾	377.0	429.5	437.7	441.4	262.1	341.4	502.3
Equity provided by the Company as of December 31, 2025 ⁽¹¹⁾	[-]	[-]	[-]	[-]	[-]	[-]	[-]
Projected EDITDA for the first year of operation ^{(6) (7)}	52.9	42.8	23.6	26.4	18.8	22.8	36.7
Predicted total debt (senior debt) ⁽¹⁰⁾	122.3	148.8	125.9	147.6	51.9	76.8	160.0
Projected loan period (years) ⁽⁴⁾	25	25	25	22	20	20	22
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	45.8	34.4	16.6	18.2	15.8	18.4	27.5
Expected date of operation	Q1 2023	Q1 2023	Q4 2022	Q1 2023	Q1 2025	Q1 2025	Q3 2025
Rate of holdings ⁽⁹⁾	90%	90%	90%	90%	90%	90%	90%
Company's share in the cash flow ^(*)	100%	100%	100%	100%	100%	100%	100%
Has senior debt been provided?	Yes	Yes	Yes	Yes	Yes	Yes	Yes

^(*) It should be noted that the projects listed above in the Pinegate Portfolio (East Atmore, Texas One, Jungmann, Phobos, Gunsight, Cabin Creek, Allora) were in commercial operation as of December 31, 2025; however, in light of the fact that the acquisition of the Pinegate Portfolio was completed after the balance sheet date, the projects were classified as projects connected after the Report Date. The data presented with respect to the projects in the Pinegate Portfolio are not

audited data, and are based on the Company's calculations and estimates, which were prepared based on information provided to the Company by third parties within a due diligence, and as was known to the Company as of the date of publication of this Report. It should be noted that projects in the US also have tax partners. In the Jungmann, East Atmore, and Texas One projects, the tax equity partners will be entitled to approximately 29% of the total cash flow during the initial years of operation, and in the Phobos, Allora, Gunsight, and Cabin Creek projects, the tax equity partners will be entitled to almost all of the available ongoing cash flow until the expected flip date, as estimated by the Company, in 2028. The holding rates [and the Company's share of cash flow] with respect to these projects describe the Company's holdings [and the Company's share of cash flow] without taking into account the share of the tax equity partners. For additional details about the tax equity partners in the project, see Section 3.4 of Part A of this Report.

Continued - Projects connected after the Report Date and projects ready to connect as of the Report Date ⁽¹⁾ (financial data in NIS millions)

Segment/ project name	Ellomay				Total
	Italy ⁽⁵⁾ Solar 1	Spain (PV) Solar 1	USA (PV) Solar 1	Dorad (gas)	
Projected power (MWp)	38	336	50	840	2,397
Storage capacity (MWh)	---	---	---	---	221
Weighted rate for first full year of operations (NIS)	NA	NA	NA	---	---
Projected annual production hours (KWh/KWp)	NA	NA	NA	---	---
Expected revenues for the first full year of operation ^{(5) (6)}	22.5	95.1	16.1	3,239.3	3,976.0
Total projected setup costs ⁽³⁾⁽¹⁰⁾	NA	NA	189.4	3,443.0	8,189.7
Equity provided by the Company as of December 31, 2025 ⁽¹¹⁾	[-]	[-]	[-]	[-]	[-]
Projected EDITDA for the first year of operation ^{(6) (7)}	19.1	65.2	11.7	809.8	1,405.9
Total projected debt (senior debt)	412.0	607.1	0.0	1,991.0	4,859.6
Projected loan period (years) ⁽⁴⁾	21	23	0	17	---
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	16.1	44.6	11.7	566.9	1,043.3
Expected date of operation	Q4 2024	Q4 2020	Q4 2025	Q2 2014	---
Rate of holdings ⁽⁹⁾	23%	26%	46%	8%	---
Company's share in the cash flow for the first operating year	23%	26%	46%	8%	---
Has senior debt been provided?	Yes	Yes	No	Yes	---

^(*) It should be noted that the projects listed above in the Ellomay portfolio were in commercial operation as of December 31, 2025; however, in light of the fact that the acquisition of the holdings in Ellomay was completed after the balance sheet date, the projects were classified as projects connected after the Report Date. The data presented with respect to the projects owned by Ellomay are not audited data, and are based on the Company's calculations and estimates on a full-year adjusted basis, which were prepared based on public information published by Ellomay, as was known to the Company as of the date of publication of this Report.

Projects under construction or nearing construction as of the publication date of the Report Date ⁽¹⁾ (financial data in NIS millions)

Segment/ project name	Under construction			Nearing construction			
	Israel		Italy	Italy		Israel	
	PV	Storage	PV	PV	Storage	PV	Storage
Projected power (MWp)	26	---	177	207	---	13	---
Projected storage capacity (MWh)	---	135	---	---	1,400	---	527
Solar - weighted tariff (NIS), storage - annual income per KWh - for the first full year of operation (NIS)	0.40	---	0.29	0.29	---	0.33	---
Projected annual production hours (KWh/KWp)	1,600	---	1,414	1,423	---	1,600	---
Expected revenues for the first full year of operation ⁽⁵⁾ ⁽⁶⁾	16.6	18.7	72.6	84.7	213.0	6.8	72.9
Total projected setup costs ⁽³⁾ ⁽¹⁰⁾	51.6	53.9	440.0	503.5	655.5	25.6	191.6
Equity provided by the Company as of December 31, 2025 ⁽¹¹⁾	3	18	13	-	23.5	1	2
Projected EDITDA for the first year of operation ⁽⁶⁾ ⁽⁷⁾	13.3	14.1	62.7	73.1	189.6	5.1	57.7
Total projected debt (senior debt)	43.9	45.8	600.7	701.0	684.0	21.8	162.9
Projected loan period (years) ⁽⁴⁾	25	20	15	19	20	25	20
Projected FFO for the first year of operation ⁽⁶⁾ ⁽⁸⁾	10.6	11.4	32.6	38.1	155.4	3.8	47.9
Expected date of operation	2026-2027	2026-2027	2026-2027	2026-2027	2026-2027	2026-2027	2026-2027
Rate of holdings ⁽⁹⁾	58%	44%	30%	30%	30%	81%	79%
Company's share in the cash flow for the first operating year	58%	59%	30%	30%	30%	81%	84%
Has senior debt been provided?	Partially	No	Partially	No	No	No	No

Continued - Projects under construction or nearing construction as of the publication date of the Report Date (financial data in NIS millions)

Segment/ project name	Under construction				Nearing construction					
	UK	USA	Poland		Spain			UK	USA	
	Cellarhead	Blue Sky (C&I PV)	Cybinka	Dziewoklucz 2	Sabinar III	Olmedilla BESS	Sabinar BESS	Noventum RTB	Fairway & Bracero Pecan	Sky Solar
Projected power (MWp)	---	2	40	6	30	---	---	63	---	18
Projected storage capacity (MWh)	624	---	---	---	---	520	773	---	700	---
Weighted rate (NIS) for first full year of operations	---	0.65	0.40	0.23	0.19	---	---	0.28	---	0.15
Projected annual production hours (KWh/KWp)	---	1,500	1,152	1,133	1,650	---	---	1,014	---	1,400
Expected revenues for the first full year of operation ⁽⁵⁾ ₍₆₎	116.4	1.8	18.5	1.5	9.4	57.0	84.7	17.8	336.8	7.9
Total projected setup costs ⁽³⁾⁽¹⁰⁾	1,065.8	19.1	85.1	7.6	51.7	262.9	390.8	127.1	1,153.7	43.1
Equity provided by the Company as of December 31, 2025	312	8	16	---	---	---	---	4	40	---
Projected EDITDA for the first year of operation ⁽⁶⁾⁽⁷⁾	85.3	1.5	16.1	0.8	7.2	44.2	65.7	14.3	280.8	7.2
Total projected debt (senior debt)	658.1	7.7	47.6	3.0	30.5	131.5	195.4	69.9	346.1	17.2
Projected loan period (years) ⁽⁴⁾	7	12	11	11	25	10	10	12	7	12
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	37.8	1.5	13.3	0.6	5.7	37.6	55.9	9.9	246.7	4.3
Expected date of operation	Q4 2027	Q4 2027	Q1 2027	Q4 2026	Q1 2028	Q4 2027	Q4 2027	Q1 2027	Q4 2027	Q4 2026
Rate of holdings ⁽⁹⁾	100%	67%	100%	100%	43%	45%	43%	80%	90%	90%
Company's share in the cash flow for the first operating year	100%	100%	100%	100%	48%	48%	48%	100%	100%	100%
Has senior debt been provided?	No	No	No	No	No			No	No	No

Continued - Projects under construction or nearing construction as of the publication date of the Report Date (financial data in NIS millions)

	Romania					
	Under construction		Nearing construction			
Segment/ project name	Corbii Mari (PV)	Volter	Corbii Mari (BESS)	Volter (BESS)	Iepuresti (BESS)	Ghimpati (BESS)
Projected power (MWp)	281	179	---	---	---	---
Projected storage capacity (MWh)	---	---	868	600	640	480
Weighted rate (NIS) for first full year of operations	0.38	0.36	---	---	---	---
Projected annual production hours (KWh/KWp)	1,393	1,392	---	---	---	---
Expected revenues for the first full year of operation ^{(5) (6)}	146.9	89.9	208.4	144.1	161.7	121.3
Total projected setup costs ⁽³⁾⁽¹⁰⁾	682.1	453.2	500.7	317.4	366.2	247.2
Equity provided by the Company as of December 31, 2025	322	80	---		---	---
Projected EDITDA for the first year of operation ^{(6) (7)}	76.0	184.2	126.1	135.2	101.4	76.0
Total projected debt (senior debt)	228.5	250.3	158.7	183.1	123.6	228.5
Projected loan period (years) ⁽⁴⁾	12	10	10	10	10	12
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	63.2	170.3	117.3	125.0	94.5	63.2
Expected date of operation	Q2 2027	Q2 2027	Q2 2027	Q3 2026	Q3 2026	Q2 2027
Rate of holdings ⁽⁹⁾	95%	95%	95%	95%	95%	95%
Company's share in the cash flow for the first operating year	100%	100%	100%	100%	100%	100%
Has senior debt been provided?	Yes	Yes	No	No	No	No

Continued - Projects under construction or nearing construction as of the publication date of the Report Date (financial data in NIS millions)

Segment/ project name	Under construction				Nearing construction	Total
	Ellomay - Italy (*)	Ellomay - Israel (*)	Ellomay - USA (*)	Pinegate Portfolio - USA (*)		
	Solar 2	Manera Pumped Storage	Storage	Foley	Lavender	
Projected power (MWp)	160	---	14	106	225	1,545
Projected storage capacity (MWh)	---	1,872	---	---	---	9,139
Weighted rate (NIS) for first full year of operations	NA	---	NA	0.16	0.16	---
Projected annual production hours (KWh/KWp)	NA	---	NA	1,959	1,863	---
Expected revenues for the first full year of operation ^{(5) (6)}	91.0	280.9	8.4	72.4	182.5	2,644.9
Total projected setup costs ⁽³⁾⁽¹⁰⁾	509.8	1,772.7	51.4	487.2	918.7	11,435.2
Equity provided by the Company as of December 31, 2025	NA	NA	NA	NA	NA	NA
Projected EDITDA for the first year of operation ^{(6) (7)}	77.9	121.5	5.5	62.3	162.0	2,121.4
Total projected debt (senior debt)	0.0	1,399.0	0.0	153.9	308.5	6,936.1
Projected loan period (years) ⁽⁴⁾	21	18	0	22	20	406
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	55.4	64.5	5.5	52.4	157.5	1,729.2
Expected date of operation	Q2 2026	Q2 2029	Q2 2026	Q1 2026	Q2 2027	---
Rate of holdings ⁽⁹⁾	23%	38%	46%	90%	90%	---
Company's share in the cash flow for the first operating year	23%	38%	46%	100%	100%	---
Has senior debt been provided?	[-]	[-]	[-]	[-]	[-]	[-]

(*) The data presented with respect to the projects in the Pinegate Portfolio are not audited data, and are based on the Company's calculations and estimates, which were prepared based on information provided to the Company by third parties within a due diligence, and as was known to the Company as of the date of publication of this Report. The data presented with respect to the projects owned by Ellomay are not audited data, and are based on the Company's calculations and estimates on a full-year adjusted basis, which were prepared based on public information published by Ellomay, as was known to the Company as of the date of publication of this Report.

Projects in Advanced Development as of the Report publication date ⁽¹⁾ (financial data in NIS millions)

	Israel		Italy Sunprime		Poland			England		
Segment/ project name	PV	Storage	PV	Storage	Bacarajevo (PV)	Bacarajevo (BESS)	PV	Noventum Distribution	Noventum Transmission	Toton
Projected power (MWp)	164	---	106	---	223	---	60	929	3,745	---
Projected storage capacity (MWh)	---	6,785	---	1,600	---	100	---	---	---	260
Weighted rate (NIS) for first full year of operations	0.38	---	0.27	---	0.41	---	0.37	0.29	0.29	---
Projected annual production hours (KWh/KWp)	1,800	---	1,436	---	1,091	---	1,100	1,032	1,006	---
Expected revenues for the first full year of operation ^{(5) (6)}	111.4	960.1	41.6	226.9	100.2	16.0	24.7	276.4	1,110.4	48.3
Total projected setup costs ^{(3) (10)}	344.2	2,516.7	259.3	674.2	396.9	66.8	133.5	1,880.6	7,581.3	345.8
Equity provided by the Company as of December 31, 2025 ⁽¹¹⁾	4	23	3.6	44.2	25	---	21	49	5	1
PROJECTED EBITDA FOR THE FIRST YEAR OF OPERATION ^{(6) (7)}	88.4	790.5	35.6	185.9	86.4	13.5	20.1	224.1	899.8	36.7
Predicted leverage rate (senior debt) ⁽¹¹⁾	292.6	2,139.2	246.3	573.1	222.3	37.4	74.8	1,034.4	4,169.7	207.5
Projected loan period (years) ⁽⁴⁾	25	0	19	20	20	20	20	12	12	7
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	70.8	662.2	23.3	157.2	72.6	11.2	15.5	159.0	637.1	22.2
Expected date of operation	2027-2028	2028-2029	2027-2028	2027-2028	Q2 2029	Q2 2029	Q4 2029	Q2 2029	Q2 2033	Q1 2029
Rate of holdings ⁽⁹⁾	90%	67%	30%		100%	100%	100%	80%		100%

Segment/ project name	Israel		Italy Sunprime		Poland			England		
	PV	Storage	PV	Storage	Bacarajevo (PV)	Bacarajevo (BESS)	PV	Noventum Distribution	Noventum Transmission	Toton
Company's share in the cash flow in the first operating year	90%	67%	30%		100%	100%	100%	100%		100%

Cont. - Projects in Advanced Development as of the Report publication date ⁽¹⁾ (financial data in NIS millions)

Segment/ project name	Greece	Ellomay - Israel	USA			Total
	BESS	Dorad (Gas) - Expansion (*)	Mohawk (PV)	Nofar USA – DG BESS 4	Nofar USA - BESS	
Projected power (MWp)	--	690	127	--	--	6,044
Projected storage capacity (MWh)	100	--	--	60	440	9,345
Weighted rate (NIS) for first full year of operations	--	--	0.39	--	--	--
Projected annual production hours (KWh/KWp)	--	--	1,460	--	--	--
Expected revenues for the first full year of operation ^{(5) (6)}	20.3	NA	147.4	28.3	171.5	3,283.5
Total projected setup costs ^{(3) (10)}	83.6	NA	741.4	99.1	765.6	15,889.0
Equity provided by the Company as of December 31, 2025 ⁽¹¹⁾	[-]	[-]	[-]	[-]	[-]	[-]
PROJECTED EBITDA FOR THE FIRST YEAR OF OPERATION ^{(6) (7)}	12.4	NA	141.7	21.1	147.2	2,703.4

	Greece	Ellomay - Israel	USA			
Segment/ project name	BESS	Dorad (Gas) - Expansion (*)	Mohawk (PV)	Nofar USA – DG BESS 4	Nofar USA - BESS	Total
Total projected debt (senior debt)	45.3	NA	185.3	39.7	306.2	9,573.6
Projected loan period (years) ⁽⁴⁾	20	NA	12	7	7	201
Projected FFO for the first year of operation ⁽⁶⁾⁽⁸⁾	9.8	NA	128.2	18.2	132.7	2,120.0
Expected date of operation	31/03/2027	NA	30/06/2027	31/12/2027	30/06/2028	---
Rate of holdings ⁽⁹⁾	100%	8%	90%	67%	90%	---
Company's share in the cash flow in the first operating year	100%	8%	100%	100%	100%	---

(*) The data presented with respect to the projects owned by Ellomay are not audited data, and are based on the Company's calculations and estimates on a full-year adjusted basis, which were prepared based on public information published by Ellomay, as was known to the Company as of the date of publication of this Report.

Projects under development as of the Report publication date ⁽¹⁾

Country	Israel	USA	Spain	Poland	UK	Italy (BESS)	Germany (BESS)	Ellomay Italy (Solar 3)	Ellomay Italy Development	Data Centers	Total
					Noventum (PV)						
POWER (MW)	392	984	106	418	1,280	---	---	264	800	130	4,373
Projected storage capacity (MWh)	3,000	320	---	2,994	---	1,032	1,200	---	---	0	8,546
Rate of holdings ⁽¹⁰⁾	100%	71%	43%	100%	80%	30%	100%	23%	46%	80%	---
Company's share in the cash flow	100%	100%	48%	100%	100%	30%	100%	23%	46%	100%	---

The balance of expenses in advance for projects in development amounted, as of December 31, 2025, to a total amount of approximately NIS 82,537 thousand.

Aggregate disclosure regarding licensing and development projects

Licensing projects														
	Projects included in the Dec. 31, 2024 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, 2025 reports	
	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh
PV PROJECTS	3,066	---	2,483	---	---	---	---	---	---	---	195	---	5,354	---
Integrated storage projects	---	---	---	100	---	---	---	---	---	---	---	---	---	100
Stand Alone storage projects	---	3,449	---	7,329	---	---	---	---	---	---	---	1,533	---	9,245
Combined turnover	---	---	---	---	690	---	---	---	---	---	---	---	690	---
Projects in development														
	Projects included in the Dec. 31, 2024 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, 2025 reports	
	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh	MW	MWh
PV PROJECTS	3,330	---	1,110	---	1,064	---	694	---	---	---	1,366	---	4,268	---
Integrated storage projects	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Stand Alone storage projects	---	5,876	---	5,112	---	---	---	1,256	---	200	---	986	---	8,546
Wind projects	---	---	106	---	---	---	---	---	---	---	---	---	106	---

- ⁽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, as well as some of the Ellomay projects, 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 Poland, 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 3.746 to the euro; the data in relation to projects in the United States are based on an exchange rate of NIS 3.19 to the dollar; the data in relation to the UK are based on an exchange rate of NIS 4.29 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. However, there is a high probability that not all projects that have not yet received connection permits will receive connection permits or will receive connection permits in the supplies in accordance with the applications submitted in relation to them or in accordance with the supplies that can be constructed on the land.

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 Toton Projects in the UK and the projects 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 expected construction completion dates of the projects are based on the estimates of the Company's management and/or the management of investee companies, which are based, among other things, on the completion dates set in construction agreements, connection approvals, or estimates of a local partner, the project developer or external advisors.
- (3) The construction costs and financing terms of the projects are based on the estimates of the Company's management and/or the management of investee companies, which rely, among other things, on executed procurement, construction (EPC) and maintenance agreements, contractor price quotes and costs of acquiring rights in the projects. In projects in which the final terms of the construction agreements have not yet been finalized, the estimates are based on costs in similar

projects, taking into account changes in the market (such as component prices, transportation and financing). In cases of infrastructure shared among several projects, the costs were calculated based on an assumption of proportional allocation among the projects benefiting from the infrastructure.

- (4) Leverage ratios, interest costs and margin terms are based on the Company's management estimates, which rely, inter alia, on terms established in existing financing agreements or in advanced drafts of term sheets for similar projects; indications and data received in negotiations with financial institutions; investment and financing transactions with Tax Equity Partners customary in the United States; market interest rates and swap rates (such as EURIBOR and SONIA) for the relevant loan tenors; and public information and market estimates regarding customary financing terms. With respect to projects with a revenue model that is not at a guaranteed rate, the Company's estimates considered additional margins for cash flow uncertainty. 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.
- (5) The revenue data and tariffs presented in the tables are based on the Company's management estimates, which rely, inter alia, on a combination of the following sources and working assumptions: for projects operating under specific regulation, revenue estimates are based on tariffs determined in relevant regulatory frameworks, competitive processes (CfD tenders and quotas), or power purchase agreements (PPA/Tolling) that have been executed or are expected to be executed, including indexation where relevant; for projects that do not benefit from a guaranteed tariff, the estimates are based on electricity price forecasts in the open market and forecasts of green certificate prices, as received from external international consulting firms and local management estimates; estimates regarding revenues from storage facilities and hybrid systems are based on models of grid services (availability, curtailment, avoidance of clipping), estimates of arbitrage prices (time-of-use), urban deployment benefits ("urban premium"), and forecasts of external consultants regarding operating revenues in the first year of operation; estimates regarding actual system capacity, average annual solar irradiation hours (which vary according to geographic location and technology type), as well as estimates regarding the customers' self-consumption profile and the proportion of electricity to be injected into the grid; assumptions regarding inflation rates and indexation to relevant indices in accordance with consulting firms' estimates. It should be emphasized that actual revenues may be lower or higher than these estimates, among other things as a result of changes in electricity prices in the free market, final contract terms in PPA agreements, regulatory changes, or deviations in actual production and consumption data relative to estimates.
- (6) The "first year of operation" means 12 consecutive months during which, for the first time, the system will not be limited in supplying electricity to the grid in real time, and will bear senior debt payments. Usually, the repayment of the senior debt payments starts several months after the date of commercial operation.
- (7) The EBITDA metric is calculated as gross profit plus depreciation and amortization, taking into account the Company's management estimates regarding the ongoing maintenance costs of the system, which are based, among other things, on: maintenance costs set in executed agreements with EPC contractors, equipment suppliers and operation and maintenance service providers in the

relevant projects or similar projects; proposals received from suppliers during negotiations; data presented to financing parties; and forecasts of external consulting firms. In the relevant projects, the estimates take into account the terms of the tolling and services agreements executed with battery suppliers and maintenance contractors. With respect to the Blue Sky projects, EBITDA and FFO are presented net after payment of the tax partner's share; it was also assumed that the operating expenses would be in line with the average annual operating expenses per kilowatt in connected systems. 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. For Pinegate projects, EBITDA and FFO are presented in gross terms before payment of the tax partner's share.

- (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, some of the Sunprime projects, the projects in Romania (other than Iepuresti, Ghimpatu, and Slobozia, Corbii Mari, and Volter), Poland, Greece, 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 with respect to projects in Israel, some of the landowners have an option to purchase holdings in the project company under the terms specified in the agreement. The holding rate presented is based on the assumption that some of the landowners will exercise the option, in accordance with the Company's management's assessments regarding the chances of exercising each option. It is noted that tax equity partners also hold projects in the United States, while the holding percentage in relation to these projects describes the Company's holdings without taking into account the percentage of tax partners' rights. For additional details about the tax equity partners in the project, see Section 3.4 of Part A of this Report. It should be noted that all holdings in the project corporations of projects for which the table states that there is senior debt 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, certain Sunprime projects, Blue Sky projects, Noventum projects, and Romania (Slobozia, Corbii Mari, Volter), Greece, 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 equity contributed to part of the projects in Sunprime is provided out of Sunprime's construction profit, as Sunprime serves as the EPC contractor for the projects. Accordingly, the Company did not provide equity capital for the establishment of these projects.

The assessments detailed in the tables above regarding tariffs, tariff periods, capacities, annual production hours, commercial operation dates, construction costs, operating costs, loan periods, leverage ratios, revenues, EBITDA, FFO, expected free cash flow, holding rates, construction completion year, expected first operation year, inflation rate in each country, and first-year operation results constitute forward-looking information, as this term is defined in the securities law, the realization of which is uncertain and not within 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 revenues 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, the Rising Lion Operation, and Lion's Roar Operation 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 2025 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 of the 2025 Periodic Report, while there is no certainty that they will be obtained, as well as due to a concern of the realization of one of the risk factors listed in Section 4.14 in the chapter Description of the Corporation's Business of the 2025 Periodic Report. To the extent that the Company fails to implement the systems listed above (or any of them), its main exposure will be the deletion of the amounts invested (and that will be invested) up to that same date, 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).

1.4 Overview of the Company's development

During 2025, the Company continued to promote its operations and expand its development platforms and project portfolio, as set forth in Chapter A of the Annual Report and as follows:

- 1.4.1 General - In December 2025, the Company completed an agreement to sell 5% of the holdings in the Noy-Nofar Europe Partnership to the Noy Fund (as defined in the 2025 Periodic Report), in exchange for a total of EUR 18.95 million, so that as of the date of publication of the Report, the Company holds 47.5% of the rights in the partnership and the general partner, and the Noy Fund holds 52.5%. Upon completion of the transaction, a new partnership agreement between the Company and the Noy Fund entered into force, replacing the previous partnership agreement, which regulates the management of the Noy-Nofar Partnership and the relations between the parties as partners in the Noy-Nofar Partnership. It is noted that following the decrease in the Company's holding rate in the Noy-Nofar Partnership and the amendment to the partnership agreement, in a manner that will grant the Noy Fund control of the Noy-Nofar Partnership, the Company will cease to consolidate the results and balance sheet of the Noy-Nofar Partnership in the Company's financial statements. For additional details, see immediate reports dated November 4, 2025 (Reference Nos.: 2025-01-083415 and 2025-01-083759), which are included in this Report by way of reference.

In December 2025, the Company entered into an agreement to purchase the controlling shares in Ellomay Capital Ltd. (approximately 45.85%) for a total of approximately NIS 458.5 million,

and the transaction was completed on March 4, 2026.¹ For details about Ellomay's project backlog, see Section 1.4 above.

In addition, during the Report Period, the Company acted to renew the credit facilities granted to it by banks in Israel, while simultaneously increasing the credit facilities to a total scope of NIS 600 million, and is also conducting negotiations for the extension of the facilities and the receipt of additional credit facilities.

In addition, in 2025 and up to the date of publication of the Report, the Group issued approximately NIS 275 million in bonds to institutional entities, and also carried out series expansions and exchange purchase offers of the series' bonds. For additional information, see Sections 4.5 of Chapter A of the Annual Report and Section 1.8.2 below.

1.4.2 Israel - In January 2026, the Company entered into a system of agreements with the Clal Group, in which the Clal Group will invest in the Company's activity in Israel. As part of a reorganization process, the Company commenced the transfer of the majority of its activity in Israel (excluding activity expressly excluded in the agreement) to Nofar Israel, as subsidiary of the Company, including the transfer of management, headquarters and support services, as well as the transfer of employees, all subject to the receipt of all required approvals from third parties (including banks, lenders and partners), most of which have already been obtained, and in accordance with the ruling received on the matter by the Tax Authority. Subject to completion of the transfer of the activity and receipt of all required approvals, the Clal Group will invest an amount of approximately NIS 300 million in Nofar Israel, and in consideration will receive 18.75% of the share capital of Nofar Israel, with the investment amount subject to adjustments. The completion of the transaction will be carried out in two stages: a first stage, following receipt of "most" of the approvals, in which an investment will be made in an amount proportionate to the value of the assets actually transferred and, in consideration thereof, 18.75% of the share capital of Nofar Israel will be allocated to Clal; and a second stage, which will be completed by October 31, 2026, with respect to the remaining assets, in accordance with their relative value. On March 19, 2026, following the transfer of 18.75% of the Company's activity assets in Israel included in the transaction, the first stage of completion of the transaction was carried out, in which 18.75% of the share capital of Nofar Israel were allotted to Clal, and Clal invested NIS 207 million NIS in Nofar Israel. For additional details, see Section 3.1.1.1 of Chapter A of the Annual Report. In addition, the Company entered into and completed in March 2025 a transaction to acquire the rights of its partners in Aspen Solar, which holds approximately 15.5 MW of income-generating solar assets.

¹ For additional details, see the immediate report dated December 16, 2025 (Reference No.: 2025-01-100448) and March 4, 2026 (Reference No.: 2026-01-019801), which are included in this Report by way of reference.

Additionally, over the past few months, the Company has been engaged in the development of two gas-fired power plants using combined cycle technology, for which the Planning Director's recommendation was received. It should be emphasized that these are only preliminary development stages, and therefore there is no certainty regarding the execution of the said projects. In addition, in July 2025, the Company entered into a Memorandum of Understanding with Bank Leumi regarding the provision of refinancing in a total amount of up to approximately NIS 2.4 billion for a portfolio of solar and storage projects and approximately 107 project corporations in Israel, with an estimated capacity of approximately 355 megawatts installed and 115 megawatts in commercial operation.² From the Credit Facility, an amount of up to NIS 2 billion will be allocated as a refinancing and capital extraction framework from income-producing assets, which will be used to repay existing debt in the amount of approximately NIS 1 billion, and the balance for capital extraction for the Company in an estimated amount of up to NIS 500 million and the remainder for the extraction of capital for its partners in the project corporations, as well as an amount of up to NIS 400 million will be allocated as a framework for improving existing assets, of which an amount of up to NIS 100 million will be allocated as a rolling bridging framework to finance the implementation of improvements to existing assets during their construction period and an additional amount of approximately NIS 100 million will be allocated as a debt service framework. It is clarified that a binding agreement has not yet been executed between the parties and is still being negotiated, and that the final financing terms will be determined within a binding agreement, if executed, following the completion of negotiations and due diligence to the satisfaction of the bank, and the receipt of all required approvals, including approvals of the relevant corporate bodies of the parties. It is further clarified that there is no certainty that a binding agreement will be executed, and if executed, its terms may differ from those described, including in a material manner. It is further noted that if the financing agreement is not executed by June 30, 2026, the term of the term sheet will expire.

For details on the project backlog in Israel, see Section 1.4 above.

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

During 2022, the Group Companies entered into several agreements for the purchase of projects: Iepuresti with a capacity of approximately 169 megawatts,³ Corbii Mari with a

² For details, see an immediate report published by the Company on July 23, 2025 (Reference No.: 2025-01-055032), which is included in this Report by way of reference.

³ 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), which are included in this report by way of reference.

capacity of approximately 266 megawatts,⁴ Ghimpati with an estimated capacity of approximately 146 megawatts⁵ 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.

During 2023, the Ratesti project (a solar project with a capacity of approximately 155 megawatts, 50% owned by the Company)⁶ was connected to the electricity grid⁷ and in early 2025 it received a production license, which enabled its commercial operation. In December 2025, the Company completed a transaction to sell its holdings in the project (50% as stated) and all owner loans it had provided to the project, for a total of approximately EUR 45.6 million.⁸

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 million⁹. The Group's companies also entered into agreements to build and purchase panels for the Iepuresti, Ghimpati, Slobozia, Volter and Corbii Mari projects. Additionally, in the first quarter of 2025, 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 (index-linked).

During 2025, construction of the Iepuresti, Ghimpati, and Slobozia projects was completed (with a total capacity of approximately 390 MW).

On November 26, 2025, the Company entered into an agreement for the financing of the solar projects Corbii Mari, Slobozia, and Volter in Romania, in a scope of approximately EUR 192 million as a long-term facility and EUR 25 million as a VAT facility. For additional details, see the Immediate Report dated November 26, 2025 (Reference No.: 2025-01-093097), which is included in this Report by way of reference.

In addition, in December 2025, the Company entered into an agreement to acquire approximately 50.5% of the shares of an electricity trading company incorporated in Romania

⁴ 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.

⁵ 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.

⁶ 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.

⁷ 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.

⁸ For details regarding the Ratesti sale agreement, see immediate reports published by the Company on October 5, 2025 and December 21, 2025 (Reference Nos.: 2025-01-073761 and 2025-01-101490, respectively), which are included in this Report by way of reference.

⁹ For details regarding the financing agreements for the Iepuresti and Ghimpati projects, see the immediate report dated August 21, 2024 (Agreement No.: 2024-01-085962).

with experience in asset management and electricity trading, in exchange for an amount that is not material to the Company. The completion of the agreement is subject to the fulfillment of conditions precedent, which, as of the date of publication of this Report, have not yet been satisfied.

As of the Report Date, the local development platform is engaged in completing the connection and operation of the Iepuresti, Ghimpati, and Slobozia projects, completing the construction of the Corbi Mari and Volter projects, developing storage projects adjacent to the solar projects, negotiating construction and maintenance agreements for the storage projects, and is also engaged in locating potential buyers for the electricity to be produced in its facilities.

For details on the project backlog in Romania, see Section 1.4 above.

1.4.4 Italy - The Company is active in Italy through Sunprime Holdings SRL ("**Sunprime**"), which is held indirectly, at a rate of approximately 30% by the Company (which is expected to increase to approximately 31.35% subject to the completion of an investment agreement signed in December 2025, as detailed in Section 4.7.1 of Chapter A of the Annual Report)¹⁰. It is engaged in 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 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.

During 2024 and 2025, Sunprime continued to establish and connect projects, while continuing to expand its project backlog.

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 million¹¹, and in July 2024, Sunprime entered into an additional project financing agreement in the amount of up to EUR 204 million.¹² In February 2026, Sunprime entered into an additional financing agreement for approximately EUR 507 million.¹³

As part of a market capacity tender held in February 2025, Sunprime received notification of

¹⁰ 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, and loan and investment agreements signed between Sunprime and Andromeda, see Section 4.7.1 of Chapter A of the Annual Report.

¹¹ 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.

¹² 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.

¹³ For details, see an immediate report published by the Company on February 23, 2026 (Reference No.: 2026-01-017171), which is included in this Report by way of reference.

winning a number of projects in the tender, and on March 20, 2025, 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.¹⁴

On December 2, 2025, Sunprime won a CfD tender under the X-FER regulation, in which a quota of 67 megawatts was allocated to it, granting the projects eligibility for a guaranteed tariff for a period of twenty (20) years from the commercial operation date. The total expected revenue from the tender award is estimated at approximately EUR 100 million. Sunprime retains the right to sell electricity on the free market for eighteen (18) months prior to the commencement of the guaranteed tariff, which provides it with managerial flexibility and potential for additional profits.¹⁵

Since the acquisition of Sunprime by the Company, Sunprime has won a significant portion of the capacity allocated in tenders conducted by the Italian electricity services manager (the "GSE") for rooftop solar projects and ground-mounted projects under the FER1 regulation. Projects included under this regulation are eligible for a guaranteed tariff (CfD) at a rate of EUR 53 to EUR 112 per megawatt-hour for a period of 20 years. As of the date of publication of this Report, Sunprime has approximately 498 megawatts of projects at various stages of development that have won GSE tender procedures, for receipt of a guaranteed tariff (CfD) for a period of 20 years, at a weighted average tariff of approximately EUR 81.2 per megawatt.

In addition, in February 2026, Sunprime entered into a series of agreements with high-consumption industrial electricity consumers (and/or through the relevant managing entity) in Italy within the Energy Release mechanism. For additional details, see the immediate report dated February 6, 2026 (Reference No.: 2026-01-013137), which is included in this Report by way of reference.

As of the date of the Report, Sunprime is engaged in preparation for the construction of storage projects, in addition to the construction and development of its owned solar projects.

¹⁴ 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.

¹⁵ For details, see the immediate report dated December 5, 2025 (Reference No.: 2025-01-096096), which is included in this Report by way of reference.

1.4.5 [Spain](#) - As of the Report Date, the development 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.¹⁶ The Company holds, by way of Noy-Nofar, three active solar projects in the country with a cumulative supply of 407 MW. Approximately 50% of the expected electricity output from the projects is under PPA agreements for a term of between 3 and 10 years.¹⁷ As of the Report Date, the Company is engaged in initiating the Sabinar III solar project, in parallel with the development of storage projects that will also be connected to the substation of the Olmedilla and Sabinar projects, and is also examining the development of wind project that will likewise be connected to the same substation. In addition, in July 2025, the project company of Olmedilla completed a refinance process, which included, among other things, increasing the scope of the debt by approximately EUR 11 million, re-extending the loan period to 17 years (until September 2042), and reducing the interest margin to 1.75% to 2.25%.

1.4.6 [Atlantic Green platform \(Stand Alone storage\) in the UK](#) - As of the Report Date, Atlantic Green Limited (“**Atlantic Green**”) owns the Cellarhead project¹⁸, with a grid connection capacity of 300 megawatts and a storage capacity of approximately 624 megawatt hours, and the Buxton storage project¹⁹, 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.²⁰ As of the Report Date, Atlantic Green is engaged in the construction and optimization of the Cellarhead project and the permits required for the same, including by way of negotiations with the local planning authorities, which is made possible by postponing its connection date by several months.

In addition, during the first half of 2024, the first part of the Buxton project was connected, and in November 2024, the second part was connected. As of the Report Date, Atlantic Green is partially operating the Buxton project.

In addition, Atlantic Green entered into an agreement in 2023 to acquire another storage

¹⁶ 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.

¹⁷ 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 in this Report by way of reference.

¹⁸ 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.

¹⁹ 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.

²⁰ 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.

project, Toton²¹, 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 date of publication of the Report, the acquisition of the project has not yet been completed, and there is no certainty that it will be completed.

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.²²

In October 2025, the Company entered into an agreement with its partner for the purchase of its holdings in Atlantic Green for an amount that is not material for the Company. The transaction was completed, and as of the date of this Report, the Company holds 100% of the holdings.

In addition, as of the date of publication of the Report, the Company is examining the introduction of new partners into Atlantic Green's existing projects and/or at the Atlantic Green level, along with entering new projects.

1.4.7 Noventum company - Noventum Power Limited is a 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 developing renewable energy projects, including solar projects, storage projects, and hybrid projects that combine solar and storage. 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 6.0 gigawatts, most of which have been approved for connection to the electricity grid. 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.

During 2024 and 2025, Noventum continued to develop and promote a backlog of projects in parallel to considering the realization of projects that received the majority of the permits required for their establishment. The development processes included, among other things,

²¹ 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.

²² For details, see the immediate report dated August 30, 2023 (Reference No.: 2023-01-082057), which is included in this Report by way of reference.

the submission of projects with a scope of approximately 2.5 gigawatts as part of the Gate-2 process conducted by the transmission system operator.

As of the Report Date, Noventum holds a backlog of projects with a total capacity of approximately 6,016 megawatts, of which approximately 4,670 megawatts are projects that are in advanced stages of initiation and have connection approval and an exclusivity agreement on the ground, approximately 63 megawatts are ready for construction, and the remainder are in early development stages.

In February 2026, Noventum was awarded three Contracts for Difference (CfD) under the UK Government's Allocation Round 7 (AR7).²³ These contracts for difference give three solar projects a guaranteed rate of approximately GBP 65.23²⁴ per megawatt hour for a period of 20 years from the date of operation.²⁵

As of the Report Date, the Noventum platform is continuing to initiate projects while examining the possibility of value addition by way of the sale of projects under development and/or the entry of an investor.

In addition, the Company commenced initial initiation procedures for data centers. The Company's capabilities in the areas of network connections, land, and planning and construction permits form the basis for its current operations to develop Data Center projects in and around London, as well as in other areas of the United Kingdom. This is both through entering new network connections and through converting existing network connections to Data Center projects. It should be clarified that, given the initial stages of the proceedings, as of the Report Date, there is no certainty regarding the success of the value overflow process, its timing and conditions, or the development processes of the server farm.

1.4.8 [Germany](#) - 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).²⁶ 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

²³ CfD Auction under the 7th Round of the Allocation Regulations 2014 and the Contracts for Difference Allocation Round 7: Contract Allocation Framework (July 2025) ("AR7").

²⁴ The tariff is set forth in 2024 terms, which will be linked to the rate of change in the consumer price index (CPI) (the "Index"), as of 2024 and throughout the operating period.

²⁵ For details, see the immediate report published by the Company on February 11, 2026 (Reference No.: 2026-01-014144), which is included in this Report by way of reference.

²⁶ 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.

accordance with the terms of the agreement.²⁷ 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 reference.

Additionally, during December 2025, the Company completed the sale of 49% of its holdings in Seerose Energie GmbH, a subsidiary of the Company, which owns the Stendal project. For additional details regarding the sale of the holdings, see immediate reports from December 14, 2025 and December 17, 2025 (reference nos.: 2025-01-099089 and 2025-01-100733, respectively), the contents of which are included in this Report by way of reference.

As of the date of publication of the Report, the Company is working to complete the connection of the Stendal project to the electricity grid, while also examining entry into additional storage projects in Germany.

1.4.9 Poland - The main activity of the Company in Poland takes place through Nofar Poland. It is noted that in April 2025, the Company purchased the holdings of the minority shareholder (20%) in the local initiation platforms, in consideration for an amount that is not material to the Company, such that following the purchase the Company holds (through the chain) 100% of Nofar Poland and the rights of the projects in Poland.²⁸

As of the Report Date, the Company's activity in Poland includes a backlog of solar projects and storage projects in various stages of operation, construction and development. For details on the project backlog in Poland, see Section 1.4 above.

In addition, as of the Report Date, Nofar Poland 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.

In 2023, the Company completed the connection of the Krzywinski project (20 MW) and in 2025, the Company completed the connection of the Dziewoklucz project (20 MW).

In addition, in 2024 and 2025, Nofar Poland engaged in the improvement of the projects it owned. Among other things, by starting construction of the Krzywinski project capacity

²⁷ 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.

²⁸ 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 in this Report by way of reference.

increase (5 MW), estimates for increasing the Bakalarzewo project capacity (73 MW) and receiving approval to add batteries at the same connection point (50 MW), entering into a construction agreement to increase the Dziewoklucz project (5.7 MW), and this in parallel with the continued development of the projects it owns. In addition, Nofar Poland won a CfD arrangement for the Dziewoklucz and Cybinka projects at a rate of PLN 318.2 and PLN 312.18, respectively, linked to the consumer price index per megawatt hour.

In addition, the Company began construction of the Cybinka project in 2025.

As of the date of publication of the Report, the Company is in talks to enter into a financing agreement for the Dziewoklucz, Krzywinski and Cybinka projects with an estimated financing volume of approximately EUR 23 million, and is also examining value addition in projects in Poland. It is clarified that the above-mentioned information regarding project financing, the examination of the value overflow or their terms is forward-looking information, which depends on factors beyond the control of the Company and there is no certainty of realization and may even be realized in a different manner, including materially, than described above.

1.4.10 [Serbia](#) - As of the publication date of the Report, 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. In May 2025, the local authority forfeited a bank guarantee that had been provided in connection with the purchase of the project land, on the claim of non-compliance with the terms of the Agreement, and later even threatened to terminate the purchase agreement. During the third quarter of 2025, an agreement in principle was reached to end the dispute without returning the guarantee and with a mutual waiver of claims. In addition, in October 2025, the Company purchased all of its partners' holdings in the project companies in Serbia, in consideration for an amount that is not material, such that following the transaction, the Company holds 100% of the holdings in the projects in Serbia. In December 2025, the project companies entered into a project financing agreement for projects worth approximately EUR 10 million, for the purpose of refinancing part of the equity invested in the project. As of the date of publication of the Report, the Company is examining the possibility of overflowing value in projects.

1.4.11 [USA](#) – The Company's operations in the US are carried out by Nofar USA, which owns Nofar USA EIM and Blue Sky (67% indirectly owned by the Company).

The operations of Nofar USA EIM, which is 90% indirectly owned by the Company, are primarily focused on utility-scale solar and storage projects. In the first quarter of 2025, Nofar USA EIM entered into an agreement regarding entry into two storage projects (Bracero Pecan and Fairway) with an aggregate capacity of approximately 700 megawatt-hours, and in April 2025

carried out works required for the commencement of construction works to secure ITC. In parallel, the Company is engaged in continued development of the projects, and is conducting preliminary negotiations to obtain project financing for the projects. It is clarified that these are only preliminary negotiations, which depend on factors not within the Company's control, and there is no certainty that they will materialize, and they may even materialize in a manner different, including materially different, from what is described above.

In addition, in February 2026, Nofar USA EIM completed the acquisition of the Pinegate Portfolio, which includes nine utility-scale solar projects connected to the transmission grid, located in four states in the United States (Texas, Alabama, North Carolina and South Carolina), with a total capacity of approximately 1 GWdc, of which seven projects are in commercial operation (648 MWdc), one project is at an advanced construction stage (106 MWdc) and one project is at an initial construction stage (225 MWdc). In addition, the Company entered into a bridge financing agreement in the amount of approximately USD 255 million to finance part of the consideration for the acquisition of the project.

Alongside this, during the third quarter of 2025, Nofar USA entered into two corporate financing framework agreements: one in the amount of approximately USD 40 million for a period of two years until September 2027, and one in the amount of USD 20 million for a period of one year until September 2026.

In addition, in light of the changes in tax incentives promoted by the Trump administration, Nofar USA is examining entry into projects at attractive prices, and within this framework, during the third quarter of 2025, acquired a portfolio of solar projects in early development stages with a capacity of approximately 857 megawatts, and in parallel, agreements were signed for the acquisition of additional projects in Texas and Illinois. Alongside the acquisition of the said portfolio, solar panels were purchased to secure the tax incentives for some of these projects.

Blue Sky, which is 67% indirectly held by the Company 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.²⁹ Blue 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 an aggregate

²⁹ 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.

capacity of approximately 383 megawatt-hours, mainly in the northeastern United States. In parallel, Blue Sky is focusing on strengthening the organizational and managerial infrastructure, improving projects and correcting existing defects, strengthening the collection system, improving the mix of tenants to whom the credit for the electricity is sold, increasing partnerships with REIT funds, creating new partnerships, and entering additional segments in the United States. For details regarding a lawsuit filed by one of the minority shareholders in Blue Sky and companies under his control, see Note 17.a.5.c to the consolidated financial statements attached to the 2025 Periodic Report.

1.4.12 For additional details about the project backlog in the United States, see Section 1.3 above. For further details about the activity in the United States, see Section 3.4 of Chapter A of the Annual Report.

1.4.13 [Greece](#) - During the year 2023 the Company entered the field of storage in Greece in relation to the development of storage projects. It is noted that following delays in development procedures and changes in regulation, the Company agreed with the project developers to cancel and reduce the scope of the projects to be purchased by the Company to 100 megawatt-hours, and to return the funds paid by the Company. For additional details about the project backlog in Greece, see Section 1.4 above.

For details regarding changes in inflation, interest rates, exchange rates, shipping and the effect of the Iron Swords war and Rising Lion and Lion's Roar Operations 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 Financial condition:

Section	As of				Explanations of the Board of Directors
	December 31, 2025		December 31, 2024		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Cash and cash equivalents	612,600	9.5%	362,634	5.8%	See cash flow statement, most of the increase from bond issuance and receiving loans from banking corporations and others from the same period last year. On the other hand, there is a decrease resulting from capital inflows to projects in Europe and Israel.

Section	As of				Explanations of the Board of Directors
	December 31, 2025		December 31, 2024		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Shorts term deposits	6,139	0.1%	47,498	0.8%	The main decrease from the corresponding period last year is due to an exercise of the deposits.
Restricted cash for short term	-	-	2,566	0.0%	The decrease from the same period last year stems from the withdrawal of funding for a project for which the conditions for withdrawal have not yet been met.
Customers	170,007	2.6%	146,069	2.3%	The main increase compared to the same period last year stems from debts for the sale of electricity in Israel and abroad and the excess over the customer balance for the construction of systems in Israel.
Accounts receivable	315,205	4.9%	105,707	1.7%	The main increase compared to the same period last year stems from revenue receivable from the sale of the Ratesti project in Romania, investments in initiating and developing projects whose construction has not yet begun in Israel and abroad, and advances to suppliers for the construction of projects abroad.
Inventory	18,281	0.3%	25,128	0.4%	The decrease is due to the realization of inventory for projects.
Short term financial assets	-	-	11,803	0.2%	
Total current assets	1,122,232		701,405		
Investments in investee companies accounted for using the equity method	1,444,631	22.3%	1,018,961	16.4%	The main increase stems from the transition from a consolidated company to a Company accounted for using the equity method of accounting and from investments for the purpose of establishing projects (including through loans to affiliated companies).
Advances on account of an investment	136,767	2.1%	-	-	Advances from the acquisition of a company completed after the balance sheet date and the acquisition of assets completed after the balance sheet date.
Right of use asset	247,512	3.8%	360,373	5.8%	The main decrease stems from the transition from a consolidated company to a Company accounted for using the equity method of accounting.
Financial derivatives	11,123	0.2%	25,966	0.4%	
Long-term receivables	4,763	0.1%	37,108	0.6%	

Section	As of				Explanations of the Board of Directors
	December 31, 2025		December 31, 2024		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Fixed assets	3,259,242	50.3%	3,888,407	62.4%	The main decrease stems from the transition from a consolidated company to a Company accounted for using the equity method of accounting. On the other hand, an increase in fixed assets from the construction of photovoltaic systems owned by the Group during the reporting period and a consolidated company in which control was obtained.
Long term deposits	17,487	0.3%	307	0.0%	
Long-term restricted cash	14,146	0.2%	25,277	0.4%	Cash and deposits used to secure repayment of loans.
Deferred taxes	118,987	1.8%	20,543	0.3%	The bulk of the increase compared to the same period last year is primarily due to an increase in the tax loss carryforward asset.
Intangible asset	100,091	1.5%	149,407	2.4%	The main decrease stems from the transition from a consolidated company to a Company accounted for using the equity method of accounting. The balance mainly stems from goodwill from companies in which control was achieved.
Total non-current assets	5,354,749		5,526,349		
Total assets	6,476,981		6,227,754		
Short-term loans and current maturities for long-term loans from banks	348,978	5.4%	166,097	2.7%	The increase compared to the previous year is due to short-term project credits and current advances to project loans received.
Bonds - current maturities	125,341	1.9%	137,294	2.2%	
Short term commercial papers	225,000	3.5%	-	-	The balance arises from the raising of commercial papers during the Report Period in consolidated entities.
Current maturities of long-term lease liability	21,699	0.3%	23,405	0.4%	
Suppliers and service providers	56,110	0.9%	100,722	1.6%	The main decrease compared to the same period last year is due to construction activity in Europe and payments to EPC.
Accounts payable	76,519	1.2%	47,254	0.8%	The main increase compared to the same period last year stems from an increase in the obligation to institutions, compared to an increase in the obligation to a tax partner in the US.
Financial derivatives	4,746	0.1%	1,918	0.0%	

Section	As of				Explanations of the Board of Directors
	December 31, 2025		December 31, 2024		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Total current liabilities	858,393		476,690		
Long-term loans from banks	1,163,294	18.0%	808,239	13.0%	The increase stems from project and non-project loans received from banking corporations and others in the subsidiary and consolidated companies.
Lease liabilities	240,082	3.7%	343,907	5.5%	
Loans from others	40,062	0.6%	21,462	0.3%	
Deferred taxes	115,350	1.8%	149,592	2.4%	
Bonds	2,136,427	33.0%	1,539,557	24.7%	The increase compared to the corresponding period last year is due to the issue of Series C and D Bonds (minus payments made in Series A and C Bonds). In addition, the increase stems from the exchange of Series B bonds for Series D straight bonds and ordinary shares.
Convertible bonds	24,482	0.4%	375,317	6.0%	The decrease compared to the same period last year stems from the exchange of Series B bonds for Series D straight bonds and ordinary shares.
Other liabilities	24,615	0.4%	102,201	1.6%	The decrease compared to the corresponding period last year arises mainly from a decrease in the liability to pay a minority shareholder in a subsidiary for the purchase of its holdings. In addition, the transition from a consolidated company to a company using the equity method of accounting.
Total non-current liabilities	3,744,312		3,340,275		
Share capital and premium	1,860,350	28.7%	1,716,256	27.6%	
Surplus (loss balance)	(79,940)	(1.2%)	(174,634)	(2.8%)	
Capital reserves	80,808	1.2%	86,711	1.4%	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	1,861,218		1,628,333		
Non-controlling interests	13,058	0.20%	782,456	12.56%	The decrease compared to the corresponding period last year stems from the transition from a consolidated company to a Company accounted for using the equity method of accounting.
Total capital	1,874,276		2,410,789		

Section	As of				Explanations of the Board of Directors
	December 31, 2025		December 31, 2024		
	NIS thousands				
	Amount	% of total balance sheet	Amount	% of total balance sheet	
Total liabilities and equity	6,476,981		6,227,754		

1.6 Results of operations:

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2025	2024	2023	
	NIS thousands			
Revenue from sale of electricity and construction	311,299	313,207	320,779	The main change stems from a decrease in revenues from the construction of solar installations in Israel, compared to an increase in revenues from electricity in Israel and abroad.
Compensation for loss of income	-	930	21,007	
Other income - tax partner	6,246	6,038	2,575	
Total income and profits	317,545	320,175	344,361	
Setup and operating costs	286,303	264,467	318,475	The main decrease stems from a decrease in revenue due to the costs of building solar installations in Israel. On the other hand, the increase compared to the corresponding period stems from an increase in maintenance, operating and depreciation expenses in connected projects and in an affiliated company in which control was obtained in Israel.
Marketing and sale expenses	9,545	6,867	9,301	Mainly labor expenses, advertising and branding.
Management and general expenses	95,679	75,766	69,961	The main increase was a result of an increase primarily in HR expenses, professional services, management, maintenance, and office fees.
Other expenses	36,629	13,936	39,197	Mainly a provision for impairment of fixed assets of a subsidiary and an additional amount for a commitment to sell electricity in a project in Spain.
Total expenses	428,156	361,036	436,934	
Other income	327,637	5,269	51,282	Mainly profit from the transition of a consolidated company to the Company's transition to accounting treatment using the equity method. In addition, project for the sale of another associate, and a decrease in the obligation to pay a minority shareholder in a subsidiary for the purchase of its holdings.
Operating profit (loss)	217,026	(35,592)	(41,291)	
Rate of operating profit from revenue	68.34%	(11.12%)	(12%)	
Financing expenses	207,076	104,567	125,525	Expenses mainly for interest and linkage on bonds and loans from banking corporations, less non-specific credit capitalization.

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2025	2024	2023	
	NIS thousands			
Financing income	37,155	56,506	70,103	Income mainly from interest on loans to corporations accounted for using the equity method, and interest on deposits in banks.
Financing expenses, net	169,921	48,061	55,422	
Profit (loss) after financing expenses	47,105	(83,653)	(96,713)	
Company's share in the profits (losses) of companies handled based on the equity method, net	(21,203)	18,137	(31,637)	Derived from associates in Italy, Romania and Israel.
Profit (loss) before withholding income tax	25,902	(65,516)	(128,350)	
Rate of profit (loss) before withholding income tax	8%	(20%)	(37%)	
Income tax expenses (tax benefit)	(25,679)	(18,998)	(26,521)	
Profit (loss) for the year	51,581	(46,518)	(101,829)	
Profit (loss) for the year, attributable to Company shareholders	90,130	(26,905)	(88,661)	
Non-controlling interests	(38,549)	(19,613)	(13,168)	
Total net profit (loss)	51,581	(46,518)	(101,829)	
Rate of profit (loss) for the year	16%	(15%)	(30%)	
Adjustments arising from hedging transactions	12,767	(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	(95,535)	(151,865)	145,252	The change is due to exchange rate translation differences in respect of foreign currency balances.
Reassessment for revaluation of fixed assets	8,121	391	6,391	The change is due to the update of the revaluation fund from the revaluation 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	60,725	2,852	34,846	The change is due to the update of the revaluation fund from the revaluation carried out by the Company regarding solar systems operating on rooftops and floating systems in associates in Israel.
Total other comprehensive income (loss)	(13,922)	(169,295)	179,537	

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2025	2024	2023	
	NIS thousands			
Comprehensive profit (loss) for the year attributed to the Company's shareholders	83,288	(143,812)	29,238	
Non-controlling interests	(45,629)	(72,001)	48,470	
Total comprehensive profit (loss) for the year	37,659	(215,813)	77,708	

1.7 Liquidity:

Section	For a period of one year ended on December 31			Explanations of the Board of Directors
	2025	2024	2023	
	NIS thousands			
Net cash flow from (for) current activities	(170,713)	43,249	(65,638)	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	(1,299,361)	(1,066,337)	(384,206)	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, and investments in fixed assets.
Net cash flow arising from financing activities	1,723,762	713,264	890,715	See Consolidated Statements of Cash Flows. Cash flow from financing activities is mainly derived from receiving loans from banking and other corporations and from expanding the bond series.

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 19, 2026, the Company's board of directors was presented with a projected cash flow for a period of two years, which included, inter alia, the Company's estimates regarding the funding sources available to it as well as the Company's current expenses and expected investments for this period. Given the Company's projected cash flow, the 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 expenses required for development and construction of projects and investments in growth platforms abroad and from financing that the Company provided to the project corporations - except

for taking on bank debt by them, in the assessment of the Company's board of directors, a negative ongoing cash flow from current operations in the solo financial statements 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 [Issuance of Shares](#) – Following the private investment made by Noy Fund in the Company in September 2020, under which it invested a total amount of approximately nis 224.9 million in exchange for the allocation of shares that at that time constituted approximately 24.64% of the company's issued and paid-up share capital, and following the company's initial public offering (IPO) of its shares pursuant to the company's prospectus, under which in December 2020 the company issued 5,802,950 shares for which the company received a total amount of nis 578 million, on October 27, 2021 the company completed a private placement and listing for trading of 7,744,907 ordinary shares of the company, in exchange for a total payment of approximately nis 555 million from 16 qualified 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. For details regarding the exchange purchase offer of Series D Bonds and shares against Series B Bonds, see Section 1.8.2 below.
- 1.8.2 [Bond Issuance](#) – The Company issues bonds from time to time, and as of the publication date of the Report, the Company has four bond series (Series A, B, C, and D) in circulation, in a total amount of approximately NIS 2,350 million.

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.

In December 2025, the Company completed a tender offer for exchange of approximately NIS 474 million par value of Bonds (Series B) in consideration for an issuance by way of expanding the series of approximately NIS 339 million of Bonds (Series D), and approximately 2.5 million ordinary shares, based on an exchange ratio of 1.043. For details, see the immediate report published by the Company on December 2, 2025 (Reference No.: 2025-01-095797), which is included in this Report by way of reference. Subsequently, in January 2026, approximately NIS 15 million in Bonds (Series B) were exchanged in a private offering in exchange for an issuance of approximately NIS 10 million in Bonds (Series D) and approximately 80 million ordinary shares. For details, see the Immediate Report dated January 25, 2026 (Reference No.: 2026-01-009385), which is included in this Report by way of reference.

1.8.3 [Long-term loans \(including current maturities\)](#) - The average long-term credit was NIS 1,066 million in 2025, compared to about NIS 475.4 million in 2024, and about NIS 425.2 million in 2023.

1.8.4 The average rate of long-term credit cost was approximately 6.07% in 2025, compared to approximately 5.53% in 2024 and approximately 7.2% in 2023.

1.8.5 [Short-term credit](#) - The average short-term credit was in the amount of about NIS 210.8 million in 2025, compared to about NIS 39.6 million in 2024, and about NIS 163.3 million in 2023.

The average rate of short-term credit cost in 2025 was approximately 7.88%, compared to approximately 6.75% in 2024, and approximately 6.9% in 2023.

1.8.6 [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 2025, compared to about 65 days in 2024 and 2023.

The average credit balance of the suppliers amounted to about NIS 78.4 million in 2025, compared to about NIS 86.4 million 2024, and about NIS 86.5 million in 2023.

1.8.7 [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 2025, compared to about 75 days in 2024 and in 2023.

The average credit balance of the customers amounted to about NIS 158 million in 2025, compared to about NIS 181.6 million 2024, and about NIS 239.4 million in 2023.

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.

1.8.8 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 for 2025 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 2023, which are included in this Report by way of reference.

1.10 Material and Very Material Valuations

The Company made use of material valuations or very material valuations for the purpose of determining the value of data in the Company's financial statements, as follows:

- (a) A very material valuation regarding the purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe partnership (the general partner and the limited partnership), as of December 25, 2025, attached to this Report.
- (b) A material valuation regarding impairment testing of “floating” goodwill with respect to the entirety of Nofar’s operations in the United States (Nofar USA LLC), including, among other things, the goodwill created in the Blue Sky acquisition transaction in 2021, as of December 31, 2025.

Below are details regarding the valuations in accordance with Article 8B of the Reporting Regulations:

Feature	Very material valuation – purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe partnership	Material valuation regarding “floating” goodwill with respect to the entirety of Nofar’s operations in the United States (Nofar USA LLC), including, among other things, the goodwill created in the Blue Sky acquisition transaction in 2021.
Identification of the assessment topic	Purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe partnership (the general partner and the limited partnership).	Impairment testing of “floating” goodwill with respect to the entirety of Nofar’s operations in the United States.

Feature	Very material valuation – purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe partnership	Material valuation regarding “floating” goodwill with respect to the entirety of Nofar’s operations in the United States (Nofar USA LLC), including, among other things, the goodwill created in the Blue Sky acquisition transaction in 2021.
Timing of the assessment	December 25, 2025	December 31, 2025
Value of the subject of the appraisal immediately before the appraisal date	N/A (the nature of the work is the valuation of the purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe partnership (the general partner and the limited partnership).	USD 89,896 thousand
Value of the assessment topic determined in accordance with the valuation	EUR 248,568 thousand, representing the value of Nofar’s holdings in the Noy-Nofar Europe Partnership (the general partner and the limited partnership).	USD 107,308 thousand
Identity of appraiser and characteristics	<p>The work was carried out by a team led by Mr. Yaniv Abadi, CPA, Founding Partner of Beta Finance TYS Ltd., an expert in financing and valuations. Yaniv has extensive experience in various financial fields, including, among other things, advising private and public companies in the areas of valuations, economic feasibility analyses, and M&A advisory. Yaniv holds a bachelor’s degree in accounting and economics with honors, is a certified CPA and has a master’s degree in business administration specializing in finance and accounting with honors.</p> <p>There is an indemnity agreement with the appraiser, who is an independent appraiser.</p>	
Valuation model that the appraiser used	<p>The appraiser acted based on the income approach, which constitutes the basis for the valuation of assets from future cash flows. In accordance with the requirements of IFRS 3, the work included a purchase price allocation (PPA) with respect to a notional acquisition of a 47.5% holding in the partnership, following the loss of control.</p> <p>For the purpose of determining the fair value of the main projects of the partnership, the shareholders’ cash flow discounting method was used. In this framework, the expected cash flows to the owners, after deduction of project financing and tax, were discounted at the required rate of return for the owners. The required rate of return for the owners was calculated in accordance with the Capital Asset Pricing Model (CAPM), using parameters such as the risk-free rate, market risk premium and adjusted beta.</p>	<p>The appraiser acted based on a discounted cash flow (DCF) model as part of the impairment testing under the fair value less costs of disposal alternative, in accordance with IAS 36.</p> <p>The fair value less costs of disposal was estimated based on the discounted projected cash flows (DCF) of the projects.</p> <p>In addition, for the purpose of determining the discount rate within the DCF, the WACC (weighted average cost of capital) model was used, as the accepted method for determining a discount rate reflecting the relative weight of each component in the capital structure.</p>

Feature	Very material valuation – purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe partnership	Material valuation regarding “floating” goodwill with respect to the entirety of Nofar’s operations in the United States (Nofar USA LLC), including, among other things, the goodwill created in the Blue Sky acquisition transaction in 2021.
The assumptions under which the assessor carried out the valuation	<p>The discount rate applied in practice is the cost of equity (Ke) – 11.43% for projects in Spain and 12.38% for projects in Italy, with the following calculation components: E/V 41.25%, D/V 58.75%, tax rate 25.00% (Spain) and 27.90% (Italy), risk-free rate (Rf) 3.74% (Spain) and 3.95% (Italy), beta 0.90 (Spain) and 0.89 (Italy), market risk premium (Rm–Rf) 5.78% (Spain) and 6.69% (Italy), and SP 2.50%. In addition, for the purpose of calculating management overheads, a WACC of 8.51% was used after a tax shield of 26.45%. For the purpose of calculating beta, a sample of four comparable companies (Doral, Nofar Energy, Enlight, Energix) and two comparable sectors (Energy Renewable & Green and Power) was used, with a weighted average unlevered beta of 0.59 and weighted equity/debt ratios of 41.25% and 58.75%, respectively.</p>	<p>The valuation was carried out in accordance with IAS 36, based on an examination of the recoverable amount of the cash-generating unit and its comparison to its carrying amount. The recoverable amount was estimated under the fair value less costs of disposal alternative, using discounted projected cash flows (DCF) of the projects. The appraiser assumed the accuracy, completeness and timeliness of the information provided by the Company, including financial data and forward-looking information, without performing an independent examination of such information, while clarifying that an economic opinion is not an exact science, is based on assumptions and forecasts, and that changes in the main variables and/or in the information may change the conclusions.</p> <p>Discount rates were determined according to the WACC/Ke model. The WACC rate for systems in commercial operation was 7.71%, and for projects not in commercial operation, specific risk premiums were added at a rate of 1.0% for projects under construction and 3.0% for projects in development; accordingly, the Ke rate for projects under construction was 10.95% and for projects in development was 12.95%, assuming a tax rate of 25%. Transaction costs were estimated at a rate of 1.5% of the fair value of the cash-generating unit. In addition, for the purpose of the “management claim” component, it was assumed that Blue Sky’s overhead expenses (net of a tax shield at a rate of 25%) would be spread over a period of 10 years; for 2026, overhead expenses of USD 8,232 thousand were assumed, based on 2025 data and assuming annual growth of 2%. The discounting of the overhead component was performed using a WACC of 7.71%, and within the calculation, initiation and business development costs at a rate of 85% of the total overhead were neutralized.</p>

Aspects of Corporate Governance

2.1. Effectiveness of internal control

Attached to this Report are the reports on the Company's internal control.

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. 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.
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.

Name of the internal auditor:	Haim Halfon
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:	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 On March 27, 2025, the Audit Committee approved an audit plan for 2025, which will include the following topics: (1) Information Systems and Cyber, (2) Cybersecurity, and (2) Corporate Governance. The audit plan does not allow the internal auditor to deviate from it without the approval of the audit committee. As a rule, the audit plan refers to the Company and the Company's consolidated companies, in Israel and outside Israel.
Scope of the transaction:	In 2025, the internal auditor provided audit services amounting to 400 hours. 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.
Professional standards:	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. 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.
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:	In August 2025, the internal auditor submitted an audit report on corporate governance systems, which was discussed at the Audit Committee meetings on August 24, 2025 and the Board of Directors meeting on August 26, 2025. The submission of the audit report on information systems and cyber in Israel has been postponed to the second quarter of 2026, in light of Operation Lion's Roar. All audit reports discussed and submitted for approval by the audit committee were submitted in writing.
Remuneration of the internal auditor:	The internal auditor's fee for an internal audit is set at an amount of NIS 250 per hour of work in 2025 (all plus VAT). 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.

2.7 Details regarding the Company's auditor

On November 26, 2025, the general meeting of the Company's shareholders decided to reappoint the accounting firm KPMG Somekh Chaikin as the Company's auditors.

Below are details regarding the fees of the auditor (NIS thousands):

Details of the Company	Name of Auditor	Type of service	2023	2024	2025
The Company	BDO ZIV HAFT	Audit, audit-related services, including tax services related to the audit	811	850	---
		Other services	108	265	---
	KPMG	Audit, audit-related services, including tax services related to the audit	---	---	869
		Other services	---	---	348
Subsidiaries and associates	KPMG	Audit, audit-related services, including tax services related to the audit	1,260	813	767
		Other services	397	492	435

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 1.8 above and Note 33 to the consolidated financial statements as of December 31, 2025. In addition to these sections and notes:

- On January 5, 2025, the Company's general meeting approved the extension of the terms of office of directors Mr. Ofer Yannay, Mr. Yoni Tal, CEO Yonit Partok, Mr. Zvi Levin and Mr. Uri Orbach until the date of the next annual meeting. In addition, the general meeting approved the appointment of the accounting firm Somekh Chaikin KMPG as the Company's auditors, from the date of approval by the meeting until the end of the next annual meeting, and authorized the Company's board of directors to determine their remuneration. For details, see the immediate report published by the Company on January 5, 2025 (Reference No.: 2025-01-001486), which is included in this Report by way of reference.
- On January 6, 2025, the Company issued to Bondholders (Series A) an exchange purchase offer for Bonds (Series A) in exchange for the issuance of Bonds (Series D). For details, see the immediate report dated January 5, 2025 (Reference No.: 2025-01-001872), which was

supplemented on January 8, 2025 (Reference No.: 2025-01-002968), as amended on January 12, 2025 (Reference No.: 2025-01-003437) which is included in this Report by way of reference. On January 14, 2025, the Company published the results of the D Bond shelf offering report by way of an exchange purchase offer for A Bond. For details, see the immediate report published by the Company on January 14, 2025 (Reference No.: 2025-01-003926), which was supplemented on January 16, 2025 (Reference No.: 2025-01-004956) which is included in this Report by way of reference.

- On January 12, 2025, following media publications, the Company published a clarification regarding publications in communications regarding negotiations with Teralight and its shareholders. For details, see the immediate report published by the Company on January 12, 2025 (Reference No.: 2025-01-003394), which is included in this Report by way of reference.
- On February 10, 2025, the Company announced the issuance of 18,130 options to the Company's employees. For details, see the immediate report published by the Company on March 23, 2025 (Reference No.: 2025-01-009848), which is included in this Report by way of reference.
- On February 10, 2025, the Company published a shelf offering report for the issuance of Bonds (Series B) and Bonds (Series C) by way of series expansion. For details, see the immediate report published by the Company on February 10, 2025 (Reference No.: 2025-01-009847), which is included in this Report by way of reference. On February 12, 2025, the Company published the results of the offering. 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.
- On February 20, 2025, the Company published a report on the sale of the Noy Fund (as defined in the Corporate Business Description Report attached to the 2024 Periodic Report) and Mr. Noam Fisher, the former CFO of the Company, sold all of their holdings in the Company in an off-exchange transaction. For details, see the Immediate Report dated February 20, 2025 (Reference No.: 2025-01-012040).
- On February 20, 2025, the Company published a report regarding understandings between Mr. Ofer Yannay, the controlling shareholder of the Company, and Messrs. Nadav Tenne and Shachar Gershon, the former Co-CEOs of the Company. 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.
- On March 2, 2025, the Company published an immediate report regarding a subsidiary in Germany entering into a project financing agreement for the Stendal storage project. For details, see the immediate report published by the Company on February 20, 2025 (Reference No.: 2025-01-013676), which is included in this Report by way of reference.

- On March 9, 2025, the Company published an immediate report regarding the appointment of Mr. Shahar Gershon as co-CEO of the company. For details, see the immediate report published by the Company on March 9, 2025 (Reference No.: 2025-01-015524), which is included in this Report by way of reference.
- On March 23, 2025, the Company published an Immediate Report regarding the win by an indirectly held subsidiary in a tender in Italy. For details, see the immediate report published by the Company on March 23, 2025 (Reference No.: 2025-01-019017), which is included in this Report by way of reference.
- On March 30, 2025, the Company published immediate reports regarding the conclusion of service of Mr. Noam Fisher as CFO of the Company, and the appointment of Mr. Oren Ben Shimol as acting CFO, the contents of which are included by way of reference.
- On April 3, 2025, the Company published an Immediate Report regarding a change in the holdings of Mr. Ofer Yannay, Chairman of the Board and controlling shareholder, due to the sale of the Company's Bonds (Series B) off-exchange. For details, see the immediate report published by the Company on April 3, 2025 (Reference No.: 2025-01-024637), which is included in this Report by way of reference.
- On June 5, 2025, the Company published an Immediate Report regarding the allocation and expiration of employee options in the Company. For details, see the immediate report published by the Company on June 5, 2025 (Reference No.: 2025-01-040668), which is included in this Report by way of reference.
- On June 22, 2025, the Company published an Immediate Report stating that the Company is conducting negotiations with Noy Fund regarding an investment in the Company's renewable energy and storage activity in Israel. For details, see the immediate report published by the Company on June 22, 2025 (Reference No.: 2025-01-04408), which is included in this Report by way of reference. It should be noted that on November 3, 2025, the Company reported the termination of the negotiations. For details, see the immediate report dated November 3, 2025 (Reference No.: 2025-01-082678), which is included in this Report by way of reference.
- On June 25, 2025, the Company announced that Messrs. Nadav Tenne and Shahar Gershon, who at that time served as co-CEOs of the Company, had expressed their wish to conclude their roles in the Company, that the end of their tenure was expected to take effect on December 25, 2025, and that the Company had commenced the process of locating a CEO whose appointment is expected to be brought for approval in the near future. For details, see the Immediate Report dated June 25, 2025 (Reference No.: 2025-01-045134), which is included in this Report by way of reference.

- On June 25, 2025, the Company published an Immediate Report regarding the sale of all holdings of Messrs. Nadav Tenne and Shahar Gershon in the Company. For details, see the immediate report published by the Company on June 25, 2025 (Reference No.: 2025-01-045581), which is included in this Report by way of reference.
- On June 29, 2025, the Company published an immediate report regarding Menora Mivtachim Holdings Ltd. becoming an interested party in the Company. For details, see the immediate report published by the Company on June 29, 2025 (Reference No.: 2025-01-046290), which is included in this Report by way of reference.
- On June 29, 2025, the Company published an Immediate Report regarding the filing of a motion for certification of a class action in the Central District Court–Lod against the Company and its office holders, alleging breaches of disclosure obligations and additional causes of action. For details, see the immediate report published by the Company on June 29, 2025 (Reference No.: 2025-01-046297), which is included in this Report by way of reference.
- On July 23, 2025, the Company announced the following: the appointment of Mr. Ami Landau as CEO of the Company effective February 1, 2026 (or at an earlier date, if his notice period at his previous employer is shortened), the end of the tenure of Messrs. Nadav Tenne and Shahar Gershon as co-CEOs (effective July 22, 2025), the end of the tenure of Mr. Ofer Yannay as Chairman of the Board of Directors and his appointment as acting CEO of the Company, and the appointment of Mr. Zvi Levin as Chairman of the Board of Directors. For details, see the Immediate Reports dated July 22, 2025, which is included in this Report by way of reference.
- On July 24, 2025, the Company published an immediate report stating that it had signed a memorandum of understanding with Bank Leumi to refinance Nofar Israel's operations for a total amount of up to NIS 2.4 billion. For details, see an immediate report dated July 24, 2026 (Reference No.: 2025-01-055032), the contents of which are included in this Report by way of reference.
- On July 25, 2025, the company published a notice of a special general meeting of the company's shareholders and a material private-offer report, on whose agenda was the approval of the terms of office of Mr. Ami Landau as CEO of the Company, including approval of the allocation of 109,766 restricted shares (RS). For details, see the notice of meeting dated July 24, 2025 (Reference No.: 2025-01-055359), and the amended and supplementary reports dated August 25, 2025, August 28, 2025, September 4, 2025, and September 7, 2025 (Reference Nos.: 2025-01-063476; 2025-01-065003; 2025-01-067013; 2025-01-067537), which is included in this Report by way of reference. On September 11, 2026, the general meeting did not approve the terms of office and employment of Mr. Ami Landau, including the failure to approve the allocation of shares as stated above. Accordingly, Mr. Landau's appointment as CEO of the Company was canceled

before it took effect. For details, see the results report dated September 11, 2025 (Reference No.: 2025-01-068926), and September 21, 2025, which is included in this Report by way of reference.

- On July 29, 2025, Midroog Ltd. announced that it was maintaining the Company's rating of A3.il with a stable outlook for the Company and its bonds. For details, see the Immediate Report of Midroog Ltd. dated July 29, 2025 (Reference No.: 2025-15-056303), which is included in this Report by way of reference.
- On July 30, 2025, the Company published an immediate report on a private offering of 167,630 non-tradable options to officers of the Company and a subsidiary. For details, see the immediate report published by the Company on July 30, 2025 (Reference No.: 2025-01-056865), which is included in this Report by way of reference.
- On September 28, 2025, the Company published an immediate report as to the appointment of Mr. Ofer Yannay as CEO of the Company.
- On September 28, 2025, the Company published an immediate report on the appointment of Mr. Nir Peleg to the position of Chief Financial Officer of the Company, replacing Mr. Oren Ben Shimol's tenure as Deputy Chief Financial Officer of the Company.
- On October 5, 2025, the Company announced the entry into an agreement to sell its entire holdings (50%) in the Ratesti project, and on December 21, 2025, it announced the completion of the transaction. For details, see the Immediate Reports dated October 5, 2025 (Reference No.: 2025-01-073761 and 2025-01-101490), which is in this Report included by way of reference.
- On October 9, 2025, the Company published a private placement report to 13 officers and employees of the Company of 130,837 options convertible into Company shares. For details, see the immediate report published by the Company on October 9, 2026 (Reference No.: 2025-01-074719), which is included in this Report by way of reference.
- On October 22, 2025, the company convened an annual and special general meeting of the shareholders of the company, on the agenda of which were the following matters: (1) discussion of the company's financial statements and board of directors' report for 2024; (2) reappointment of the accounting firm KPMG Somekh Chaikin as the company's independent auditor; (3) approval of the reappointment of Mr. Ofer Yannay, Mr. Yoni Tal, Ms. Yonit Partok, Mr. Zvi levin, and Mr. Uri Orbach as directors of the company; (4) approval of the terms of office of Mr. Ofer Yannay as CEO of the company as detailed in the meeting notice, including extension of the validity of the exemption and indemnification letter for an additional period of 3 years from the date of the meeting's approval, and including approval of the allocation of 1,777,191 restricted share units as detailed in the meeting notice; (5) approval of a new compensation policy. For additional details, see the meeting notice and amended reports dated October 22, 2025,

November 13, 2025, and November 20, 2025 (Reference Nos.: 2025-01-078697, 2025-01-086898, and 2025-01-090006, respectively), which is included in this Report by way of reference. On November 26, 2025, the general meeting approved all matters on the agenda as described above. For details, see the results report dated November 26, 2025 (Reference No.: 2025-01-093089), which is included in this Report by way of reference.

- On November 2, 2025, the Company published an immediate report on the engagement in a non-binding memorandum of understanding with Clal Insurance Company Ltd. for an investment in the Company's activity in Israel. For details, see the immediate report published by the Company on November 2, 2025 (Reference No.: 2025-01-082678), which is included in this Report by way of reference.
- On November 4, 2025, the Company published an immediate report regarding its entry into an agreement with Noy Fund for the sale of 5% of the rights in the Noy-Nofar Partnership and 5% of the general partner for EUR 18.95 million, such that upon completion the Company will hold 47.5% and Noy Fund will hold 52.5%, in accordance with a new partnership agreement that will grant Noy Fund control and will result in the deconsolidation of the partnership in the Company's financial statements. For details, see the immediate report dated November 4, 2025 (Reference No.: 2025-01-083415), which was supplemented on November 4, 2025 (Reference No.: 2025-01-083759) which is included in this Report by way of reference. On December 28, 2025, the Company announced the completion of the transaction and the new partnership agreement entered into force. For details, see the immediate report published by the Company on December 28, 2025 (Reference No.: 2025-01-103733), which is included in this Report by way of reference.
- On November 5, 2025, the Company published an immediate report regarding a private offer to an officer of the Company, in the amount of 50,000 options convertible into Company shares. For details, see the immediate report dated November 5, 2025 (Reference No.: 2025-01-084042), which is included in this Report by way of reference.
- On November 13, 2025, the Company published an immediate report regarding a private offer to an officer of the Company, in the amount of 50,000 options convertible into Company shares. For details, see the immediate report published by the Company on November 5, 2025 (Reference No.: 2025-01-087303), which is included in this Report by way of reference.
- On November 18, 2025, the Company published an immediate report regarding negotiations with third parties for potential transactions, including the sale of approximately 49% of the Stendal project in Germany, entry into an agreement for the sale of the entire electricity output from a solar project in Romania and balancing services, entry into agreements for battery procurement and construction for the Pecan-Bracero project in Texas (approximately 460 megawatt-hours), and the sale of approximately 40% of the Volter project in Romania. For details, see the immediate

report published by the Company on November 18, 2025 (Reference No.: 2025-01-088355), which is included in this Report by way of reference.

- On November 18, 2025, the Company published a report on an exchange purchase offer for convertible Bonds (Series B), in exchange for a package including ordinary shares and Bonds (Series D). For details, see the immediate report dated November 18, 2025 (Reference No.: 2025-01-088683), which was supplemented on November 27, 2025 (Reference No.: 2025-01-093891) which is included in this Report by way of reference. On December 2, 2025, the Company published an immediate report regarding the results of the aforementioned offer. For details, see the Company's immediate report dated December 2, 2025 (Reference No.: 2025-01-095797), which was supplemented on December 7, 2025 (Reference No.: 2025-01-097373) which is included in this Report by way of reference.
- On November 26, 2025, the Company updated regarding entering into a financing agreement for three projects in Romania. For details, see the immediate report published by the Company on November 16, 2025 (Reference No.: 2025-01-093097), which is included in this Report by way of reference.
- On November 27, 2025, the Company published an immediate report regarding Mr. Ofer Yannay, the controlling shareholder of the Company, entering into a transaction with Leumi Partners in connection with the holding in Ofer Yannay Group Ltd. (80% Yannay, 20% Leumi Partners), the transfer of part of Mr. Yannay's shares to Yannay Group, the provision of loans and the execution of investments by Leumi Partners, and the purchase of shares by Yannay Group. For details, see the immediate report dated November 27, 2025 (Reference No.: 2025-01-093331), which was supplemented on November 27, 2025 (Reference No.: 2025-01-093559) which is included in this Report by way of reference.
- On December 3, 2025, the Company published an immediate report regarding Sunprime's victory in the CfD tender in Italy. For details, see the immediate report published by the Company on December 3, 2025 (Reference No.: 2025-01-096096), which is included in this Report by way of reference.
- On December 4, 2025, the Company published an immediate report regarding Mr. Ofer Yannay's engagement with Phoenix Pension and Provident Fund Ltd. in forward transactions outside the stock exchange. For details, see the immediate report published by the Company on December 4, 2025 (Reference No.: 2025-01-096926), which is included in this Report by way of reference.
- On December 11, 2025, the Company published an immediate report regarding the Company's subsidiary entering into an agreement to sell 49% of the Stendal storage project company in Germany. For details, see the immediate report published by the Company on December 11, 2025 (Reference No.: 2025-01-099859), which is included in this Report by way of reference. On

December 17, 2025, the Company reported the completion of the transaction as stated. For details, see the immediate report published by the Company on December 17, 2025 (Reference No.: 2025-01-100733), which is included in this Report by way of reference.

- On December 16, 2025, the Company published an immediate report regarding the Company's entry into an agreement to purchase the controlling shares in Ellomay Capital Ltd. (approximately 45.85% of the capital) for a total consideration of approximately NIS 458.5 million. For details, see the immediate report dated December 16, 2025 (Reference No.: 2025-01-100448), the contents of which are included in this Report by way of reference. On March 4, 2026, the Company announced the completion of the transaction, as well as the financing of part of the purchase proceeds through a loan secured, among other things, by a pledge on Ellomay shares. For details, see the immediate report published by the Company on March 4, 2026 (Reference No.: 2026-01-019801), which is included in this Report by way of reference.
- On December 22, 2025, the Company reported the appointment of Mr. Avraham Golde to the position of Chief Financial Officer of the Company, replacing Mr. Nir Peleg. For details, see immediate reports dated December 22, 2025 (Reference Nos.: 2025-01-101833 and 2025-01-101834), which are included in this Report by way of reference.
- On December 29, 2025, Midroog announced that it would examine the effects of acquiring control of Ellomay. For details, see the immediate report of Midroog published on December 29, 2025 (Reference No.: 2025-15-104332), which is included in this Report by way of reference. On March 12, 2026, Midroog published an issuer comment report regarding the effects of the acquisition of control in Ellomay and the completion of the acquisition of a material asset portfolio in the United States (Pinegate) on the Company's risk profile. For details, see the immediate report of Midroog published on March 12, 2026 (Reference No.: 2026-15-022390), which is included in this Report by way of reference.
- On December 31, 2025, the Company reported that a subsidiary in the United States had entered into an agreement for the acquisition of a portfolio of nine solar projects in the United States. For details, see the immediate report published by the Company on December 31, 2025 (Reference No.: 2025-01-105695), which is included in this Report by way of reference. On February 26, 2026, the Company announced that it had entered into a bridge financing agreement with Bank Hapoalim in an amount of up to USD 255 million for the purpose of financing part of the consideration for the acquisition of the portfolio. For details, see the immediate report published by the Company on February 26, 2026 (Reference No.: 2026-01-018281), which is included in this Report by way of reference. On February 27, 2026, the Company announced the completion of the transaction and the withdrawal of financing. For details, see the immediate report published by the Company on February 27, 2026 (Reference No.: 2026-01-018533), which is included in this

Report by way of reference.

- On January 2, 2026, the Company published an immediate report regarding the appointment of Ms. Dafna Esther Cohen as an external director of the Company effective January 1, 2026, after her appointment expired on December 25, 2025. For details, see immediate reports from December 25, 2025, November 27, 2025, and January 2, 2026 (Reference Nos.: 2025-01-103640, 2026-01-093940, 2026-01-000816 and 2026-01-000817), which are included in this Report by way of reference.
- On January 7, 2026, the Company published an immediate report regarding a lawsuit filed with the Tel Aviv-Yafo District Court against the Company and additional defendants, in connection with the purchase of Ellomay shares. For details, see the immediate report published by the Company on January 7, 2026 (Reference No.: 2026-01-003291), which is included in this Report by way of reference.
- On January 13, 2026, the Company published an immediate report regarding entering into an agreement with Clal Insurance Company Ltd. for investment in the Company's operations in Israel. For additional details, see the immediate report dated January 13, 2026 (Reference No.: 2026-01-013137), which is included in this Report by way of reference.
- On January 21, 2026, the Company announced a private placement of 50,000 options to an employee of a subsidiary. For details, see the Immediate Report dated January 21, 2026 (Reference No.: 2026-01-008372), which is included in this Report by way of reference.
- On January 25, 2026, the Company published an immediate report regarding a substantial private offering for the issuance of 80,280 shares and the allocation of NIS 10,729,290 par value of Series D Bonds in exchange for 15,006,724 Series B convertible bonds. For details, see the Immediate Report dated January 25, 2026 (Reference No.: 2026-01-009385), which is included in this Report by way of reference.
- On February 3, 2026, the Company published an immediate report regarding the management of contacts with land rights holders in Shoham (approximately 32 dunams) in connection with the acquisition of 51% of the land rights and entering into a cooperation agreement to establish a server farm. For details, see the immediate report published by the Company on February 3, 2026 (Reference No.: 2026-01-012143), which is included in this Report by way of reference.
- On February 5, 2026, the Company published an Immediate Report regarding Sunprime winning a series of agreements with the Energy Release regulation. For details, see the immediate report published by the Company on February 5, 2026 (Reference No.: 2026-01-013137), which is included in this Report by way of reference.
- On February 10, 2026, the Company published an immediate report that Noventum had won three

contracts for difference (CfD) in the United Kingdom. For details, see the immediate report published by the Company on February 10, 2026 (Reference No.: 2026-01-014144), which is included in this Report by way of reference.

- On February 24, 2026, the Company published an immediate report regarding Sunprime's engagement in a project financing agreement of up to €507 million. For details, see the immediate report published by the Company on February 24, 2026 (Reference No.: 2026-01-017171), which is included in this Report by way of reference.
- On March 10, 2026, the Company published an immediate report regarding the examination of the possibility of issuing and listing for trading a new series of Bonds (Series E). As part of the aforementioned report, the Company published a first draft of the trust deed. For details, see the Company's immediate report dated March 10, 2026 (Reference No.: 2026-01-021048).
- On March 13, 2026, the Company published an immediate report regarding the separation process of Ellomay Luzon Energy Infrastructure Ltd. For details, see the Company's immediate report dated March 13, 2026 (Reference No.: 2026-01-022409).
- For details regarding changes in capital, see Section 1.3 of Part A of the Periodic Report.

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.

Zvi Levin,
Chairman of the Board

Ofer Yannay,
CEO and Director

Date: March 19, 2026

Appendix A - Disclosure to Bondholders
The Bonds (Series A)

	Series A Bonds (Data in NIS thousands)
Issuance date	Aug. 16, 2021; Sept. 8, 2022; 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, 2025 (NIS thousands)	273,240
Par value including linkage as of Dec. 31, 2025	316,269
Amount of interest accrued	-
Is this a material series?	Yes
Fair value as included in the financial statements as of Dec. 31, 2025	302,633
Stock Exchange value as of December 31, 2025	305
Stock Exchange value near the Report Date (March 15, 2026)	[-]
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. Email: office@mtrust.co.il
At the end of the reporting year or during it, did the Company meet all of its obligations under the trust deed?	Yes
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	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. 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 in this Report by way of reference.
General meetings and reports on behalf of the trustee	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. 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.

- (*) 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	Series C Bonds
Issuance date	Jul. 20, 2023; Feb. 12, 2025	Jul. 20, 2023; Feb. 14, 2024; Feb. 12, 2025
Scope of par value of bonds on the issue date (NIS thousands)	407,550; 499,993	233,951; 558,951; 845,321
Balance of par value of bonds in circulation as of December 31, 2025 (NIS thousands)	25,930	803,054
Par value including linkage as of Dec. 31, 2025 (NIS thousands)	25,930	803,054
Amount of interest accrued (NIS thousands)	-	-
Is this a material series?	Yes	Yes
Fair value as included in the financial statements (NIS thousands)	24,482	828,945
Stock Exchange value as of December 31, 2025 (NIS thousands)	33.4	836
Stock exchange value near the Report Date (March 15, 2026) (NIS thousands)	[-]	[-]
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		---

<p>Right to convert the Bonds</p>	<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 in circulation, as of June 30, 2025, is 4,343,988 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>	<p>---</p>
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<p>Right to early redemption</p>	<p>The Company may not perform early repayment of the Bonds on its own initiative. 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>
<p>Rating</p>	<p>A3.il with a stable outlook</p>	<p>A3.il with a stable outlook</p>
<p>Rating agency</p>	<p>Midroog</p>	<p>Midroog</p>
<p>Guarantee to secure the Company's liabilities according to the trust deed</p>		<p>---</p>
<p>The remaining scope of par value of bonds purchased by a subsidiary of the Company</p>		<p>---</p>
<p>The Trustee</p>	<p>Mishmeret Trust Services Ltd., 48 Menachem Begin Ave., Tel Aviv. Telephone: 03-6374352; Fax: 03-6374344. Contact person: CPA Rami Sabati. Email: office@mtrust.co.il</p>	

At the end of the reporting year or during it, did the Company meet all of its obligations under the trust deed?	Yes
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 <i>pari passu</i> , 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 in this Report 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 dated February 12, 2025 (Reference No.: 2025-01-010343), which is included in this Report by way of reference.

In December 2025, the Company completed a tender offer for exchange of approximately NIS 474 million par value of Bonds (Series B) in consideration for an issuance by way of expanding the series of approximately NIS 339 million of Bonds (Series D), and approximately 2.5 million ordinary shares, based on an exchange ratio of 1.043. For details, see the immediate report published by the Company on December 2, 2025 (Reference No.: 2025-01-095797), which is included in this Report by way of reference. Subsequently, in January 2026, approximately NIS 15 million in Bonds (Series B) were exchanged in a private offering in exchange for an issuance of approximately NIS 10 million in Bonds (Series D) and approximately 80 million ordinary shares. For details, see the Immediate Report dated January 25, 2026 (Reference No.: 2026-01-009385), which is included in this Report by way of reference.

The Bonds (Series D)

	Series D Bonds
Issuance date	September 16, 2024; January 15, 2025; December 4, 2025; January 27, 2025
Scope of par value of bonds on the issue date (NIS thousands)	355,000; 756,289; 1,095,244; 1,105,973
Balance of par value of bonds in circulation as of December 31, 2025 (NIS thousands)	1,095,244
Par value including linkage as of Dec. 31, 2025 (NIS thousands)	1,095,244
Amount of interest accrued (NIS thousands)	-
Is this a material series?	Yes
Fair value as included in the financial statements as of Dec. 31, 2025 (NIS thousands)	1,130,190
Stock Exchange value as of December 31, 2025 (NIS thousands)	1,158.5
Stock exchange value near the Report Date (March 15, 2026) (NIS thousands)	[-]
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
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. Email: office@mtrust.co.il
At the end of the reporting year or during it, did the Company meet all of its obligations under the trust deed?	Yes
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. 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.

Series D Bonds	
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 in this Report by way of reference.</p>
General meetings and reports on behalf of the trustee	---



Part C

**Consolidated Financial
Statements as of
December 31, 2025**



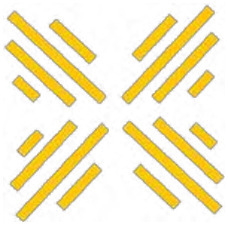


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Somekh Chaikin
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March 19, 2026

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 Independent Auditor's report dated March 19, 2026 regarding the consolidated financial statements of the Company as of December 31, 2025 and for the year ending on that date.
- b. The Independent Auditor's report dated March 19, 2026 on the audit of the components of internal control over financial reporting of the Company as of December 31, 2025.
- c. The Independent Auditor's report dated March 19, 2026, on separate financial information of the Company dated December 31, 2025 and for the year ended December 31, 2025, pursuant to Article 9c of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Somekh Chaikin
Accountants

Independent Auditor's Report to the Shareholders of O.Y. Nofar Energy Ltd.

Opinion

We have audited the accompanying consolidated statements of financial position of Nofar Energy Ltd. (hereinafter: the "**Company**"), which comprise the consolidated statement of financial position as of December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the Notes to the consolidated financial statements, including a summary of significant accounting policies.

We did not audit the financial statements of a consolidated company whose assets included in the consolidated statement of financial position constitute approximately 3% of the total consolidated assets as of December 31, 2025, and whose revenues included in the consolidated statement of profit or loss and other comprehensive income constitute approximately 11% of the total consolidated revenues for the year ended December 31, 2025. In addition, we did not audit the financial statements of an investee company accounted for using the equity method, in which the Company's share of losses of that company amounted to approximately NIS 5,684 thousand for the year ended December 31, 2025. The financial statements of those entities were audited by other independent auditors whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included in respect of those entities, is based on the reports of the other independent auditors.

In our opinion, based on our audit and on the reports of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

Basis for the Opinion

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. Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this Report. We are independent of the Company and its consolidated entities in accordance with the provisions of law applicable in Israel regarding the independence and prevention of conflicts of interest of the auditor in Israel. We also fulfilled our other ethical obligations in accordance with the Certified Public Accountants Law, 5755-1955, and regulations thereunder. We believe that the audit evidence we have obtained, including the other auditors' reports, is sufficient and appropriate to provide a basis for our opinion.

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 consolidated financial statements, and (2) our judgment regarding it was particularly challenging, subjective or complex. These matters were addressed in the context of our audit and in forming our opinion on the consolidated financial statements as a whole. The communication of these matters below does not modify our opinion on the consolidated financial statements as a whole, and we do not provide a separate opinion on these matters or on the items or disclosures to which they relate. 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 consolidated financial statements, the Company has fixed assets under construction in the amount of NIS 2,275,807 thousand. The total costs capitalized to fixed assets under construction in the consolidated statement of financial position as of December 31, 2025 amount to approximately NIS 1,063,407 thousand.

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.

Valuation of Noy Nofar Europe

Why was the matter determined to be a key issue in the audit?

As described in Note 13(c) to the consolidated financial statements, in December 2025 the Company sold 5% of its rights in Noy Nofar Europe and decreased its holding from 52.5% to 47.5%. As a result of the sale, the Company lost control over Noy Nofar Europe, and a gain from loss of control and transition to the equity method was recognized.

The value of the investment as of the date of loss of control was estimated by the Company at NIS 912,567 thousand. The gain recognized in the consolidated statement of profit or loss amounted to approximately NIS 235,896 thousand and was recognized under other income.

As part of the process of estimating the fair value of this investment, the Company's management relied on an external valuation performed by independent experts. The valuation of the investment required management and the independent experts to use significant judgment and estimates.

The Company's management and its experts assumed a number of assumptions in order to estimate the fair value of the investment, including, inter alia:

Specific information regarding certain assets and their characteristics, such as revenues from electricity sales, construction costs, operating costs, financing costs and discount rates.

The valuation of the investment is a key audit matter due to the materiality of the value and the gain recognized as a result of the remeasurement, and due to the significant judgment involved in determining the key assumptions and estimates used in the fair value measurement. A change in these assumptions or estimates may have a material effect on the fair value of the investment presented in the Company's financial statements and on the Company's profit. The audit of the fair value of the investment involves significant auditor judgment, as well as knowledge and experience, in order to assess the reasonableness of the assumptions and data used by management in determining the fair value.

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 accounting treatment of the transaction in the Company's financial statements.
- Examination of the models provided to the valuer, including an assessment of assumptions and sample testing of the information used as a basis for the valuation.
- Examination of the design, implementation and operating effectiveness of controls relating to the valuation process.
- Evaluation of the competence and independence of the Company's independent experts.
- Obtaining the valuation of the investment and conducting inquiries with management and the Company's valuers in order to assess the reasonableness and consistency of key assumptions in relation to trends in the relevant markets.
- Using our specialists to assess the reasonableness of the discount rates used in the valuation and the methodology applied to determine the value.

- Comparing the results of the valuation to the data in the financial statements and examining the disclosures in the financial statements.

Other Matter

The Company's consolidated financial statements for the year ended December 31, 2023 were audited by other independent auditors, whose report thereon dated March 28, 2024 included an unmodified opinion in the uniform wording.

Responsibilities of the Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010; and for such internal control as the Board of Directors and Management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as required, matters related to going concern, and using the going concern basis of accounting, unless the Board of Directors and Management intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Duties of the Auditors on the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In performing an audit, including reliance on other independent auditors, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence in order to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, deliberate misrepresentation or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and Management.
- Conclude on the appropriateness of the Board of Directors' and Management's use of the going

concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the compilation of the consolidated financial statements, including examining that the accounting policies applied in the financial statements audited by other independent auditors are consistent with those adopted by the Company, that the reporting frameworks under which the financial statements audited by other independent auditors were prepared comply with the applicable laws and mandatory guidelines, and that all data required for consolidation have been appropriately reflected in the consolidated financial statements.

Communicate with the Board of Directors and Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and Management with a statement that we have complied with the relevant ethical requirements regarding our independence, and communicate to them all relationships and other matters that may reasonably be considered to affect our independence, and, where relevant, the safeguards that have been applied to eliminate identified threats to our independence.

From the matters that were communicated, or were required to be communicated, to the Board of Directors and Management, we determined those matters that were of most significance in the audit of the financial statements for the current period and therefore are the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter.

Emphasis paragraph

We have also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel regarding "Audit of Internal Control Components over Financial Reporting", the Company's internal control components over financial reporting as of December 31, 2025, and our report dated March 19, 2026 included an unmodified opinion on the effectiveness of those components.

The engagement partner for the audit referred to in this independent auditor's report is Tal Ullman.

Somekh Chaikin, Accountants

Tel Aviv, March 19, 2026

Independent Auditors' Report to the Shareholders of Nofar Energy Ltd.

Regarding the audit of internal control components over financial reporting in accordance with Section 9B(c) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

We have audited internal control components over financial reporting of Nofar Energy Ltd. and its subsidiaries (hereinafter together: the "**Company**") as of December 31, 2025. These control components were determined as explained in the following paragraph. The Company's Board of Directors and Management are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of internal control components over financial reporting included in the periodic report as of the above date. Our responsibility is to express an opinion on the Company's internal control components over financial reporting based on our audit.

The internal control components over financial reporting that were audited were determined in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "Audit of Internal Control Components over Financial Reporting" (hereinafter: "**Auditing Standard (Israel) 911**"). These components are: (1) entity-level controls, including controls over the financial reporting closing process and general information technology controls; (2) controls over the project management process; (3) controls over the revenue process (all of which are hereinafter collectively referred to as the "**Audited Control Components**").

We conducted our audit in accordance with Auditing Standard (Israel) 911. Under this standard, we are required to plan and perform the audit to identify the Audited Control Components and to obtain reasonable assurance as to whether these control components were maintained effectively, in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the Audited Control Components, assessing the risk that a material weakness exists in the Audited Control Components, and testing and evaluating the design and operating effectiveness of those control components based on the assessed risk. Our audit of those control components also included performing such other procedures as we considered necessary in the circumstances. Our audit related only to the Audited Control Components, as distinguished from internal control over all material processes relating to financial reporting, and accordingly, our opinion relates only to the Audited Control Components. In addition, our audit did not address the interrelationships between the Audited Control Components and those not audited, and accordingly, our opinion does not take into account any such possible effects. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Because of inherent limitations, internal control over financial reporting, including its components, may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, the Audited Control Components effectively as of December 31, 2025.

We have also audited, in accordance with generally accepted auditing standards in Israel, the Company's consolidated financial statements as of December 31, 2025 and for the year then ended, and our report dated March 19, 2026 included an unmodified opinion in the uniform wording on those financial statements.

Somekh Chaikin, Accountants

Tel Aviv, March 19, 2026

Consolidated Statements of Financial Position

		As of December 31	
		2025	2024
	Note	NIS thousands	
Assets			
Current assets:			
Cash and cash equivalents	5	612,600	362,634
Deposits in bank corporations and others	6	6,139	47,498
Restricted use deposits		-	2,566
Customers	7	170,007	146,069
Financial assets	32	-	11,803
Accounts receivable	8	315,205	105,707
Inventory		18,281	25,128
Total current assets		1,122,232	701,405
Non-current assets:			
Investments in investee companies accounted for using the equity method	9	1,444,631	1,018,961
Advances on account of an investment		136,767	-
Right of use asset	10	247,512	360,373
Fixed assets	11	3,259,242	3,888,407
Intangible assets	12	100,091	149,407
Restricted use deposits and cash		14,146	25,277
Financial assets	32	11,123	25,966
Deferred taxes	28	118,987	20,543
Other receivables	30	4,763	37,108
Deposits in bank corporations and others	6	17,487	307
Total non-current assets		5,354,749	5,526,349
Total assets		6,476,981	6,227,754

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

Consolidated Statements of Financial Position

		As of December 31	
		2025	2024
	Note	NIS thousands	
Liabilities and equity			
Current liabilities:			
Short-term loans and current maturities for long-term loans from banks	14	348,978	166,097
Current maturities of lease liabilities	10	21,699	23,405
Current maturities of bonds	19	125,341	137,294
Suppliers and service providers	15	56,110	100,722
Commercial papers	(14b)	225,000	-
Accounts payable	16	76,519	47,254
Financial derivatives	32	4,746	1,918
Total current liabilities		858,393	476,690
Non-current liabilities:			
Long-term loans from banks	18	1,163,294	808,239
Liabilities for leases	10	240,082	343,907
Loan from a related party	30	40,062	21,462
Deferred taxes	28	115,350	149,592
Bonds	19	2,136,427	1,539,557
Convertible bonds	19	24,482	375,317
Other liabilities	20	24,615	102,201
Total non-current liabilities		3,744,312	3,340,275
Capital:			
Capital attributed to shareholders of the Company			
Share capital and premium	21	1,860,350	1,716,256
Loss balance		(79,940)	(174,634)
Capital reserves		80,808	86,711
Total capital attributed to shareholders of the Company		1,861,218	1,628,333
Non-controlling interests		13,058	782,456
Total capital		1,874,276	2,410,789
Total liabilities and capital		6,476,981	6,227,754

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

March 19, 2026

**Date of Approval of the
Financial Statements
for publication**

**Zvi Levin
Chairman of the
Board**

**Ofer Yannay
CEO**

**Avraham Golde
CFO**

Consolidated Statements of Profit or Loss and Other Comprehensive Profit

		For the year ended on December 31		
		2025	2024	2023
	Note	NIS thousands		
Income from sale of electricity and construction	23	311,299	313,207	320,779
Compensation for loss of income		-	930	21,007
Income from tax partner	17(5)	6,246	6,038	2,575
Total income and profits		317,545	320,175	344,361
Setup and operating costs	24	286,303	264,467	318,475
Marketing and sale expenses		9,545	6,867	9,301
Management and general expenses	25	95,679	75,766	69,961
Other expenses	26	36,629	13,936	39,197
Total expenses		428,156	361,036	436,934
Other income	26	327,637	5,269	51,282
Operating profit (loss)		217,026	(35,592)	(41,291)
Financing expenses	27a	207,076	104,567	125,525
Financing income	27b	37,155	56,506	70,103
Financing expenses, net		169,921	48,061	55,422
Profit (loss) after financing expenses		47,105	(83,653)	(96,713)
Company's share in the profits (losses) of companies accounted for using the equity method, net	9	(21,203)	18,137	(31,637)
Profit (loss) before taxes on income		25,902	(65,516)	(128,350)
Income tax benefit	28	(25,679)	(18,998)	(26,521)
Profit (loss) for the year		51,581	(46,518)	(101,829)
<u>Profit (loss) for the year attributed to:</u>				
Shareholders of the Company		90,130	(26,905)	(88,661)
Non-controlling interests		(38,549)	(19,613)	(13,168)
		51,581	(46,518)	(101,829)
Basic profit (loss) per share (in NIS) attributed to the owners of the Company	29	2.37	(0.76)	(2.49)
Diluted profit per share (in NIS) attributed to the owners of the Company	29	2.36	-	-

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

Other comprehensive profit (loss):

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Profit (loss) for the year	51,581	(46,518)	(101,829)
<u>Total other comprehensive profit (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	(95,535)	(151,865)	145,252
Adjustments arising from cash flow hedging transactions	12,767	(20,673)	(6,952)
<u>Items not reclassified later to profit and loss:</u>			
Part of other comprehensive income of corporations accounted for using the equity method	60,725	2,852	34,846
Revaluation for fixed assets	8,121	391	6,391
Total other comprehensive profit (loss)	(13,922)	(169,295)	179,537
Total comprehensive profit (loss) for the year	37,659	(215,813)	77,708
<u>Total profit (loss) for the year attributed to:</u>			
Shareholders of the Company	83,288	(143,812)	29,238
Non-controlling interests	(45,629)	(72,001)	48,470
	37,659	(215,813)	77,708

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

Consolidated Statements of Changes to Equity

For the year ended December 31, 2025

	Capital attributed to shareholders of the Company									Non-controlling interests	Total capital
	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		
	NIS thousands										
Balance as of January 1, 2025	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
Profit (loss) for the year	-	-	-	-	-	-	-	90,129	90,129	(38,548)	51,581
Other comprehensive profit (loss) for the year	-	-	68,378	(87,987)	-	-	12,767	-	(6,842)	(7,080)	(13,922)
Convertible bonds for equity component	-	(23,787)	-	-	-	-	-	-	(23,787)	-	(23,787)
Issue of ordinary shares (*)	144,094	-	-	-	-	-	-	-	144,094	-	144,094
Share-based payment	-	-	-	-	-	12,196	-	-	12,196	-	12,196
Derecognition of non-controlling interests due to loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	(686,911)	(686,911)
Return of capital for non-controlling interests	-	-	-	-	-	-	-	-	-	(20,454)	(20,454)
Transaction with non-controlling rights	-	-	-	-	17,095	-	-	-	17,095	(16,405)	690
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(4,565)	-	-	-	-	4,565	-	-	-
Balance as of December 31, 2025	1,860,350	1,665	182,165	(93,139)	(40,819)	31,433	(497)	(79,940)	1,861,218	13,058	1,874,276

(*) See Note 19(4).

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

Consolidated Statements of Changes to Equity

For the year ended December 31, 2024

	Capital attributed to shareholders of the Company									Non-controlling interests	Total capital
	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		
	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

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

Consolidated Statements of Changes to Equity

For the year ended December 31, 2023

	Capital attributed to shareholders of the Company									Non-controlling interests	Total capital
	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		
	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

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

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Cash flow from current operations:			
Profit (loss) for the year	51,581	(46,518)	(101,829)
Expenses not involving cash flows (Appendix A)	120,590	139,782	164,733
Changes in working capital (Appendix B)	(362,483)	(50,015)	(128,542)
Net cash from (used in) current activities	(190,312)	43,249	(65,638)
Cash flows from investment activities:			
Investments in corporations accounted for using the equity method	(25,005)	(53,877)	(265,018)
Repayment of a loan from an associated company	7,465	21,049	171,946
Receipt from sale of associate	37,445	-	-
Investment in other receivables	-	(432)	-
Acquisition of shares from non-controlling interests	-	(1,215)	(3,131)
Repayment of deferred consideration	(91,010)	(4,903)	(121,139)
Return on investment (investment) in financial asset	11,110	-	(20,637)
Obtaining control of consolidated companies (Appendix D)	1,604	(102,419)	(349,795)
Deposit (exercise) of restricted use deposits	12,474	(21,329)	(3,819)
Repayment of deposits	32,241	657	516,134
Investments in fixed assets	(1,155,873)	(903,868)	(308,747)
Loss of control in consolidated company	34,583	-	-
Payment of advances on account of an investment	(136,767)	-	-
Net cash used for investing activity	(1,271,733)	(1,066,337)	(384,206)
Cash flows from financing activities:			
Issue of shares (less issuance expenses)	-	-	147,560
Short term credit from banks, net	253,599	98,147	(305,920)
Receipt of commercial papers	225,000	-	-
Issue of bonds, net	397,602	684,881	873,558
Repayment of bonds	(93,041)	(130,251)	(168,260)
Repayment of lease liabilities	(33,054)	(26,038)	(19,641)
Portion of minority interests in the injection of capital to a consolidated partnership	-	6,140	110,425
Return of capital for non-controlling interests	(20,454)	(99,952)	(135,047)
Receipt of loan from affiliated party	40,062	11,524	-
Deferred credit raising costs	(27,628)	-	-
Repayment of a loan from a related party	(20,463)	-	(11,365)
Acquisition of non-controlling interests	(16,405)	-	-
Receipts from (payments to) tax partner	(1,026)	18,356	-
Receipt of long term loans from bank corporations and others	1,065,764	207,184	427,429
Payment of long term loans from bank corporations and others	(54,223)	(56,727)	(28,024)
Net cash arising from financing activities	1,715,733	713,264	890,715
Increase (decrease) in cash and cash equivalents	253,688	(309,824)	440,871
Balance of cash and cash equivalents at beginning of year	362,634	661,388	237,865
Impact of changes in foreign exchange rates for cash and cash equivalents	(3,722)	11,070	(17,348)
Balance of cash and cash equivalents at end of year	612,600	362,634	661,388

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

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Appendix A: Adjustments required to present cash flows from current activities:			
Current tax expenses	13,619	11,744	12,797
Depreciation and amortization	127,833	96,966	80,226
Net financing expenses	169,921	48,061	55,422
Company's share in the (profits) losses of companies handled based on the equity method, net	21,203	(18,137)	31,637
Impairment of assets	22,358	2,762	33,082
Other income for tax partner	(6,246)	(6,038)	(2,575)
Profit from gaining control of an associate	(4,398)	-	(51,228)
Gain on loss of control of a consolidated company	(235,896)	-	-
Share-based payment expenses	12,196	4,424	5,372
	120,590	139,782	164,733
Appendix B: Changes in working capital (changes in sections of assets and liabilities):			
Decrease (increase) in inventory	6,848	32,930	(6,378)
Decrease (increase) in customers	(22,837)	31,319	(33,363)
Decrease (increase) in receivables	(195,002)	(55,657)	5,681
Increase (decrease) in accounts payable	89,708	70,858	(9,327)
Increase (decrease) in suppliers and service providers	(35,171)	23,840	(9,563)
Change in deferred taxes	(39,298)	(29,267)	(39,318)
<u>Additional Information:</u>			
Income tax paid	(493)	(11,650)	(6,021)
Taxes received	-	-	16
Interest received in cash	8,196	15,296	34,659
Interest paid in cash	(174,434)	(127,684)	(64,928)
	(362,483)	(50,015)	(128,542)

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

Consolidated Statements of Cash Flows

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Appendix C: Substantial non-cash transactions			
Initial recognition of right of use asset and lease liability	19,057	56,995	90,037
Liability for deferred consideration	-	-	4,862
Classification of clients for investment	32,566	39,598	67,383
Appendix D: Obtaining control of consolidated companies			
Working capital, net, excluding cash and cash equivalents	4,626	5,543	(1,360)
Long-term deposit	7,484	-	-
Disposal of investment in an investee company	-	-	(102,720)
Advances on account of investments	-	(18,532)	-
Liability for deferred consideration	-	-	(4,862)
Fixed assets and intangible assets	166,695	115,408	642,555
Right of use asset	50,620	22,792	11,541
Related parties	-	-	-
Lease liability	(50,620)	(22,792)	(11,802)
Liability for deferred consideration	(87,613)	-	-
Deferred taxes	(24,919)	-	(18,163)
Non-controlling interests	-	-	(18,163)
Short term and long term loans from bank corporations and others	(54,924)	-	(153,087)
Other long-term payables	(9,758)	-	-
Goodwill	65	-	5,856
	1,656	102,419	349,795
Appendix E: Loss of Control in Subsidiary			
Customers and accounts receivable	(46,090)	-	-
Investment in companies accounted for using the equity method	(391,530)	-	-
Financial asset	(14,398)	-	-
Fixed assets	(1,716,114)	-	-
Right of use asset	(113,645)	-	-
Suppliers and other payables	39,357	-	-
Deferred taxes	107,270	-	-
Short term and long term loans from bank corporations and others	672,993	-	-
Lease liability	103,842	-	-

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

Notes to the Consolidated Financial Statements for December 31, 2025

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 1 HaTachana Street in Kfar Saba. The Company's securities were listed for trade on the Tel Aviv Stock Exchange Ltd.

The Company is engaged, as of the Report Date, 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.

Notes to the Consolidated Financial Statements for December 31, 2025

B. Iron Swords War

On October 7, 2023, the Iron Swords war broke out. The war has 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 October 2025, a ceasefire was reached between Israel and Hamas in the Gaza Strip.

After the end of the reporting period, on February 28, 2026, the State of Israel and the United States launched a combined attack in Iran, targeting Iran's missile systems and various targets of the Iranian regime. In response, the Iranian regime began launching missiles and UAVs toward the State of Israel and toward other countries in the region. On March 1, the campaign was expanded to Lebanon following fire toward the State of Israel by the Hezbollah organization. With the commencement of the operation, it was decided to shift all regions of the country from full activity to essential activity, which includes a prohibition on educational activities, gatherings, and attendance at workplaces, except for workplaces defined as essential to the economy. In addition, a further reserve call-up was carried out for the purposes of the operation. At this stage, the Company is unable to estimate the effect of the operation on its financial position, results of operations, and cash flows, if any.

c. 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 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 were authorized for publication by the Board of Directors on March 19, 2026.

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 or other comprehensive income, investments in joint transactions and associates, presented based on the equity method, deferred tax assets and liabilities, and provisions. 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.

Notes to the Consolidated Financial Statements for December 31, 2025

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 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.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

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:

Notes to the Consolidated Financial Statements for December 31, 2025

	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. Any further increase thereafter is credited to the revaluation fund through other comprehensive income. For more details on fixed assets, see Note 11(1).

k. 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.

l. 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.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

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.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

Q. 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.

Notes to the Consolidated Financial Statements for December 31, 2025

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 US projects and agreement with tax partner in connection therewith

Developers holding photovoltaic projects in the United States are entitled, under US 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. 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 between 1-5 years.

Notes to the Consolidated Financial Statements for December 31, 2025

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

In preparing the financial statements in accordance with IFRS, the Company's management is required to use judgment, estimates, estimates and assumptions that affect the application of accounting policies and the amounts of assets and liabilities, income and expenses. It should be clarified that actual results may differ from these estimates.

When formulating accounting estimates used in preparing the Group's financial statements, the Company's management was required to make assumptions regarding circumstances and events involving significant uncertainty. In its discretion in determining the estimates, the Company's management relies on past experience, various facts, external factors and reasonable assumptions in accordance with the circumstances appropriate for each estimate. The underlying estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are revised and in each future period affected.

Information regarding assumptions made by the Group regarding the future and other key sources of uncertainty regarding estimates, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is included in the following notes.

Notes to the Consolidated Financial Statements for December 31, 2025

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 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, 2025

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:

	December 31, 2025	December 31, 2024	December 31, 2023
Consumer price index (in points):	111.26	108.4	105.0
Based on index for	111.26	108.7	105.1
Based on known index	3.19	3.647	3.6270
US dollar (in NIS for 1 dollar)	4.29	4.574	4.6209
Pound sterling (in NIS for 1 pound)	3.745	3.796	4.0116
EUR (in NIS for 1 euro)			

	For the year ended on		
	December 31, 2025	December 31, 2024	December 31, 2023
	<u>%</u>	<u>%</u>	<u>%</u>
Consumer price index:			
Based on index for	2.63	3.24	2.96
Based on known index	2.35	3.43	3.34
USD	(14.32)	0.55	3.07
Pound Sterling	(6.62)	(1.01)	9.05
Euro	(1.36)	(5.37)	6.89

Notes to the Consolidated Financial Statements for December 31, 2025

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.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 5 - Cash and cash equivalents:

	As of December 31	
	2025	2024
	NIS thousands	
Israeli currency	116,074	18,805
In foreign currency	269,263	284,218
Deposits in Israeli currency (*)	227,263	59,611
	612,600	362,634

(*) 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	
	2025	2024
	NIS thousands	
Foreign currency deposits	6,139	47,498
	6,139	47,498

b. Long term deposits:

	As of December 31	
	2025	2024
	NIS thousands	
Deposits in Israeli currency	8,010	307
Foreign currency deposits (*)	9,477	-
	17,487	307

(*) Deposits mainly in EUR currency.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 7 - Customers:

	As of December 31	
	2025	2024
	NIS thousands	
Open debts	50,896	26,032
Related parties(*)	105,465	110,124
Doubtful debts	(135)	(359)
Income receivable from related parties (*)	13,781	10,272
	170,007	146,069

(*) For more details regarding related party balances, see Note 30(b).

Note 8 - Accounts receivable:

	As of December 31	
	2025	2024
	NIS thousands	
Expenses in advance	82,537	27,713
Value added tax institutions	77,357	42,317
Advances to suppliers	18,018	17,368
Income receivable (*)	133,340	1,077
Income tax institutions	-	3,969
Other receivables	3,953	13,263
	315,205	105,707

(*) For further details regarding the sale of an associate, see Note 17(a)(4).

Notes to the Consolidated Financial Statements for December 31, 2025

Note 9 - Investments in investee companies accounted for using the equity method and material subsidiaries:

a. Composition:

	As of December 31	
	2025	2024
	NIS thousands	
Investments	1,242,140	740,189
Loans	202,491	278,772
	1,444,631	1,018,961

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	Noy Nofar Europe	Advances on account of investments	Total
Country	Israel	Romania	Italy	Spain / Italy	Europe	
Rate of indirect holdings	42%	50%	-	47.5%	-	
NIS thousands						
Balance as of December 31, 2024	275,851	69,346	390,760	-	4,232	740,189
Investments during the year, net	4,474	-	-	-	48	4,522
Classification of balances as investment, net	(13,659)	-	-	-	-	(13,659)
Cash flow hedging	-	865	12,923	-	-	13,788
Company's share of profits (losses)	(8,494)	(5,685)	(7,024)	-	-	(21,203)
Adjustments arising from the translation of financial statements for foreign operations	-	4,820	(5,129)	-	-	(309)
Disposal of an associate (2)	-	(69,346)	(391,530)	-	-	(460,876)
Exiting control of a consolidated company and creating an investment in affiliates	-	-	-	912,567	-	912,567
Share in revaluation of fixed assets capital reserve (1)	67,121	-	-	-	-	67,121
Balance as of December 31, 2025	325,293	-	-	912,567	4,280	1,242,140

(1) For more details, see Note 11(1).

(2) For further details, see Note 17(a)(4).

Notes to the Consolidated Financial Statements for December 31, 2025

Year 2024:

Corporation	Associated corporations	Ratesti Solar Plant SRL	SunPrime Holdings SRL	Advances on account of investments	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	(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	3,758	-	-	-	3,758
Balance as of December 31, 2024	275,851	69,346	390,760	4,232	740,189

Composition of loans to investee companies

	Interest	As of December 31	
		2025	2024
		NIS thousands	
Associates in Israel	3%-6.5%	202,491	181,498
Ratesti Solar Plant SRL	6%	-	53,995
SunPrime Holdings SRL	9%	-	43,279
		202,491	278,772

Notes to the Consolidated Financial Statements for December 31, 2025

b. Additional information regarding corporations held according to the equity method:

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	
	2025	2024
	NIS thousands	
Current assets	120,030	204,401
Non-current assets	1,436,305	1,514,387
Current liabilities	(125,602)	(248,405)
Non-current liabilities	(1,202,537)	(1,202,817)
Capital attributed to shareholders of the Company	(228,196)	(267,566)

Results of the joint ventures' operations

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Revenues	174,042	253,625	178,883
Profit (loss) for the year	(7,857)	(3,663)	4,617
Comprehensive profit (loss) for the year	52,400	(811)	39,463

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, 2025	375,278	14,701	9,054	399,033
Entry into consolidation	93,885	-	-	93,885
Exit from consolidation	(126,232)	-	-	(126,232)
Additions	16,165	-	2,892	19,057
Adjustments arising from the translation of financial statements for foreign operations	(47,215)	-	-	(47,215)
Index effect	(1,031)	44	274	(713)
Balance at December 31, 2025	310,850	14,745	12,220	337,815
Accumulated depreciation:				
Balance as of January 1, 2025	29,407	5,184	4,069	38,660
Additions	16,121	2,335	1,694	20,150
Entry into consolidation	44,080	-	-	44,080
Exit from consolidation	(12,587)	-	-	(12,587)
Balance at December 31, 2025	77,021	7,519	5,763	90,303
Depreciated cost as of December 31, 2025	233,829	7,226	6,457	247,512

	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

Notes to the Consolidated Financial Statements for December 31, 2025

b. Additional quantitative information regarding leases:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Interest expenses in respect of lease obligations	7,892	6,867	4,560
Total cash flows paid for leases	33,054	26,038	19,641

c. Lease liabilities:

	Lands and roofs in Israel and abroad	Office building	Vehicles	Total
	NIS thousands			
Balance as of January 1, 2025	357,151	7,495	2,666	367,312
Entry into consolidation	49,805	-	-	49,805
Exit from consolidation	(103,482)	-	-	(103,482)
New arrangements during the Report Period	16,165	-	2,892	19,057
Financing expenses	6,935	674	283	7,892
Index revaluation	(1,031)	44	274	(713)
Adjustments arising from the translation of financial statements for foreign operations	(45,036)	-	-	(45,036)
Payment	(28,355)	(2,555)	(2,144)	(33,054)
	252,152	5,658	3,971	261,781
Less current maturities of long-term lease liability	(18,537)	(1,699)	(1,463)	(21,699)
Balance as of December 31, 2025	233,615	3,959	2,508	240,082

Notes to the Consolidated Financial Statements for December 31, 2025

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, 2025

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 at January 1, 2025	208,791	173,025	2,120,373	124,266	1,442,416	10,749	4,079,620
Entry into consolidation	5,503	157,890	-	-	-	-	163,393
Exit from consolidation	-	-	(1,845,850)	-	-	-	(1,845,850)
Additions	109,518	6,552	-	-	1,063,407	4,024	1,183,501
Transfers	-	6,010	144,331	-	(150,341)	-	-
Impairment (5)	(8,748)	-	(13,610)	-	-	-	(22,358)
Revaluation recognized in other comprehensive income (1)	-	20,556	-	-	-	-	20,556
Reset of accumulated depreciation due to the revaluation model	-	(53,182)	-	-	-	-	(53,182)
Adjustments arising from the translation of financial statements for foreign operations	(35,704)	-	(19,696)	(9,475)	(78,078)	-	(142,953)
Balance as of December 31, 2025	279,360	310,851	385,548	114,791	2,277,404	14,773	3,382,727
Accumulated depreciation:							
Balance as of January 1, 2025	21,455	25,532	137,081	1,723	-	5,422	191,213
Additions	7,459	20,143	75,882	1,311	-	2,888	107,683
Entry into consolidation	-	7,507	-	-	-	-	7,507
Exit from consolidation	-	-	(129,736)	-	-	-	(129,736)
Reset of accumulated depreciation due to the revaluation model	-	(53,182)	-	-	-	-	(53,182)
Balance as of December 31, 2025	28,914	-	83,227	3,034	-	8,310	123,485
Reduced cost as of December 31, 2025	250,446	310,851	302,321	111,757	2,277,404	6,463	3,259,242

Notes to the Consolidated Financial Statements for December 31, 2025

Composition and movement during 2024

	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

Notes to the Consolidated Financial Statements for December 31, 2025

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 purpose of determining fair value, the Company relied, inter alia, on market indications arising from a recent equity transaction with an unrelated third party, in which Clal Insurance entered as a partner in the activity of Nofar Energy Israel Ltd. (for additional details see Note 17(a)(10)). Within the transaction, a value was determined for the activity and detailed information was included enabling the attribution of value to the various production assets. The Company's management examined the terms of the transaction, the characteristics of the assets and the required adjustments between the assets included in the transaction and the assets presented in the financial statements, and concluded that the transaction constitutes a relevant market indication for the fair value of the assets as of the reporting date. Accordingly, the transaction data was used as an indication within the fair value measurement.
- b. 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 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 fair value measurement is classified as level 2 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, 2025 and 2024, is NIS 241,908 thousand and NIS 92,713 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, 2025 is NIS 29,563 thousand (December 2024 – NIS 23,932 thousand).

3. Fixed assets under construction

During the years that ended on December 31, 2025, and 2024, the Company completed the construction of new systems for a total amount of approximately NIS 150,341 thousand and approximately NIS 367,051 thousand, respectively.

4. For pledges and guarantees, see Note 17(b).

5. Impairment loss

During the fourth quarter of 2025 and 2024, a US subsidiary identified signs of impairment of photovoltaic systems in the US. The impairment test, which the Company performed with an external valuer, was performed 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, 2025

Below are the main assumptions based on which the valuation was performed by an external appraiser:

1. Weighted average cost of capital (WACC) is estimated at 7.71%-9.3%, and the return on equity (KE) is estimated at 9.95%-12.95%.
 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 2025 and 2067, 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%.
- b. Purchase price allocation (PPA) in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe Partnership:

Further to Note 13(c), purchase price allocation (PPA) was performed in connection with the loss of control by Nofar Energy Ltd. in the Noy-Nofar Europe Partnership (the general partner and the limited partnership). An impairment was assessed for solar systems in Spain. The appraiser acted based on the income approach, which constitutes the basis for the valuation of assets from future cash flows. In accordance with the requirements of IFRS 3, the work included allocating a purchase price (PPA) for a notional acquisition of a 47.5% stake in a partnership, following a decrease in control.

For the purpose of determining the fair value of the main projects of the partnership, the shareholders' cash flow discounting method was used. In this framework, the expected cash flows to the owners, after deduction of project financing and tax, were discounted at the required rate of return for the owners. The required rate of return for the owners was calculated in accordance with the Capital Asset Pricing Model (CAPM), using parameters such as the risk-free rate, market risk premium and adjusted beta.

Below are the main assumptions based on which the valuation was performed by an external appraiser:

The discount rate applied in practice is the cost of equity (Ke) – 11.43% for projects in Spain and 12.38% for projects in Italy, with the following calculation components: E/V 41.25%, D/V 58.75%, tax rate 25.00% (Spain) and 27.90% (Italy), risk-free rate (Rf) 3.74% (Spain) and 3.95% (Italy), beta 0.90 (Spain) and 0.89 (Italy), market risk premium (Rm–Rf) 5.78% (Spain) and 6.69% (Italy), and SP 2.50%. In addition, for the purpose of calculating management overheads, a WACC of 8.51% was used after a tax shield of 26.45%. For the purpose of calculating beta, a sample of 4 comparable companies (Doral, Nofar Energy, Enlight, Energix) and 2 comparable sectors (Energy Renewable & Green and Power) was used, with a weighted average unlevered beta of 0.59 and weighted equity/debt ratios of 41.25% and 58.75%, respectively.

6. Non-specific credit capitalization for eligible assets -

In accordance with the requirements of IAS 23, the Company capitalizes borrowing costs attributable to the financing of construction or self-construction of qualifying assets. When the borrowing is not specific to a qualifying asset, borrowing costs are capitalized at a capitalization rate that reflects the weighted average cost of non-specific borrowings during the reporting period. During the years ended December 31, 2025 and 2024, the capitalization rate used to capitalize such borrowing costs was 7.32% and 6.08%, respectively.

The total borrowing costs capitalized during 2025 amounted to NIS 120,005 thousand (in 2024 NIS 77,809 thousand). Such borrowing costs were included in the cost of qualifying assets presented under property, plant and equipment – assets under construction in the financial statements.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 12 – Intangible assets:

	As of December 31	
	2025	2024
	NIS thousands	
Backlog of projects(1)	471	538
Goodwill (2)	99,620	148,869
	100,091	149,407

- (1) For more details about the main assumptions on the basis of which the valuation was performed, see Note 11(5).
- (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, 2025 and 2024.

Note 13 - Business combinations, acquisition of assets, and loss of control of a subsidiary:

a. During the Report Period

1. Engagement in storage projects in Texas

On March 14, 2025, a subsidiary held 90% indirectly by the Company, and 10% by a related party of the Company, completed a share purchase agreement, under which it acquired 100% of the rights in two energy storage facility projects ("Utility") in Texas, USA. Both projects have been granted preliminary approval for connection to the grid: (i) the Bracero Pecan Project, with a planned capacity of 230 MW and 460 MWh; and (ii) the Fairway Project, with a planned capacity of approximately 120 MW and 240 MWh. During April, in accordance with the terms of the agreement, Nofar Texas replaced an existing bank guarantee in the amount of USD 5.5 million, which serves as collateral for the network operator within the framework of the Bracero Pecan project. The total consideration in the agreement is approximately USD 10 million. As of the Report Date, Nofar Texas has made a first payment of approximately USD 1.15 million. Additional payments will be made based on milestones, primarily Final Notice to Proceed and Commercial Operation Date, and will be adjusted in accordance with changes in project capacity. Nofar Texas' obligations under the agreement are backed by the Company's corporate guarantee. In August, grid connection documents (Interconnection Studies) for the Fairway project were received and a Standard Generation Interconnection Agreement (SGIA) was signed. The project company provided the network operator with a performance guarantee of approximately USD 11.4 million.

The purchase of the shares was treated as an acquisition of assets because the companies do not meet the definition of a business. In accordance with the Company's accounting policy, the fair value of the contingent consideration is not measured, and if the conditions are met in the future, the consideration will be recorded at the time of payment.

Notes to the Consolidated Financial Statements for December 31, 2025

2. Acquisition of full rights in the Aspen Solar Group (hereinafter: "Aspen"):

On April 15, 2025, Nofar Energy Kfir LP (hereinafter: "Kfir"), a partnership fully held by the Company, engaged in and completed a transaction for the purchase of the partnership's rights in Aspen. The acquisition was made by purchasing all of the owner's holdings and loans, including holdings in the general partner of the Partnership. Within the transaction, the Company acquired 35% of the rights of the limited partners in the Kfir Partnership, and the issued and paid up share capital of a general partner. In addition, 49% of the issued share capital of Aspen Solar Ltd. After the completion of the aforementioned transaction, the Company became the sole owner (100%) of Kfir and Aspen indirectly. As of the transaction date, the scope of Aspen Group's connected solar projects in Israel stands at approximately 15.5 megawatts, including over 300 solar installations on rooftops in Israel.

Aspen's contribution to the Group's revenue and profit in the year ended December 31, 2025, amounted to NIS 34,037 thousand and NIS 3,072 thousand, respectively. Management estimates that if the acquisition had been made on January 1, 2025, the amount of revenue in the consolidated income statement for the year ended December 31, 2025 would have been NIS 326,434 thousand and the consolidated profit for the same period would have been NIS 53,826 thousand. In determining the amounts, management assumed that the fair value adjustments as of the acquisition date were identical to the adjustments that would have been received if the acquisition had occurred on January 1, 2025. Below is data regarding the consideration transferred according to its various components, the assets and liabilities recognized at the acquisition date:

The total consideration for the transaction was determined in a loan in the amount of NIS 91,010 thousand, and which were paid on the final repayment date, December 31, 2025. The provision of a seller's loan by the seller to Kfir at the time of completion will be used, among other things, to repay existing loans, a mezzanine loan and an shareholder's loan to the seller in the amount of NIS 64,012 thousand at the time of the transaction. The profit recognized in the Statement of Profit and Loss is presented in the Company's other income section arises from the fair value revaluation of previous holdings in the associate and amounted to NIS 4,090 thousand. Following the acquisition, goodwill was recognized in the amount of NIS 65 thousand. The value of the rights that do not confer control over the Partnership is measured according to their share in the fair value of the net assets multiplied by their holding rate. The total value of the minority interests as of the acquisition date amounted to NIS 2,801 thousand.

Identified assets and liabilities acquired (based on amounts as detailed below):

	Recognized value On purchase date
	NIS thousands
Cash and cash equivalents	5,871
Customers	5,086
Accounts receivable	3,066
Fixed assets, net	161,152
Long term deposits	7,484
Right of use asset	50,620
Suppliers and service providers	(929)
Other accounts payable	(14,209)
Short-term loans and current maturities for long-term loans from banks	(54,924)
Deferred taxes	(24,919)
Liability for deferred consideration in a business combination	(87,613)
Lease liabilities	(50,620)

Notes to the Consolidated Financial Statements for December 31, 2025

Determining the fair value

The allocation of share purchase cost (PPA) within obtaining control of the partnership was performed by an external independent appraiser. The fair value of the fixed asset items is based on the value of activity including the cash flows expected from the projects owned by them, while using the discount rate of 9.8% (WACC) reflecting the weighted average cost of capital. The value of the remaining assets and liabilities corresponds to their balance in the books as of the purchase date.

b. Year 2024

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 2024.

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

Notes to the Consolidated Financial Statements for December 31, 2025

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

Notes to the Consolidated Financial Statements for December 31, 2025

c. Loss of control of a subsidiary:

On November 3, 2025, the Company entered into an agreement with two partnerships from the Noy Fund Group (together: the "Noy Fund"), which are the limited partners in the Noy-Nofar Renewable Energy Europe Partnership, a limited partnership (the "Partnership" or the "Noy-Nofar Partnership"), which, as of the date of this transaction, is held 52.5% by the Company and 47.5% by the Noy Fund. Under the agreement, the Company will sell to the Noy Fund 5% of the partnership rights in the Noy-Nofar Partnership and 5% of the shares in the general partner of the Noy-Nofar Partnership (the "General Partner"), in consideration for a total of EUR 18.95 million (approximately NIS 71.18 million), so that upon completion of the transaction the Company will hold 47.5% of the partnership rights and shares in the Noy-Nofar Partnership and in the General Partner, and the Noy Fund will hold 52.5% of the partnership rights and shares in the Noy-Nofar Partnership and in the General Partner.

The consideration for the transaction was calculated based on the value of the corporations and projects held by the Noy-Nofar Partnership, except that with respect to Sunprime Holdings S.r.l. and the entities held by it ("Sunprime"), the value attributed to them in the transaction is based partly (2.5%) on the price of an existing commitment included in the previous partnership agreement between the Company and the Noy Fund from December 2022 (which was cancelled in the new partnership agreement), and partly (2.5%) on a higher value reflecting Sunprime's estimated value as of this date. The transaction is performed on an as-is basis without representations by the parties regarding the partnership and the assets it holds.

On December 25, 2025, the transaction was completed, including the entry into force of the new partners agreement, and a new partners agreement entered into force between the Company and Noy Fund, which replaced the partners agreement previously executed, regulating the manner of management of the Noy-Nofar Partnership and the relations between the parties as partners in the Noy-Nofar Partnership. Among other things, the agreement provides that: the Noy-Nofar Partnership will engage in the promotion, holding, financing, development, construction, and operation of the existing projects of the Partnership; the Noy Fund will appoint the majority of the directors in the General Partner; Nofar will have veto rights over special decisions defined in the agreement (which are customary minority rights); there will be provisions regarding the financing of the Partnership's activities (including the possibility of providing excess financing if one of the limited partners does not provide its share); a distribution policy; and restrictions on the transfer of holdings in the Partnership and in the General Partner.

As of the Report Date, the conditions precedent were met and the agreement was completed. Following the completion of the agreement and the decrease in the Company's holding in the Noy-Nofar Partnership, and the amendment of the partners agreement in a manner that grants Noy Fund control over the Noy-Nofar Partnership, the Company ceased to consolidate the balance sheet of the Noy-Nofar Partnership in the Company's financial statements and will cease to consolidate the results of Noy Nofar as of 2026. As a result of the deconsolidation of the Noy-Nofar Partnership, the Company recognized in its financial statements a gain of NIS 235.9 million, which was recorded under other income. The gain was recognized following the measurement of the investment at its fair value at the date of loss of control. Following the completion of the transaction, the Company accounts for the investment using the equity method.

Identified assets and liabilities sold:

	NIS thousands
Assets acquired and liabilities assumed:	
Cash and cash equivalents	36,375
Customers and accounts receivable	46,090
Investment in companies accounted for using the equity method	391,530
Financial asset	14,398
Fixed assets	1,716,114
Right of use asset	113,645
Suppliers and other payables	(39,357)
Deferred taxes	(107,270)
Short term and long term loans from bank corporations and others	(672,993)
Lease liability	(103,842)
Total identifiable net assets	1,394,690

Notes to the Consolidated Financial Statements for December 31, 2025

Aggregate cash flows that arose for the Group as a result of the sale transaction:

	As of the purchase date
	NIS thousands
Consideration received in cash and cash equivalents	70,958
Cash and cash equivalents in the Company as of the loss of control	(36,375)
Total net cash flow	34,583

Note 14 - Short-term loans and current maturities for long-term loans from banks and others:

a. Composition:

	As of December 31	
	2025	2024
	NIS thousands	
Current maturities for long-term loans from banks	30,726	61,394
Loans from bank corporations(*)	318,252	104,703
	348,978	166,097

(*) Loans with interest rates of 7%-11% per year.

Financial Criteria:

As of the date of the financial statements, the Group meets the required standards.

b. Commercial papers

As of the Report Date, the Group companies have three series of commercial papers in a total amount of NIS 225 million. The series are denominated in NIS and are not linked to any index or currency. The expected maturity date of each of the three aforesaid series is December 2026. The outstanding principal of the commercial papers will bear variable annual interest at a rate of the Bank of Israel interest plus a margin of 2%. The interest will be paid every 6 months, the first of which will occur at the end of 6 months from the settlement date, and thereafter every 6 months in each series. The Company has the option, subject to the approval of the commercial paper holders, to extend the series for up to five additional periods of one year each.

Note 15 - Suppliers and service providers:

	As of December 31	
	2025	2024
	NIS thousands	
Open debts	22,775	76,062
Expenses payable	32,821	23,951
Checks payable	514	709
	56,110	100,722

Notes to the Consolidated Financial Statements for December 31, 2025

Note 16 - Accounts payable:

	As of December 31	
	2025	2024
	NIS thousands	
Employees and institutions for wages	13,450	7,748
Provision for vacation and recreation	3,674	3,846
Liabilities to holders of non-controlling interests (3)	23,012	12,299
Value added tax institutions	2,653	2,154
Expenses payable	4,830	3,507
Current liability to tax partner (1)	6,924	8,709
Commitment to an onerous contract (2)	734	839
Interest payable	13,848	-
Advances from customers	-	5,762
Various payables	7,394	2,390
	76,519	47,254

(1) For further details, see Note 17(a)(5).

(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.

(3) For more details, see Note 17(a)(9).

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments:

a. Engagements

1. Sunprime

The Company operates in Italy through Sunprime Holdings S.R.L. (hereinafter: "**Sunprime**"), which is indirectly held by the Company at a rate of approximately 30% (as of December 31, 2024, the Company held, through a subsidiary, 63.5%; as of the report date, the Company ceased to consolidate the parent company, and therefore the indirect holding rate as of December 31, 2025 is 30%), which specializes in rooftop and ground-mounted projects. 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.

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 Investment Bank European 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").

In February 2025, Sunprime received a notice from the electricity grid operator in Italy regarding its winning of several projects in a tender, and on March 20, 2025, Sunprime entered into Market Capacity agreements in connection with its winning in the tender relating to several storage projects with a total capacity of approximately 56 MW and approximately 112 MWh. Under the Market Capacity agreements, Sunprime is entitled to receive payments from the grid operator for a period of 15 years commencing in January 2027, in an estimated total 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.

As of the Report Date, Sunprime holds approximately 320 MW of connected and ready-to-connect solar systems, and has a total pipeline of projects at various stages of development of approximately 832 MW of solar projects and approximately 3.4 GWh of storage projects. In addition, Sunprime has entered into two project finance agreements for the construction of solar systems in a total amount of approximately EUR 335 million, and is conducting negotiations to raise an additional financing framework in the amount of approximately EUR 430 million.

On December 2, 2025, Sunprime won the CfD tender as part of the FER-X series, with a quota of 67 megawatts, which gives projects a guaranteed tariff for a period of 20 years from the date of operation. According to the Company's estimates, the total expected revenues from the projects under this award amount to approximately EUR 100 million. It is noted that Sunprime has the right to sell the electricity at free market prices for a period of 18 months prior to the application of the guaranteed tariff, which provides it with managerial flexibility and potential for additional profit generation. Sunprime's win in the CfD tender constitutes a significant milestone in the development of its operations.

For additional details regarding additional engagements of Sunprime after the balance sheet date, see Note 33(6).

Note 17 - Contingent liabilities and commitments (cont.):

2. 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.

In addition, the Project Companies are continuing the development of the Sabinar III Project and 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 December 25, 2025, the new partners agreement entered into force, and a new partners agreement entered into force between the Company and Noy Fund. The amendment of the partners agreement granted Noy Fund control over the Noy-Nofar Partnership; accordingly, the Company will cease to consolidate the balance sheet of the Noy-Nofar Partnership in the Company's financial statements, and consequently, the operations of the projects in Spain, which as of the Report Date are presented using the equity method. For more details, see Note 13(c).

4. Projects in Romania

Engagement in the Agreement for the Sale of Holdings in Ratesti Solar Plant Srl

On October 5, 2025, Nofar Ratesti B.V. ("Nofar Ratesti"), a wholly owned (indirect) subsidiary of the Company, entered into an agreement with Econergy International Ltd., a subsidiary controlled by Econergy Renewable Energy Ltd. ("Econergy"), regarding the sale of 50% of the issued share capital of Ratesti Solar Plant Srl, an entity that holds a solar project with a capacity of approximately 155 megawatts in Ratesti, Romania (the "Project Company"), and the shareholders' loans that Nofar Ratesti extended to the Project Company.

In accordance with the provisions of the agreement, in consideration for the sale of the shares and the shareholder loans, Nofar Ratesti is entitled to a total amount of approximately EUR 45.6 million (approximately EUR 30.75 million in respect of the shares and approximately EUR 14.85 million in respect of the shareholder loans), to be paid in three installments. An amount of EUR 2 million will be paid on the signing date, EUR 8 million on the completion date, and the balance (EUR 35.6 million) will be paid no later than June 30, 2026.

On December 21, 2025, the transaction was completed and the conditions precedent were fulfilled, including FDI approval in Romania, approval of the competition authority in Romania, and the consent of the financing bank of the project and the Company to hold the Project Company. The pre-tax gain from the sale of the holdings in the Project Company amounted to approximately EUR 14 million (approximately NIS 55 million), and the expected cash flow to the Company is the full consideration less tax payments, which are estimated to be immaterial. As of the Report Date, total consideration in the amount of EUR 10 million has been received.

Note 17 - Contingent liabilities and commitments (cont.):

Additional projects

During 2025, 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 2024, the Company completed the acquisition of two additional companies that own various projects in Romania. For details, see Note 13(2).

Entering into a project financing agreement for three projects in Romania

On November 26, 2025, three wholly owned (indirect) subsidiaries of the Company (the "Project Companies") entered into project financing agreements with leading banks in Europe for the financing of three solar projects: Slobozia with a capacity of approximately 74.04 megawatts, Volter with a capacity of approximately 175.73 megawatts, and Corbii Mari with a capacity of approximately 281.69 megawatts, in Romania. The provision of the financing will be carried out in several drawdowns, subject to the fulfillment of conditions precedent, including, among others, the provision of the required equity, the provision and completion of registration of all securities, a commitment to perform interest hedging with respect to most of the long-term financing framework (excluding VAT-framework loans), and the submission of various documents detailed in the agreement.

In accordance with the agreements, the Project Companies will be provided with long-term financing frameworks and VAT frameworks in an aggregate amount for the three projects of approximately EUR 217 million (of which EUR 192 million are long-term financing frameworks and EUR 25 million are VAT frameworks). Long-term financing frameworks are valid until the earlier of: 10 years after the commercial operation of each of the projects, as defined in the agreement, or 13 years from the date of signing the agreement, or, for Slobozia – September 2036; for Corbii Mari – July 2037; and for Volter – September 2037. VAT framework: until November 26, 2027. Interest terms for the long-term financing frameworks: during the construction period: 6-month EURIBOR plus a margin of 3.5%; after commercial operation: 6-month EURIBOR plus a margin of 3.3%. VAT framework interest: EURIBOR interest (six months) plus margin of 2.75%. Financial covenants: annual historical and forward-looking DSCR lower than 1.1.

Loan repayment dates (principal and interest) in long-term financing frameworks. Interest is repaid in semi-annual installments starting from the date of the first withdrawal of the financing. The loan principal is repaid in semi-annual, unequal installments, from the interest payment date specified in the repayment schedule until the end of the loan term, including a balloon payment of between 23% and 50% of the principal on the final, scheduled repayment date in the agreement, including a cash sweep mechanism to accelerate repayment of the principal payments.

As of the reporting date, the Slobozia project is in a readiness stage for connection to the power grid; the Corbii Mari project is in the construction stage; and the Volter project is in preparation ahead of the start of construction. It should be noted that the provision of this financing constitutes the second pillar in the Company's financing structure in Romania; this is the second financing agreement signed with them in connection with the Group's projects in Romania. The Company views entering into the financing agreement as a significant milestone in the Company's development activity in Romania and in completing the project financing for the Company's portfolio of solar projects in the country. As of the Report Date, the outstanding balance of loans was NIS 372.8 million.

Note 17 - Contingent liabilities and commitments (cont.):

5. Projects in the United States:

Blue Sky Utility LLC ("Blue Sky")

a. The Company holds 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 focuses on expanding operations, while strengthening the organizational infrastructure, 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 2,002 megawatts of solar and approximately 1,522 megawatts of storage, of which approximately 18 megawatts of solar and approximately 2 megawatts of storage are connected projects, and the remainder is in various stages of development.

b. Engagement in a transferability transaction for the sale of ITC

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 US 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.

c. In 2024, 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.

d. Acquisition of a portfolio of nine projects in the United States

On December 30, 2025, Nofar USA Energy Investments and Management LLC (the "Subsidiary" or the "Purchaser") entered into an agreement for the acquisition of a portfolio of solar projects in the United States, with a total capacity of approximately 1 GW (dc) (the "Purchase Agreement" and the "Portfolio"), from Pinegate Renewables LLC (the "Seller"), a company undergoing Chapter 11 bankruptcy proceedings in a court in Houston, Texas, USA. The engagement in the agreement is subject to approval by the federal court and additional conditions precedent.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

Details regarding the projects comprising the Portfolio:

The Portfolio consists of 9 utility-scale solar projects located in 4 states in the United States (Texas, Alabama, North Carolina and South Carolina), with a total capacity of approximately 1 GWdc, of which 7 projects are in commercial operation (648 MWdc), one project is at an advanced construction stage (106 MWdc), and one project is at an initial construction stage (225 MWdc). The acquisition of the Portfolio will be carried out through the acquisition of all the rights in subsidiaries of the Seller's group which hold the projects.

Projects in commercial operation: generate electricity and sell it under long-term power purchase agreements (PPA) to corporate purchasers and/or regulated utility companies, all of which have high "Investment-Grade Credit Rating." The total senior debt relating to the projects in commercial operation as of the report date is approximately USD 261 million, and the total obligations to tax equity partners are estimated by the Company at approximately USD 120 million.

Project at an advanced construction stage ("Foley"): has reached the stage of mechanical completion and a long-term power purchase agreement has been signed. The project is acquired without senior debt, and in a manner whereby the Purchaser will be entitled to utilize the full tax benefits in respect of the investment therein (ITC), which are expected to be at a rate of approximately 40%.

Project at an advanced development stage ("Lavender"): grid connection approval has been obtained, a long-term power purchase agreement (PPA) has been signed, and high-voltage equipment has been procured, granting the project "start of construction" status for purposes of tax benefits in respect of the investment (ITC Safe Harbor). The project is expected to benefit from tax incentives at a rate of approximately 50%.

The total purchase consideration for the Portfolio is USD 285 million (the "Purchase Price"). The Purchase Price will be subject to adjustments as follows: upon completion of the transaction, the Purchase Price will be increased by an amount equal to all payments and expenses paid or accrued by the Seller from January 1, 2026 until the completion date, for the purpose of construction and development of the Foley and Lavender projects, and operating costs of the activity in the ordinary course of business, all subject to a budget agreed in advance between the parties (the "Interim Period Costs").

The completion of the Purchase Agreement is subject to customary conditions precedent for transactions of this type, as well as principal conditions including approval by the Federal Energy Regulatory Commission, absence of a material breach of the Seller's representations and warranties, and absence of a material adverse effect event as defined in the sale agreement. Completion of the Purchase Agreement and satisfaction of the conditions precedent are expected within 45–60 days from court approval of the Purchase Agreement. On January 5, 2026, court approval was obtained. On February 27, 2026, following satisfaction of the conditions precedent, the transaction was approved. For additional details, see Note 33(1) – Events after the balance sheet date.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

6. Projects in Poland

The Company operates in Poland through Energy Polska SP.Z.O.O. ("Nofar Poland"), which is indirectly held at a rate of 100% and is engaged in 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 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 Dziejoklucz project, with a capacity of approximately 19.7 megawatts. During 2024 and 2025, operation approvals were obtained for the projects and the supply of electricity to the grid commenced, and approvals were also obtained to increase the installed capacity of the two projects to 25 MW and 25.5 MW, respectively. In 2025, the construction of the Cybinka project with a capacity of 40 MW commenced. In addition, Nofar Poland has begun updating the permits for the Bakallarzewo project, which is the first hybrid project of Nofar in Poland, with a capacity of 223 MW solar and an additional 50 MW of storage – 100 MWh. In accordance with the grid connection agreement with the transmission company, the project is expected to commence construction in 2027. Nofar Poland has a development pipeline of 418 MW solar and 2,994 MWh of storage.

7. 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 100% (as of December 21, 2024 - 75% holding rate). In August 2023, R&S Energy Limited, 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 October 13, 2025, Nofar Energy Europe Limited Partnership completed the acquisition of all minority rights in Atlantic Green in consideration for approximately GBP 5.3 million. The difference between the consideration paid and the change in the Company's share in the net rights of the subsidiary was recognized directly in equity and recorded under a capital reserve from transactions with non-controlling interests.

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.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

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.

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. For further details on winning the tender in the UK, see Note 33(8) regarding events after the balance sheet date.

8. Storage project in Germany

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 7 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.

On February 27, 2025, 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 was 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 term until the end 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 that 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. On June 30, 2025, the first withdrawal was made. The loan balance as of the reporting date is EUR 37.3 million.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

On December 11, 2025, the Company, through a subsidiary, entered into a transaction for the sale to a third party of approximately 49% of the issued and paid-up share capital of the Stendal project company in Germany, which is wholly held (indirectly) by the Company. Frig Investment Limited (the "Seller"), an indirectly wholly owned subsidiary, entered into a share purchase agreement with a fund managed by EB-SIM, one of the leading investment managers in Germany (the "Purchaser"), for the sale of 49% of the share capital of Seerose Energie GmbH (the "Project Company"), a corporation that constructs and operates the Stendal project (the "Project") for energy storage (BESS) with a capacity of 104.5 MW in Germany. In addition to the sale of the shares, the agreement regulates the transfer of a relative portion of the existing shareholder loans provided by the Seller to the Project Company.

In accordance with the provisions of the agreement, in consideration for the sale of the shares and the transfer of part of the shareholder loan, the Seller will be paid, upon completion of the transaction, a total amount of approximately EUR 25.23 million, subject to adjustments as detailed below. The Project has debt of approximately EUR 64 million; the total consideration reflects a project value of more than EUR 1.1 million per MW and is expected to generate for the Company a return on investment (ROI) of approximately 47% within less than two years from the date of commencement of the investment in the Project, while retaining majority holdings in the Project Company and entitlement to all Project revenues until the end of March 2026.

The purchase price is subject to adjustments, including closing accounts at the completion date, additions for reductions in operating costs, an addition for non-use of reserve funds as part of the Project financing agreement, as well as additional adjustments up to a total amount of approximately EUR 25.85 million. In addition, the Seller will be entitled to all revenues generated by the Project until the end of March 2026. The agreement includes a daily agreed compensation to the Purchaser in the event of delay in the commissioning of the Project after April 11, 2026 and until September 30, 2026, even if the delay continues beyond that date. The maximum compensation amount may reach approximately EUR 2.15 million.

Upon completion of the transaction, a shareholders agreement entered into force, including provisions regarding the management of the board of directors (the Project Company will be managed by three managing directors – two on behalf of the Seller and one on behalf of the Purchaser; the Seller will have a casting vote in any decision of the Project Company's board of directors, except for material matters requiring the consent of both parties), provisions regarding financing, a deadlock mechanism (in the event of disagreement on material matters, either party may activate a mutual buy-sell mechanism; if neither party activates the mechanism, it will be possible to proceed with the sale or liquidation of the Project Company), a dilution mechanism (which will come into effect 90 days after the other party fails to fund its portion), and additional mutual rights of the shareholders including pre-emption rights and tag-along rights.

On December 17, 2025, the transaction was completed and the consideration in a total amount of approximately EUR 25.23 million was received. Upon completion of the transaction, the shareholders agreement entered into force and the Company created a capital reserve from transactions with non-controlling interests.

9. During 2024, 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. In July 2025, an agreement was signed. In accordance with the agreement, the Company will pay an amount of EUR 5.4 million in lieu of the existing commitment, in three installments by the end of 2026 for the purchase of the shares, and accordingly, the subsidiary updated the provision for the purchase consideration to said amount. As a result, the subsidiary recorded income of approximately NIS 30 million, presented under other income in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

10. Engagement with Clal Insurance Company Ltd. for an Investment in the Company's Activity in Israel

On October 30, 2025, the Company entered into a non-binding Memorandum of Understanding with Clal Insurance Company Ltd. (the "Memorandum of Understanding" and the "Investor," respectively). In accordance with the Memorandum of Understanding, the Company will transfer all of its business activity in the field of electricity generation, development, and supply in Israel to a dedicated entity ("Nofar Israel"). Subject to such transfer of activity, the Investor will invest a total of NIS 300 million in Nofar Israel, reflecting a pre-money valuation of approximately NIS 1.6 billion, in consideration for the allocation of 18.75% of the rights in Nofar Israel. The parties agreed to an exclusivity period of 90 days, during which the Investor will conduct a due diligence review. If the parties do not enter into a binding agreement within this period (the "Binding Agreement"), the Memorandum of Understanding will expire. As part of the Binding Agreement, the Company will be required to carry out the development, construction, and operation activity of electricity generation, development, and supply projects in Israel solely through Nofar Israel.

On January 13, 2026, the Company entered into a set of agreements with Clal regarding the Company's operations in Israel; the completion of the binding agreement is subject to conditions precedent, including completion of the transfer of the activity to Nofar Israel and receipt of third-party approvals. Upon completion of the Binding Agreement, the Company and the Investor will enter into an agreement regulating the rights in Nofar Israel, under which the Investor will be granted minority rights. For additional details, see Note 33(7) regarding events after the balance sheet date and Note 3 in the separate financial information as of December 31, 2025.

11. Acquisition of control in Ellomay Capital Ltd. – a public company in the energy sector

On December 16, 2025, the Company entered into a share purchase agreement with S. Nechama Investments (2008) Ltd., Anat Rafael and Kanir Joint Investments (2005) L.P. (the "Sellers") for the acquisition of approximately 45.85% of the issued and paid-up share capital of Ellomay Capital Ltd. ("Ellomay"), a public (dual-listed) company traded on the NYSE American and on the Tel Aviv Stock Exchange Ltd.

In accordance with the agreement, the Company will purchase from the Sellers all of their shares in Ellomay, constituting approximately 45.85% of the issued and paid-up share capital of the acquired company, for a total consideration of approximately NIS 458.5 million, based on an equity value of Ellomay of NIS 1 billion, subject to adjustments for dividends, consolidation, distribution, bonus shares and the benefit component in rights up to the completion date.

Completion of the transaction is subject, inter alia, to receipt of regulatory approvals from the Electricity Authority for the Company's holding of control in Ellomay, approval of the Competition Authority, including any parallel authority from a jurisdiction outside Israel (to the extent required by law), as well as any other regulatory approval required from an Israeli or foreign authority for the transfer of control in the company (to the extent required by law). The deadline for obtaining the approvals was set at 90 days from the date of signing of the agreement; however, if the Company acts in good faith to obtain the approvals and they are not obtained by such date, and the Seller receives written notice thereof, it will be possible to extend the deadline in two stages of up to 45 days each.

On December 22, 2025, the Company deposited an amount equal to 10% of the total consideration with a trustee. In the event of a material breach of the agreement by the Company, including non-payment of the consideration on the completion date and failure to cure the breach within 7 days from receipt of notice from the Sellers, the amount deposited in escrow will be transferred to the Sellers as agreed and final compensation. In the event of expiration or termination of the agreement in accordance with its provisions, the amount deposited in escrow will be returned to the Company.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

The Company has the right to terminate the agreement if, during the interim period until completion of the agreement, Ellomay enters into a new material transaction, not in the ordinary course of business, with the Sellers or any related party to the Sellers and/or any of the controlling shareholders and/or office holders of Ellomay, if Ellomay enters into a new material field of activity that is not included in Ellomay's strategic plan and requires material investments, if Ellomay sells (or leases) a significant portion of the Company's real estate (whether owned or leased), or if an amendment to Ellomay's articles of association is approved that is not merely a technical amendment.

At the completion date, and at the Company's discretion, up to four directors on behalf of the Company will be appointed to Ellomay's board of directors, and an equal number of directors appointed on behalf of the Sellers will resign. It is noted that Rani Fridrich will continue in his role as CEO of Ellomay. Upon completion of the transaction, the Company is expected to become the controlling shareholder in Ellomay. Completion of the transaction may be subject to additional regulatory provisions, including conditions to be determined by the approving authorities.

Ellomay is a producer of conventional and renewable electricity operating in Europe, Israel and the United States. Its principal activity is in solar, biogas and energy storage projects. In addition, Ellomay holds approximately 16.9% (indirectly) of the shares of Dorad Energy Ltd., approximately 83.33% in the Manara pumped storage project, and hundreds of MW in solar projects in Italy, Spain and the United States. The Company views this acquisition as having high value and as the practical implementation of the Company's strategic plan, which includes expanding and deepening its operations in the markets in which it operates (the United States, Spain, Italy and Israel), as well as entering the Netherlands as a new market, and creating operational synergy by combining Ellomay's knowledge and expertise with that of the Company to enhance the assets of both companies.

Expansion of the Company's generation mix through entry into the conventional energy (gas) sector – Ellomay has an indirect holding of approximately 16.9% in the Dorad power station with a total capacity of 850 MW, which commenced operations in 2014 and has an efficiency of approximately 51%–54%. An expansion plan has been submitted for this power station to add a combined-cycle unit with a total capacity of 650–700 MW. On February 12, 2026, the conditions precedent for completion of the transaction were fulfilled, including receipt of regulatory approval from the Electricity Authority for the Company's holding of control in Ellomay. For additional details, see Note 33(3) regarding events after the balance sheet date.

12. Petition for a class action against the Company and officers of the Company

On June 29, 2025, the Company learned that a petition was filed with the District Court in the Central Lod District to certify a class action lawsuit by Mazal Zamar ("the Applicant"), a shareholder in the Company ("the Petitioner"), against the Company, its Chairman of the Board of Directors and the Company's co-CEOs at the time (together: the "Respondents"). As part of the petition, the Petitioner raised various claims against the Respondents in connection with violation of disclosure obligations under the Securities Law, breach of contract, negligence, and breach of the duty of care and duty of loyalty, and specifically regarding the Company's reports published on February 20 and June 22, 2025. The Motion was filed on behalf of all those who purchased shares of the Company on the stock exchange after February 20, 2025 (or at an earlier date, to the extent it becomes clear that the details of the misrepresentation at the center of the Certification Motion were known to the Respondents earlier) and held them on June 25, 2025, excluding the Respondents. The claimed damage in the motion is approximately NIS 58.8 million. In light of the preliminary stage of the proceedings, as of the date of the Report, the Company's legal counsel is unable to assess the chances of the claim.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 17 - Contingent liabilities and commitments (cont.):

13. Memorandum of understanding with Bank Leumi to refinance the activity of Nofar Israel

On July 23, 2025, the Company entered into a Memorandum of Understanding with Bank Leumi regarding the provision of refinancing in a total amount of up to approximately NIS 2.4 billion (the "Credit Facility") for a portfolio of solar and storage projects in Israel held by the Company and approximately 115 project corporations with an estimated capacity of approximately 355 megawatts in commercial operation.

From the credit facility, an amount of up to NIS 2 billion will be allocated as a refinancing and capital extraction framework from income-producing assets ("Long-term Facility"), which will be used to repay existing debt in the amount of approximately NIS 1 billion, and the balance for capital extraction for the company and its partners in the project corporations in an estimated amount of up to NIS 500 million, as well as an amount of up to NIS 400 million will be allocated as a framework for improving existing assets ("Improvement Facility"), an amount of up to NIS 100 million will be allocated as a rolling bridging framework to finance the implementation of improvements to existing assets during their construction period ("Rolling Bridging Facility") and an amount of approximately NIS 100 million will be allocated as a debt service framework ("DSRF Facility," hereinafter collectively: the "**Loan**").

The Loan will be provided by the bank or a syndicate of financiers to a designated corporation owned and controlled by a third party, which will provide and manage the provision of loans to the Nofar Israel project corporations. A binding agreement between the parties has not yet been signed.

The Long-Term and Improvement Facilities will carry a base interest rate plus a margin of 1.6%-2.4%. The bridging facility will bear prime interest + 0.8%-1.4% (rolling), the DSRF facility will bear prime interest + 2.5%-3.5%. The long-term facility will be available for up to 18 months from the date of signing the loan agreement. The availability of the improvement facility will be up to 36 months from the signing date of the agreement. Financial covenants: historical and projected minimum ADSCR and minimum LLCR of 1.05. As of the report date, a binding agreement has not yet been signed.

b. Guarantees and encumbrances

1. As of December 31, 2025, 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, 2025, the Group has approximately NIS 163 million in guarantees with banking corporations and non-banking corporations.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 18 - Long-term loans from banks:

a. Composition:

		As of December 31	
		2025	2024
	Interest Rate	NIS thousands	
	%		
Loans with variable interest in new shekels	Prime + 0.5-1.5	416,656	38,398
Fixed interest loans in foreign currency	6-7	175,596	558,523
Variable interest loans in foreign currency	EURIBOR+ 2-2.75	601,768	272,712
Minus current liabilities for loans		(30,726)	(61,394)
		1,163,294	808,239

b. The repayment dates of the loans in the financial statements are as follows:

	As of December 31	
	2025	2024
	NIS thousands	
First year	30,726	61,394
Second year	577,616	61,777
Third year	71,297	66,084
Fourth year	95,331	68,316
Fifth year and beyond	419,050	612,062
	1,194,020	869,633

Notes to the Consolidated Financial Statements for December 31, 2025

c. Below are details on material project financing agreements in the Group as of December 31, 2025 and 2024:

	Aspen Solar ("Kfir")	Seerose	Blue sky	Buxton	PV Projects in Israel
The Lender	Bank / financial body	Bank	Bank / financial body	Institutional body	Bank / financial body
The amount of the loan / framework	NIS 162 million	About NIS 240 million	About NIS 72 million	About NIS 76 million	About NIS 42 million
Date of engaging in the agreement The Funding	2010-2013	February 27, 2025	In the years 2021-2023	August 2023	In the years 2014-2023
Financing provision date	2010-2013	June 30, 2025	In the years 2021-2024	October 2023	In the years 2014-2025
The balance of the loan as of December 31, 2025	NIS 48,256 thousand	NIS 136,276 thousand	NIS 55,811 thousand	NIS 70,440 thousand	NIS 60,190 thousand
The balance of the loan as of December 31, 2024	NIS 46,817 thousand	-	NIS 70,377 thousand	NIS 74,354 thousand	NIS 38,398 thousand
Payment schedule	Monthly/bimonthly	Semiannual	Monthly/quarterly payments	Quarterly payments for seven years	Monthly payments
The end of the life of the loan	2026-2030	2040	In the years 2027-2035	November 2030	In the years 2035-2041
Annual interest rate	3.4%-5.9% index-linked	EURIBOR + 2.1% (decreases to 2% after construction period)	6.6%-6.03%	Variable interest rate linked to Sonia	Prime + 0.5-1.5
Financial conditions	DSCR coverage ratio 1.2-1.33	Annual ADSCR and HDSCR higher than 1.05 and starting from the fifth year, LLCR higher than 1.15	DSCR 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 13 (a)(2).	For details on the system, see Note 17 (a)(8).	For details on the system, see Note 17 (a)(5).	For details on the system, see Note 17 (a)(7).	-

Notes to the Consolidated Financial Statements for December 31, 2025

	Slobozia	SOLIS	RTG
The Lender	Bank	Bank	Bank
The amount of the loan / framework	About NIS 140 million	About NIS 210 million	About NIS 250 million
Date of engaging in the agreement	During 2025	During 2025	During 2025
The Funding			
Financing provision date	During 2025	During 2025	During 2025
The balance of the loan as of December 31, 2025	NIS 95 million	NIS 117 million	NIS 150 million
The balance of the loan as of December 31, 2024	-	-	-
Payment schedule	Semiannual	Semiannual	Semiannual
The end of the life of the loan	2036	2036	2036
Annual interest rate	EURIBOR +3.15	EURIBOR +3.15	EURIBOR +3.15
Financial conditions	Historical and future annual DSCR less than 1.1	Historical and future annual DSCR lower than 1.1	Historical and future annual DSCR less than 1.1
Reference to more information	For details on the system, see Note 17 (a)(4).	For details on the system, see Note 17 (a)(4).	For details on the system, see Note 17 (a)(4).

Notes to the Consolidated Financial Statements for December 31, 2025

Note 19 – Bonds:

Composition:

a. In 2025

The name of the series	Face value balance NIS thousands	Linkage basis	Nominal interest	Effective interest	As of December 31, 2025 (NIS thousands)		
					Non-current liability	Current liability	Fair value(*)
Series A (1)	273,240	Consumer price index	1.48%	4.08%	261,824	40,809	305,728
Series C (2)	803,055	Not index-linked	6.95%	6.90%	744,413	84,532	836,061
Series D (3)	1,095,244	Not index-linked	6.69%	6.80%	1,130,190	-	1,158,549
Total	2,171,539	-	-	-	2,136,427	125,341	-
Series B - Convertible bonds (4)	25,930	Not index-linked	5%	7.46%	24,482	-	33,424

b. 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

(*) 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.

Notes to the Consolidated Financial Statements for December 31, 2025

1. The Bonds (Series A)

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 treated as a material change in terms, as a result of the said exchange, the Company recorded a profit of approximately NIS 2 million. The 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 2025 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 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 301,548 thousand.

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.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

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. 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 98,452 thousand.

On December 4, 2025, the Company completed an exchange tender offer for NIS 474,062,946 par value of bonds (Series B). The tender offer included an exchange of each NIS 1,000 par value of Series B bonds for 5.35 ordinary shares and NIS 715 par value of bonds (Series D). Accordingly, a total of 2,536,237 ordinary shares and NIS 338,955,007 par value of bonds (Series D) of the Company were issued in the tender offer in exchange for Series B bonds. The gross consideration received by the Company in respect of the tender offer, according to the offer report, amounted to NIS 474,062,946 par value of bonds (Series B). The consideration was used to delist from trading the Series B bonds acquired by it. The exchange was accounted for as a substantial modification of terms, and as a result of such exchange, the Company recognized a loss of approximately NIS 26 million. The loss mainly arises from the difference between the carrying amount of the original liability and the fair value of the liability at the date of the exchange.

5. For information regarding the exchange offer for Series B Bonds for Series D and ordinary shares of the Company, see Note 33(4) - Events after the date of the statement of financial position.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

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 1,861 million.
- The ratio between the solo net financial debt and the solo net balance sheet - 42.9%.
- The ratio between consolidated equity and the total consolidated balance sheet - 28.9%.
- The ratio between the consolidated net financial debt minus the financial debt of systems under construction and initiation, and the EBITDA - 6.97.

Notes to the Consolidated Financial Statements for December 31, 2025

Note 20 – Other liabilities:

	As of December 31	
	2025	2024
	NIS thousands	
Tax partner (1)	10,867	17,838
Liability for evacuation and disposal (2)	-	33,313
Commitment to purchase shares from a former minority shareholder (3)	10,866	48,671
Other	2,882	2,379
	24,615	102,201

(1) For more details, see Note 17(a)(5).

(2) A corporation of the Company, consolidated in 2024 and leaving the consolidation in 2025, 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)(9).

Note 21 - Capital:

a. Below is the composition of the share capital:

	As of December 31, 2025	
	Registered	Issued and paid up
Ordinary shares at no par value each	50,000,000	38,080,153

	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

b. For information regarding the issuance of ordinary shares from the exchange of Series B bonds, see Note 19(4).

Notes to the Consolidated Financial Statements for December 31, 2025

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 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	32,921	94,362
August 4, 2022 (b)	31	135,986	99.6	4,514	5,180	-
April 14, 2024(c)	39	204,625	99.6	6,222	-	-
July 22, 2024(d)	8	164,508	99.6	4,240	-	-
February 3, 2025(e)	7	18,130	99.6	466	-	-
June 5, 2025(f)	10	41,083	99.6	1,200	-	-
July 22, 2025 (g)	2	167,630	99.6	6,895	-	-
August 26, 2025 (h)	1	22,607	104.65	901	-	-
September 28, 2025 (i)	13	130,837	104.64	5,034	-	-
October 21, 2025 (j)	1	50,000	105.04	2,119	-	-
November 12, 2025 (k)	1	50,000	105.63	2,042	-	-

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
February 3, 2025(e)	6	February 3, 2031	18,130
June 5, 2025(f)	6	June 5, 2031	41,083
July 22, 2025 (g)	6	22.07.2031	167,630
August 26, 2025 (h)	6	26.08.2031	22,607
September 28, 2025 (i)	6	28.09.2031	79,034
October 21, 2025 (j)	6	October 21, 2031	50,000
November 12, 2025 (k)	6	12.11.2031	50,000

(*) Calculation of the value of the options was carried out based on 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.

Notes to the Consolidated Financial Statements for December 31, 2025

	As of December 31					
	2025		2024		2023	
	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	1,099,584	102.06	774,482	103.10	801,680	101.8
Options granted during the year	480,287	102.7	369,133	99.6	-	-
Options exercised during the year	38,101	-	-	-	-	-
Number of options cancelled during the year	(146,165)	99.6	(44,031)	99.6	(27,198)	99.60
In circulation at the end of the year	1,471,807	99.84	1,099,584	102.06	774,482	103.10

- The exercise prices of the options in circulation as of December 31, 2025, 2024 and 2023 range from NIS 99.6-105.63 per option.
- The weighted average of the remaining contractual life of the options as of December 31, 2025 is 3.43 years (as of December 31, 2024: 3.5 years, as of December 31, 2023: 3.7 years).

Effect of share-based payment transactions on profit or loss:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Expense arising from ESOP plans	12,196	4,424	5,372

Details of the plan for allocating options to the Company's employees:

- 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.
 - 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.

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 employees and 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.

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.

Notes to the Consolidated Financial Statements for December 31, 2025

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.

- d. On February 3, 2025, the Company's Board of Directors decided on a non-material private allocation of 18,130 options exercisable for up to 18,130 common shares of the Company to seven employees, in accordance with the provisions of the Company's option plan. The options are exercisable on the following dates:

1. 50% of the total amount of the options starting two years from the effective date.
2. 25% of the total amount of the options starting after three years from the effective date.
3. 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 466 thousand. 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.

- e. On June 5, 2025, the Company's Board of Directors decided on a non-material private allocation of 41,083 options exercisable for up to 41,083 common shares of the Company to ten employees, in accordance with the provisions of the Company's option plan. The options are exercisable on the following dates:

1. 50% of the total amount of the options starting two years from the effective date.
2. 25% of the total amount of the options starting after three years from the effective date.
3. 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 1.2 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.

- f. On July 22, 2025, following the approval of the Remuneration Committee and the Company's Board of Directors, the Company reported an immaterial private placement of 167,630 options (non-tradable) exercisable for up to 167,630 ordinary shares of the Company, representing approximately 0.41% of the Company's fully diluted capital and voting rights.

The options will be allocated to two beneficiaries, including an officer in a subsidiary of the Company who was allocated 140,000 options and a senior officer in the Company who was allocated 27,630. An employer-employee relationship exists between the Offerees and the Company or the Subsidiary, as the case may be.

The terms of the options will be identical to the terms of the options described in the outline published by the Company on April 25, 2024. As amended on May 30, 2024 (the "Outline"), subject to the following change in relation to the first Offeree - the vesting period of the options allotted to the officer according to this Report will begin on the date the officer begins his employment in the subsidiary, on April 16, 2023, in lieu of the resolution date by the Board of Directors.

Notes to the Consolidated Financial Statements for December 31, 2025

The remaining terms of the options, including the exercise price (NIS 99.6 per share), will be as specified in the Outline. The options will be granted without consideration, as part of the Company's employee stock option plan, as described in the Outline.

- g.** On August 26, 2025, the Company carried out a non-material private placement of 22,607 options (non-tradable), exercisable into up to 22,607 ordinary shares of the Company. The exercise price of the options will be NIS 104.65 per option, which is the average closing price of the Company's share on the Tel Aviv Stock Exchange during the 30 trading days preceding the Board of Directors' resolution. The other terms of the options, including the exercise periods, will be identical to the terms of the options described in the outline published by the Company on April 25, 2024.
- h.** On September 28, 2025, the Company reported a non-material private placement of 130,837 options (non-tradable), exercisable into up to 130,837 ordinary shares of the Company (constituting approximately 0.32% of the Company's share capital and voting rights on a diluted basis). The exercise price of the options will be NIS 104.64 per option, which is the average closing price of the Company's share on the Tel Aviv Stock Exchange during the 30 trading days preceding the Board of Directors' resolution. The other terms of the options, including the exercise periods, will be identical to the terms of the options described in the outline published by the Company on April 25, 2024.
- i.** Non-material or non-exceptional private offerings of options for the Company's shares to senior officers of the Company

On October 21, 2025, the Company reported a non-material and non-exceptional private offering of 50,000 options (non-tradable) exercisable into up to 50,000 ordinary shares of the Company (constituting approximately 0.14%). The options will be allocated to one offeree who is a senior officer of the Company. The exercise price of the options will be NIS 105.04 per option warrant, which is the average closing price of the Company's share on the stock exchange during the 30 trading days preceding the Board resolution. The remaining terms of the options, including the vesting and exercise periods, will be identical to the terms of the options described in the outline published by the Company on April 25, 2024.

On November 12, 2025, the Company reported a non-material and non-exceptional private offering of 50,000 options (non-tradable) exercisable into up to 50,000 ordinary shares of the Company (constituting approximately 0.12%). The options will be allocated to one offeree who is a senior officer of the Company. The exercise price of the options will be NIS 105.63 per option warrant, which is the average closing price of the Company's share on the stock exchange during the 30 trading days preceding the Board resolution. The remaining terms of the options, including the vesting and exercise periods, will be identical to the terms of the options described in the outline published by the Company on April 25, 2024.

- j.** For information regarding the granting of restricted stock units to the Company's CEO, Mr. Ofer Yannay, see Note 30(e).

Note 23 - Income from the sale of electricity and construction:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Construction and operation of systems in Israel	65,835	112,285	174,784
Sale of electricity abroad	191,713	178,533	145,395
Selling electricity in Israel	53,751	23,319	21,607
	311,299	314,137	341,786

Notes to the Consolidated Financial Statements for December 31, 2025

Note 24 - Construction and operating costs:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Outside work	33,530	52,645	111,298
Materials	9,586	38,330	63,228
Depreciation and amortization expenses	125,456	94,785	78,503
Salary expenses	31,056	22,452	26,713
Maintenance and operation;	73,715	47,096	29,123
Other expenses	12,960	9,159	9,610
	286,303	264,467	318,475

Note 25 - Management and general expenses:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Salary expenses	50,719	36,912	28,260
Professional services	30,545	22,928	25,714
Maintenance	3,037	6,147	5,523
Depreciation expenses	2,377	2,181	1,723
Dues and membership fees	3,155	2,798	2,798
Other expenses	5,846	4,800	5,943
	95,679	75,766	69,961

Notes to the Consolidated Financial Statements for December 31, 2025

Note 26 - Other expenses and income:

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Arrangement with institutions	-	(2,500)	-
Provision for depreciation of fixed assets (1)	(22,358)	(2,762)	(20,586)
Provision for impairment of an intangible asset (2)	-	(1,761)	(12,929)
Reversal of provision (provision) for contractual obligation	(8,671)	1,110	(3,736)
Profit from gaining control of an associate	4,398	-	51,228
Profit from sale of associate (3)	55,199	-	-
Gain from transaction with a minority shareholder in a subsidiary (4)	29,660	-	-
Profit from loss of control of subsidiary (5)	235,896	-	-
Other	(3,116)	(2,754)	(1,892)
	291,008	(8,667)	12,085

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Presented in other income	327,637	5,269	51,282
Presented in other expenses	(36,629)	(13,936)	(39,197)
	291,008	(8,667)	12,085

(1) For more details, see Notes 11(4) and 11(5) regarding the impairment of fixed assets.

(2) For more details, see Note 12 regarding the impairment of intangible assets.

(3) For further details, see Note 17(a)(4).

(4) For more details, see Note 17(a)(9).

(5) For more details, see Note 13(c).

Notes to the Consolidated Financial Statements for December 31, 2025

Note 27 - Financing expenses, net:

a. Financing expenses

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Interest on loans	81,091	47,482	42,192
Interest for related parties	10,277	714	4,285
Financing expenses in respect of lease	7,892	6,867	4,560
Exchange rate differences	33,030	-	-
Bonds	160,057	124,843	75,094
Exchange of series of bonds (*)	25,978	-	-
Revaluation of financial and other derivatives	8,756	2,470	16,344
Less - capitalization of credit costs for a qualified property	(120,005)	(77,809)	(16,950)
	207,076	104,567	125,525

(*) For additional details, see Note 19(4).

b. Financing income

	For the year ended on December 31		
	2025	2024	2023
	NIS thousands		
Interest for deposits	14,381	19,819	29,517
Related party interest	15,160	16,551	38,852
Revaluation of financial and other derivatives	6,571	10,751	-
Update of cost overruns in respect of loans	1,043	626	621
Exchange rate differences	-	8,759	1,113
	37,155	56,506	70,103

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.

Notes to the Consolidated Financial Statements for December 31, 2025

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).

d. Net deferred taxes:

	Fixed assets	Losses carried forward	Cost overruns	Convertible bonds	Other	Total
NIS thousands						
As of December 31, 2024	(89,255)	96,700	(141,540)	(5,894)	10,940	(129,049)
Movement recognized in profit or loss	1,060	50,432	4,213	1,320	(*) (17,727)	39,298
Movement in other comprehensive income	(17,125)	21,059	-	4,256	2,374	10,564
Entry into consolidation	(18,249)	6,620	(14,136)	-	1,319	(24,446)
Exit from consolidation	(3,375)	(12,224)	120,929	-	1,940	107,270
As of December 31, 2025	(126,944)	162,587	(30,534)	(318)	18,240	3,637

(*) During the reporting period, the majority of the expense recognized in the item stems from a tax provision from a credit capitalization asset not specific to a qualifying asset.

	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	-	1,612	39,495
As of December 31, 2024	(89,255)	96,700	(141,540)	(5,894)	10,940	(129,049)

	As of December 31	
	2025	2024
NIS thousands		
Presented in non-current assets	118,987	20,543
Presented in non-current liabilities	(115,350)	(149,592)
	3,637	(129,049)

e. Taxes on income (tax benefit) in the profit or loss statement:

	For the year ended on December 31		
	2025	2024	2023
NIS thousands			
Current taxes	13,619	11,744	12,797
Deferred taxes	(39,298)	(30,742)	39,318))
	(25,679)	(18,998)	(26,521)

Notes to the Consolidated Financial Statements for December 31, 2025

f. 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,		
	2025	2024	2023
	NIS thousands		
Profit (loss) for the year before deducting income taxes	25,902	(65,516)	(128,350)
Corporate tax rate applicable to the Company	23%	23%	23%
Theoretical tax	5,957	(15,069)	(29,521)
Tax addition (savings) for:			
The Company's share of the losses (profits) of investee corporations treated using the equity method	4,877	(4,172)	7,276
Accounting profit from gaining control of an associate and loss of control of a consolidated company	(45,947)	-	(11,782)
Adjustments due to a different tax rate in the consolidated companies	1,981	(1,536)	5,219
Share-based payment	2,805	1,017	1,236
Unrecognized expenses and other arrangements, net	4,648	762	1,051
Total income tax (tax benefits)	(25,679)	(18,998)	(26,521)

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		
	2025	2024	2023
The profit (loss) used to calculate basic profit (loss) per share (NIS thousands)	90,130	(26,905)	(88,661)
Number of ordinary shares used to calculate basic profit (loss) per share in units	38,080,153	35,540,512	35,540,512
Profit used for calculating diluted profit per share (NIS thousands)	90,130	-	-
Number of ordinary shares used to calculate diluted profit per share in units	38,234,113	-	-

Notes to the Consolidated Financial Statements for December 31, 2025

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, 2025 and 2024, 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	
	2025	2024
	NIS thousands	
Customers and income receivable	119,246	120,397
Loans to investee companies (1)	202,491	278,772
Long-term loan to related parties	1,825	35,300
Accounts payable (2)	(10,793)	(18,061)
Long-term loan from related parties (3)	(40,062)	(21,462)

(1) For details, see Note 9.

(2) Liabilities to holders of non-controlling interests.

(3) In 2025, a loan from non-controlling interests in a subsidiary. In 2024, 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		
	2025	2024	2023
	NIS thousands		
Income	74,145	111,469	168,768
Financing expenses	10,277	714	4,285
Financing income	15,160	16,551	38,852

Notes to the Consolidated Financial Statements for December 31, 2025

- 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		
	2025	2024	2023
	NIS thousands		
Salary and related to key management personnel(*)	23,367	13,026	3,826
Number of recipients	20	16	9
Management fees	1,397	988	926
Number of recipients	1	1	1

(*)During 2025, there were changes in managers in the Company (CEO, CFO and legal advisor). During certain periods, retiring managers were entitled to salary for the notice period, while the new manager had already received a salary. In addition, an organizational change was made in the Company, as a result of which some managers were not included as key personnel throughout the year. Of the salary costs, an amount of NIS 8,359 thousand is attributed to share-based payment.

Changes to the Company's senior management

On June 26, 2025, the Company's Board of Directors decided to terminate the term of office of Mr. Nadav Tenne and Shahar Gershon as joint CEOs. On July 22, the Company's Board of Directors decided to terminate the term of office of Mr. Ofer Yannay as Chairman of the Company's Board of Directors and appoint him as Acting CEO of the Company. On September 28, 2025, the Company's Board of Directors approved the appointment of Mr. Ofer Yannay as the Company's permanent CEO, as well as the appointment of Mr. Nir Peleg as the Company's Chief Financial Officer. Mr. Peleg began his tenure as the company's CFO the following day, and concluded his role on December 22, 2025. On the same date, Mr. Avraham Golde commenced his tenure as CFO of the Company.

- e. Salary and management agreements

Terms of office and employment of Mr. Ofer Yannay, CEO of the Company

On October 21, 2025, the Company's Remuneration Committee and Board of Directors approved the Company's entry into a management agreement with a company fully owned and controlled by Mr. Yannay to provide CEO services to the Company through Mr. Yannay. On November 26, 2025, the shareholders approved the proposed appointment of Mr. Yannay as the Company's CEO, as follows: Mr. Yannay will serve in a 100% position and will be entitled to management fees in the amount of NIS 166 thousand per month plus VAT as required by law, and to reimbursement of expenses as customary in the Company. Mr. Yannay will be entitled to 24 vacation days, a notice period of at least six months, an annual bonus of up to NIS 766 thousand subject to meeting cumulative targets regarding increased sales, connection targets, and a profitability target, and in addition, 1,777,191 restricted share units that will be convertible into ordinary shares with an exercise payment of 30 agorot per unit, and which will vest after three years from the date of approval by the General Meeting ("the Vesting Period"), subject to Mr. Yannay serving as the CEO, Chairman of the Board, or Vice Chairman of the Company at the vesting date, and provided that during the Vesting Period the Company's value stood at NIS 16 billion for at least 30 trading days. The management company was entitled, during the terms until the approval of the new agreement above, to an 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.

Notes to the Consolidated Financial Statements for December 31, 2025

Terms of office and employment of the joint CEOs prior to termination of the employment

In accordance with the employment agreements between the Company and the joint CEOs before the conclusion of their employment on July 22, 2025, they were entitled during the above periods and until an update as detailed below in relation to their 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 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 the position, 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.

Notes to the Consolidated Financial Statements for December 31, 2025

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 2025 and 2024.

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 associates 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, 2025

For the year ended on December 31, 2025

	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	163,792	150,969	109,418	20,901	445,080	13,831	(166,049)	292,862
Inter-sector income	-	-	-	-	-	51,550	(26,867)	24,683
Total income and profits	163,792	150,969	109,418	20,901	445,080	65,381	(192,916)	317,545
Operating cost (without depreciation)	83,836	50,243	23,441	8,732	166,251	87,720	(93,119)	160,849
Sector results - EBITDA	79,956	100,726	85,978	12,169	278,829	(22,339)	(99,794)	156,696
<u>Expenses not allocated to sectors:</u>								
Depreciation and amortization								127,833
The Company's share in the profits of companies handled based on the equity method, net								21,203
Management and general expenses								93,302
Marketing and sale expenses								9,545
Other expenses								36,629
Other income								(327,637)
Net financing expenses								169,921
Loss before tax								25,902

Notes to the Consolidated Financial Statements for December 31, 2025

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, 2025

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, 2025

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, and loans to associates, 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 rate risk:** The Group is exposed to cash flow risk due to taking out loans that carry variable interest rates. The Group is also exposed to changes in fair value, as a result of changes in interest rates, due to taking out loans bearing fixed interest, except for a transaction detailed in the fair value measurement. 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 the 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, 2025

Balances on a linkage basis:

Section	As of Dec. 31, 2025						
	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	33,954	215,091	12,487	11,789	-	339,279	612,600
Deposits from bank corporations and others	1,937	814	-	3,388	-	-	6,139
Customers	5,785	-	-	2,317	-	161,905	170,007
Accounts receivable	11,651	146,297	5,072	74,169	-	78,016	315,205
Inventory	-	-	-	-	-	18,281	18,281
Total current assets	53,327	362,202	17,559	91,663	-	597,481	1,122,232
Investments in investee companies accounted for using the equity method	-	916,737	-	-	-	527,894	1,444,631
Advances on account of an investment	90,915	-	-	-	-	45,852	136,767
Right of use asset	29,276	31,744	38,368	32,098	86,370	29,656	247,512
Fixed assets	250,456	689,139	558,734	1,386,855	-	374,058	3,259,242
Intangible assets	94,903	5,123	-	-	-	65	100,091
Restricted use deposits	8,407	-	-	-	-	5,739	14,146
Financial assets	11,123	-	-	-	-	-	11,123
Deferred taxes	-	848	10,769	-	-	107,370	118,987
Other receivables	-	2,287	-	-	-	2,476	4,763
Deposits in bank corporations and others	-	-	-	9,477	-	8,010	17,487
Total non-current assets	485,080	1,645,878	607,871	1,428,430	86,370	1,101,120	5,354,749
Total assets	538,407	2,008,080	625,430	1,520,093	86,370	1,698,601	6,476,981
Short-term loans and current maturities for long-term loans from banking and other corporations	67,489	-	1,672	16,928	-	262,889	348,978
Current maturity in respect of a lease	2,035	833	3,281	1,263	11,596	2,691	21,699
Current maturities of bonds	-	-	-	-	40,809	84,532	125,341
Suppliers and service providers	20,520	2,300	4,384	6,027	-	22,879	56,110
Commercial papers	-	-	-	-	-	225,000	225,000
Accounts payable	30,327	350	8,034	22,776	-	15,032	76,519
Financial derivatives	-	2,828	-	-	-	1,918	4,746
Total current liabilities	120,371	6,311	17,371	46,994	52,405	614,941	858,393
Long-term loans from banks	171,792	532,191	68,082	-	-	391,229	1,163,294
Lease liabilities	31,012	31,572	39,542	32,000	76,417	29,539	240,082
Loan from a related party	-	40,062	-	-	-	-	40,062
Deferred taxes	-	12,706	-	-	-	102,644	115,350
Bonds	-	-	-	-	275,460	1,860,967	2,136,427
Convertible bonds	-	-	-	-	-	24,482	24,482
Other liabilities	10,867	-	-	-	6	13,742	24,615
Total non-current liabilities	213,671	616,531	107,624	32,000	351,883	2,422,603	3,744,312
Total liabilities	334,042	622,842	124,995	78,994	404,288	3,037,544	4,602,705
The excess of assets over liabilities (liabilities over assets)	204,365	1,385,238	500,435	1,441,099	(317,918)	(1,338,943)	1,874,276

Notes to the Consolidated Financial Statements for December 31, 2025

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, 2025

As of December 31, 2025	Projected repayment dates of the liabilities						
	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	76,519	-	-	-	-	-	76,519
Suppliers and service providers	56,110	-	-	-	-	-	56,110
Liabilities for leases	21,699	20,984	21,731	21,733	20,848	154,786	261,781
Other liabilities	-	24,615	-	-	-	-	24,615
Bonds	125,341	359,992	139,763	266,561	363,122	985,720	2,240,499
Credit from bank corporations and others	379,704	577,616	71,297	95,331	95,331	323,720	1,542,999
Total	659,373	983,207	232,791	383,625	479,301	1,464,226	4,202,523

As of December 31, 2024	Projected repayment dates of the liabilities						
	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

*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.

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c. 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, 2025				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Financial assets - fair value through profit and loss				
Financial assets (1)	-	-	11,123	11,123
Current financial liabilities - fair value through other comprehensive income				
Derivatives(2)	-	(2,828)	-	(2,828)
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

(1) The Company holds shares at a rate of approximately 5% of the share capital and loan of 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.

(2) The Company's consolidated corporation has a variable interest loan. In order to reduce exposure, the consolidated corporation entered into a hedging transaction whose net fair value as of December 31, 2025 is negative in the amount of NIS 2,828 thousand.

The transaction includes the purchase of an IRS (Interest Rate Swap).

Notes to the Consolidated Financial Statements for December 31, 2025

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	-	495	-	495
Financial assets	-	-	22,431	22,431
Financial assets - fair value through other comprehensive profit				
Derivatives	-	14,843	-	14,843
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

Note 33 - Events after the date of the Statement of Financial Position:

1. Completion of the acquisition of a portfolio of solar projects in the United States (the "Acquisition Transaction")

Further to Note 17(a)(5), on January 5, 2026, the court approved the engagement of the Subsidiary (the "Purchaser") in the Acquisition Transaction. On February 16, 2026, approval from the Federal Energy Regulatory Commission (FERC) was received and the Purchaser progressed toward completion of the Acquisition Transaction.

On February 26, 2026, the Purchaser (the "Borrower") entered into a financing agreement with Bank Hapoalim Ltd. (the "Lender") in a total amount of up to USD 255 million. The Lender provided the Borrower with credit consisting of three financing tranches: (1) a project financing facility in the amount of USD 100 million for financing the Foley project, consisting of two sub-facilities (the "Project Facility"); (2) a corporate loan in the amount of USD 80 million (the "Corporate Loan"); (3) mezzanine debt in the amount of USD 75 million (the "Mezzanine Debt"). The three financing tranches will be referred to collectively as the "Bridge Loans."

The Bridge Loans will be repaid in full within 90 days after the first drawdown date, with an option to extend the final repayment date by 45 days for the purpose of completing long-term financing agreements. In accordance with the terms of the agreement, upon receipt of long-term financing for the Foley project, the Borrower will repay the Bridge Loans such that financing of the Foley project will first be used for full repayment of the Project Facility and thereafter for repayment of the remaining Bridge Loans, and refinancing of other projects will first be used to cover operating expenses and capital expenditures in other projects, thereafter to pay accrued interest, and finally for repayment of the Mezzanine Debt and thereafter the Corporate Loan. In addition, the agreement includes fees for early repayment of the Bridge Loans.

The Bridge Loans will bear variable interest at the SOFR rate plus a margin as follows: for the Project Facility, a margin of 2.75% for one sub-facility and 3.95% for the second sub-facility; for the Corporate Loan, a margin of 4.2%; and for the Mezzanine Debt, a margin of 6%. The interest will be paid on the final repayment date of the Bridge Loans.

The Company provided a parent company guarantee to secure the Borrower's obligations, which will be reduced to USD 75 million upon completion of the post-closing conditions set forth in the agreement, which primarily relate to the pledge of the holdings in the acquired portfolio. In addition, the Borrower will create a general lien over all of its assets in favor of the Lender, including equity rights in the portfolio companies directly held by it. In favor of the Lender, all equity rights in the Borrower and in the Foley and Lavender project companies will also be pledged, and all of their assets will be subject to a general lien in favor of the Lender until project financing is provided to them.

Notes to the Consolidated Financial Statements for December 31, 2025

In addition, the Borrower undertook not to create any lien over its assets and the assets of the project companies, except for permitted liens as detailed in the agreement. On February 26, 2026, the full amount of the loans was drawn.

On February 27, 2026, following completion and satisfaction of the conditions precedent, the Acquisition Transaction was completed and the purchase consideration was paid in full on the completion date.

2. Filing of a statement of claim against the Company in connection with the agreement for acquisition of control in Ellomay Capital Ltd. ("Ellomay")

Further to Note 17(a)(11), on January 7, 2026, the Company was served with a statement of claim filed against it in the District Court in Tel Aviv-Yafo (Civil Action 19111-01-26), against the Company and against S. Nechama Investments (2008) Ltd., Kanir Joint Investments (2005) – Limited Partnership, and Anat Rafael (together: the "Other Defendants"), by Prime Energy P.I. Ltd., Lahav L.R. Real Estate Ltd. and Yaron Kikoz (together: the "Plaintiffs").

In the statement of claim, it is alleged, inter alia, that a binding agreement was formed between the Plaintiffs and the Other Defendants for the sale of the shares of the Other Defendants in Ellomay Capital Ltd. to the Plaintiffs, however, despite their alleged obligations toward the Plaintiffs, the Other Defendants entered into a transaction for the sale of the shares to the Company.

Accordingly, the Plaintiffs seek, inter alia, declaratory relief and an order for specific performance for the sale of the shares to the Plaintiffs. Alternatively, the Plaintiffs seek to obligate the Other Defendants and the Company to pay expectation damages, which for fee purposes were set at NIS 20,000,000, together with statutory interest; and in the further alternative only, to obligate the Other Defendants and the Company to pay reliance damages in the amount of NIS 350,000 for fee purposes, together with statutory interest. In addition, the Plaintiffs seek to obligate the Other Defendants and the Company to pay legal expenses and attorneys' fees, and the like.

The Company is required to file its statement of defense by April 12, 2026. In the opinion of the Company and its legal advisors, and in light of the preliminary stage of the proceedings, at this stage it is not possible to assess its chances.

3. Share purchase agreement in Ellomay Capital Ltd.

Further to Note 17(a)(11), on March 4, 2026, the acquisition of control in Ellomay was completed. The acquisition was financed in part through a loan from a banking corporation in Israel (the "Loan"). To secure repayment of the Loan, a first-ranking fixed charge over the shares of Ellomay was granted in favor of the banking corporation, inter alia. In accordance with the provisions of IFRS 3, the Company included in the notes to the financial statements all required disclosures and information available to it as of the reporting date; to the extent that certain information was not included, this is due to the fact that such data was not available to the Company at the date of publication of the report.

4. Additional exchange between Series B bonds and Series D bonds and ordinary shares

Further to Note 19(4), on January 27, 2026, the Company completed a non-material exchange tender offer for NIS 15,007,062 par value of bonds (Series B). The tender offer included an exchange of each NIS 1,000 par value of Series B bonds for 5.35 ordinary shares and NIS 715 par value of bonds (Series D). Accordingly, a total of 80,280 ordinary shares and NIS 10,729,290 par value of bonds (Series D) of the Company were issued in the tender offer in exchange for Series B bonds. The gross consideration received by the Company in respect of the tender offer, according to the offer report, amounted to NIS 15,007,062 par value of bonds (Series B). As a result of such exchange, the Company recognized a loss of approximately NIS 1 million. Following the allocation, the total par value of bonds (Series B) will be NIS 10,923,330 par value. The total par value of bonds (Series D) will be NIS 1,110,251,439 par value.

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5. Non-material or non-exceptional private offerings of options for the Company's shares to an officer

Further to Note 22, on January 21, 2026, the Company reported a non-material and non-exceptional private offering of 50,000 options (non-tradable) exercisable into up to 50,000 ordinary shares of the Company (constituting approximately 0.12%). The options will be allocated to one offeree who is an employee of a subsidiary (indirectly). The exercise price of the options will be NIS 111 per option warrant, which is the average closing price of the Company's share on the stock exchange during the 30 trading days preceding the Board resolution. The offeree works outside of Israel and therefore the options will not be allocated to the trustee. The remaining terms of the options, including the vesting and exercise periods, will be identical to the terms of the options described in the outline published by the Company on April 25, 2024.
6. Sunprime - Entering into agreements for differences within the framework of the Energy Release mechanism in Italy and entering into a project financing agreement

Further to Note 17(a)(1), on February 5, 2026, Sunprime Holding S.R.L. ("Sunprime"), incorporated in Italy and engaged in the initiation, development, financing, construction and holding of solar systems and storage systems in Italy, entered into a series of agreements with industrial electricity consumers with high consumption in Italy within the "Energy Release" regulation in Italy.

The Energy Release mechanism is a regulatory tool intended to reduce energy costs for the Italian industry, within which industrial companies receive a virtual electricity allocation from the state, in exchange for a commitment by energy developers to construct and connect new renewable energy projects.

Under the agreements, Sunprime undertook to supply electricity in a total cumulative energy volume of approximately 5.12 terawatt-hours (TWh; million megawatt-hours), in a manner supporting the construction and connection of new solar power generation facilities with a total capacity of approximately 200 MWP within a period of approximately 40 months; failure to meet this undertaking may result in penalties. 50% of the generation (2.56 TWh) will be sold under a contract for differences (CfD) with the system operator (GSE) over a period of 20 years, at a price of EUR 65 per MWh. This contract for differences reflects revenues of approximately EUR 166.4 million over the entire term of the agreement. The remaining 50% of the generation will be eligible to participate in FER-X tenders. The agreements include, inter alia, customary commercial provisions for agreements of this type, including entitlement to receive advance payments of approximately 10%–15% of the construction costs by Sunprime.

On February 23, 2026, Sunprime Agira S.r.L (hereinafter: the "**Borrower**"), a wholly owned subsidiary of Sunprime, entered into a large-scale project financing agreement in a total amount of up to EUR 507 million for the purpose of construction and operation of a portfolio of renewable energy facilities in Italy (hereinafter: the "**Financing Agreement**"). The financing is provided by a group of international banks (hereinafter: the "**Lenders**").

The Financing Agreement enables Sunprime to construct solar projects with a total capacity of approximately 290 MW and storage projects with a capacity of approximately 350 MW (with a total storage capacity of approximately 1,400 MWh).
7. Engagement in an agreement with Clal Insurance Company Ltd. for investment in the Company's operations in Israel

Further to Note 17(a)(10), on January 13, 2026, the Company entered into a set of agreements for the purpose of Clal's investment in the Company's operations in Israel, including an agreement for the transfer of assets and liabilities; as part of a reorganization carried out by the Company, the Company entered into an agreement for the transfer of assets and liabilities with Nofar Energy Israel Ltd. ("Nofar Israel"), a wholly owned private company established for the purpose of transferring the Company's operations in Israel thereto (excluding activity explicitly excluded in the agreement and which will remain with the Company) (the "Transferred Activity" and the "Transfer Agreement", respectively). After the transfer of the Transferred Activity, the Company will hold 100% of the issued and paid-up share capital of Nofar Israel on a fully diluted basis.

Notes to the Consolidated Financial Statements for December 31, 2025

Immediately following the execution of the Transfer Agreement, the Company entered into an investment and share allocation agreement with Nofar Israel and Clal (the "Investment Agreement"), pursuant to which, in consideration for a cash payment upon completion of the transaction in the amount of approximately NIS 300 million (the "Investment Amount"), Nofar Israel will allocate to Clal 18.75% of its issued and paid-up share capital. The Investment Amount will be made available to the Company by Clal as an equity investment and by way of shareholder loans which will be provided by it proportionately (pari passu) to the shareholder loans that were provided by the Company and which will be attributed to Nofar Israel under the Transfer Agreement.

The terms of the transaction reflect a value of Nofar Israel's operations of NIS 1.6 billion, post-money. In accordance with the provisions of the Investment Agreement, the Investment Amount will be subject to adjustments, including in respect of failure to obtain third-party approvals, investments in Nofar Israel and payments made by Nofar Israel until the completion date.

The execution and completion of the transaction pursuant to the Investment Agreement are subject to conditions precedent, including customary conditions for agreements of this type, as well as receipt of third-party approvals and completion of the transfer of the Transferred Activity from the Company to Nofar Israel pursuant to the Transfer Agreement.

The transaction will be completed in two stages. In the first stage, and after receipt of the majority of the third-party approvals (at a rate as determined in the investment agreement) (the "Initial Third-Party Approvals"), the first closing will be carried out according to the relative value of the third-party approvals received up to that date. Receipt of the Initial Third-Party Approvals is a condition precedent to the completion of the investment transaction.

On March 19, 2026, the first closing was completed and Clal invested in Nofar Israel a total amount of approximately NIS 207 million. After the date of the first closing, the Company and Nofar Israel will have an additional period until October 31, 2026 to obtain the additional third-party approvals, and a second closing will be carried out in respect of these assets, according to the relative value.

8. Noventum wins UK Contract for Difference (CfD) tender

Further to Note 17(a)(7), in February 2026, Noventum was awarded three Contracts for Difference (CfD) under the UK Government's Allocation Round 7 (AR7). These contracts for difference give three solar projects a guaranteed rate of approximately GBP 65.23 per megawatt hour for a period of 20 years from the date of operation (the "Operating Period"). These agreements include an index linkage mechanism, which is expected to increase the attractiveness of the projects for potential buyers during the RTB phase. The total installed capacity of the three projects is expected to be approximately 63 megawatts. According to the Company's estimate, the total estimated revenue from the projects in this award is expected to amount to approximately GBP 100 million (including indexation) for the entire Operating Period.

Notes to the Consolidated Financial Statements for December 31, 2025

9. Negotiations to initiate the establishment and operation of server farms (Data Centers)

In February 2026, negotiations started with B.S.R Shoham – Center Limited Partnership and additional landowners holding rights in a land parcel in Shoham with an area of approximately 32 dunams (the “Owners”), for the acquisition of 51% of the rights in the land (through a designated indirect subsidiary) for a total consideration of approximately NIS 181 million, reflecting a price of NIS 11,111,111 per dunam (and based on a proportionate share for part of a dunam), plus lawful value added tax. A PUT option will be granted to the owners to sell the remainder of their holdings, either for cash or in consideration for the allocation of shares in Nofar DC, a wholly owned subsidiary of the Company, at a value not less than the higher of: (a) the value in the sale transaction plus 10% per annum; and (b) a value according to a valuation, and subject to additional terms to be agreed. The exercise of the PUT option is expected to be subject, inter alia, to the occurrence of one or more of the events defined for this purpose, including entry into an agreement with a third party for the provision of data center services at an agreed minimum volume and/or receipt of a final building permit for the project and final approval for connection of the land to the electricity grid enabling the purchase of electricity at an agreed minimum volume, and/or the passage of an agreed period from the date of execution of the agreement, all as will be determined in the agreement. In addition, if no notice of exercise of the put option is delivered within the prescribed exercise period, the put option will expire and the Company will be granted a call option to require the owners to sell to the Company (or to a third party as instructed by the Company) the remainder of their holdings, in accordance with the terms to be determined in the sale agreement and the call option exercise agreement. Nofar DC was established as part of the Company’s entry into the data center sector.

The Owners granted the Company a No-Shop undertaking under a non-binding memorandum of understanding for a period of 30 days (with an extension of an additional 30 days) during the negotiations regarding the transaction.

The engagement in binding agreements (if and to the extent entered into) will be subject, inter alia, to the completion of due diligence to the satisfaction of the Company, agreement on the wording of the binding agreements by the parties, receipt of approvals from the competent organs of the Company and of each of the owners, and the fulfillment of conditions precedent to be agreed between the parties, including conditions relating to connection of a significant electricity supply to the project.

Concurrently, in accordance with the principles under discussion, the parties are also discussing entering into a joint venture agreement regarding their rights and obligations relating to the development, financing and construction of a data center on the land, which is expected to be signed (if and to the extent the transaction is executed) at the time of execution of the binding agreements.

Holdings Appendix

Below is a list of the Company's Investee Corporations and the rates of their holdings, as at December 31, 2025 and 2024:

a. Entities incorporated in Israel whose primary place of operations is Israel.

Entity name	December 31, 2025	December 31, 2024
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 Mihrazim 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 Hashlosha 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.	100.0%	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%	60.0%
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, 2025	December 31, 2024
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, 2025	December 31, 2024
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%	51%
Nofar Tel Yitzhak EV Limited Partnership	51%	51%
Nofar Migdal Oz EV Limited Partnership	51%	51%
Nofar Beer Globe EV Limited Partnership	51%	51%
Nofar Dgania EV Limited Partnership	71%	71%
Nofar Energy Kramim EVC Limited Partnership	51%	51%
Nofar Daphna EV Limited Partnership	51%	51%
Nofar Energy Givat Oz EV Limited Partnership	51%	51%
Nofar Energy Ketura EV Limited Partnership	50%	50%
Nofar Hanaton EV Limited Partnership	51%	51%
Nofar Energy Ramat David EV Limited Partnership	51%	51%
Nofar Aloni Habashan EV Limited Partnership	51%	51%
Nofar Mesilot EV Limited Partnership	51%	51%
Nofar Safa EV Limited Partnership	51%	51%
Nofar Borders EV Limited Partnership	51%	51%
Nofar Shalavim EV Limited Partnership	51%	51%
Nofar Hasolelim EV Limited Partnership	51%	51%
Nofar Gesher EV Limited Partnership	51%	51%
Nofar Misgav Em Cooperative Agricultural Association Ltd.	50%	50%
Nofar Zikim Cooperative Agricultural Association Ltd.	50%	50%
Nofar Merhavia Cooperative Agricultural Association Ltd.	50%	50%
Nofar Ein Harud Me'uhad Storage Cooperative Agricultural Association Ltd.	20%	20%
Nofar EV Limited Partnership	100%	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	47.5%	52.5%
Nofar Noy Solar Projects Limited Partnership	100%	65.0%
Nofar Energy Reservoirs Limited Partnership	100.0%	100.0%
Silkweb Capital Limited Partnership	100.0%	80.0%
Silkweb Anteus Capital Limited Partnership	100.0%	80.0%
Nofar Energy USA, Limited Partnership	100.0%	100.0%
Nofar Israel Energy, Limited Partnership	100.0%	-

Corporations that are domiciled abroad

Entity name	December 31, 2025	December 31, 2024	Place of incorporation
BLUE SKY UTILITY LLC	67%	67%	USA
BLUE SKY UTILITY HOLDINGS LLC	67%	67%	USA
ANDROMEDA SOLUTIONS K.F.T	47.5%	47.5%	Spain
OLMEDILLA HIVE, S.L	45.1%	45.1%	Spain
SABINAR HIVE, S.L	42.8%	42.8%	Spain
GRID HIVE, S.L	43.7%	43.7%	Spain
SUNPRIME GENERATION SRL	30%	33.3%	Italy
SunPrime Holdings SRL	30%	33.3%	Italy
NOFAR USA LLC	100%	100%	USA
NOFAR USA ENERGY INVESTMENTS AND MANAGEMENT LLC	90%	-	USA
ATLANTIC GREEN UK LIMITED	100%	100%	England
R&S ENERGY LIMITED	100%	100%	England
C&S ENERGY LIMITED	100%	100%	England
NOVENTUM POWER LIMITED	80%	80%	England
NOFAR RATESTI B.V	100%	100%	Netherlands
Ratesti Solar Plant Srl	-	50%	Romania
NOFAR EUROPE B.V	100%	100%	Netherlands
NOFAR ENERGY SRL	100%	100%	Romania
RTG SOLAR ENERGY SRL	95%	95%	Romania
AVIV RENEWABLE INVESTMENT SRL	95%	95%	Romania
BIOLAB DIAGNOSTIC SRL	100%	100%	Romania
NOUA FATTORIA SRL	100%	100%	Romania
SOLIS IMPERIUM SRL	95%	95%	Romania
Corbii Mari Solar Plant SRL	95%	95%	Romania
SUN KINGDOM SRL	95%	95%	Romania
NOFAR ADRIA D.O.O. BEOGRAD	100%	100%	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%	100%	Czech Republic
NOFAR ENERGY POLAND 1 sp. Z	100%	100%	Poland
Nofar Cybinka sp. Z	100%	100%	Poland
NOFAR ENERGY POLSKA sp. z o.o	100%	100%	Poland
SUN ENERGY PROJEKT sp z.o.o	100%	100%	Poland
BARTODZIEJE sp z.o.o ELEKTROWNIA	100%	100%	Poland
INTER WORKS sp z.o.o	100%	100%	Poland
ELECTRUM PV 7 sp z.o.o	100%	100%	Poland
SOLARIKA sp z.o.o	100%	100%	Poland
ELECTRUM PV 6 sp z.o.o	100%	100%	Poland
MDW ENERGY sp z.o.o	100%	100%	Poland
FRIG INVESTMENTS LIMITED.	100%	100%	Cyprus
SEEROSE ENERGIE GMBH	51%	51%	Germany
NOFAR GR SA	100%	100%	Greece
CHECK BESS I.K.E.	100%	100%	Greece
FAR BESS I.K.E.	100%	100%	Greece

Part C

**Separate Financial Information
As of December 31, 2025**

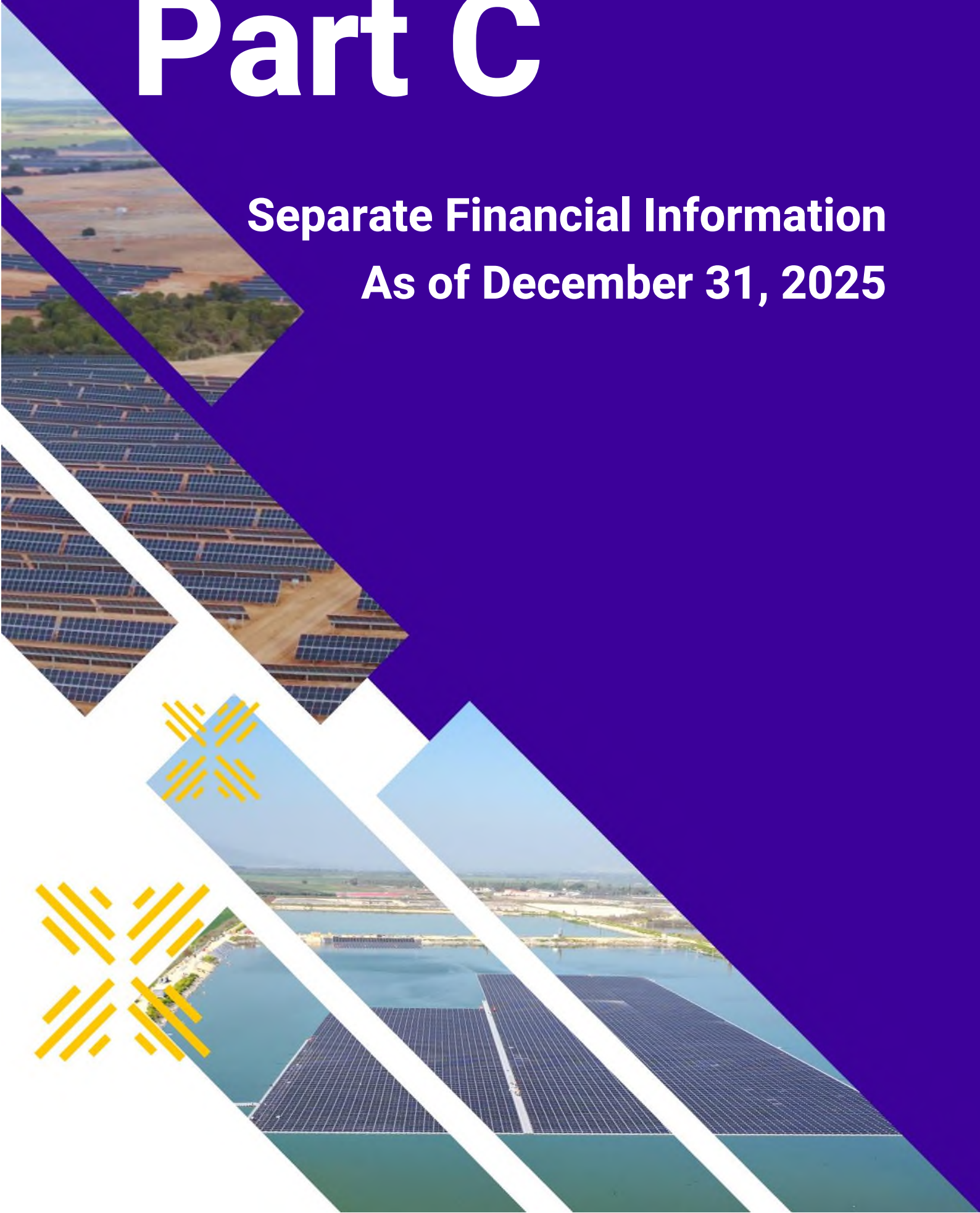




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To

Shareholders of O.Y. Nofar Energy Ltd.

To Whom It May Concern,

Re: Special Report of the Independent Auditors as to Separate Financial Information under Article 9c of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 Opinion

We have audited the separate financial information presented pursuant to Article 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 of O.Y. Nofar Energy (hereinafter: the "**Company**") as of December 31, 2025 and 2024 and for each of the two years the latter of which ended on December 31, 2025 (hereinafter: the "**Separate Financial Information**").

The Company's financial information as of December 31, 2023 and for the year then ended was audited by previous auditors whose report thereon 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 86,619 thousand and the Company's share of its losses is approximately NIS 604 thousand for the year ended on December 31, 2025. We also did not audit the financial statements of an investee company accounted for using the equity method, in which the Company's share of its losses is NIS 5,684 thousand for the year ended on December 31, 2025. The financial information of the same companies 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 the same companies, is based on the review reports prepared by the other auditors.

In our opinion, based on our audit and the reports of the other accountants, 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.

Basis for the Opinion

We have conducted our audit in accordance with the customary auditing standards in Israel. Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Separate Financial Information section. We are independent of the Company in accordance with the provisions of law applicable in Israel regarding the independence and prevention of conflicts of interest of the auditor in Israel. We also fulfilled our other ethical obligations in accordance with the Certified Public Accountants Law, 5755-1955, and regulations thereunder. We believe that the audit evidence we have obtained, including the other auditors' reports, is sufficient and appropriate to provide a basis for our opinion.

Duties of board of directors and management to separate financial information

The Board of Directors and Management are responsible for the preparation and presentation of the separate financial information in accordance with the provisions of Article 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, and for such internal control as the board of directors and management determine is necessary to enable the preparation of separate financial information that is free from material misstatement, whether due to fraud or error.

In preparing the separate financial information, the Board of Directors and Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as required, matters related to a going concern, and

using the going concern basis of accounting in the separate financial information, unless the Board of Directors and Management intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Duties of the Auditors on the Audit of the Separate Financial Information

Our objectives are to obtain reasonable assurance that the separate financial information is free from material misstatement, whether due to fraud or error, and to issue a special auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial information.

In performing an audit, including reliance on other independent auditors, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement in the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence in order to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, deliberate misrepresentation or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and Management.
- Conclude on the appropriateness of the Board of Directors' and Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our special report to the disclosures related to the separate financial information or, if such disclosures are inadequate, to include a change from the standard form of the special report. Our conclusions are based on audit evidence obtained up to the date of our Special Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial information, including the disclosures, and whether the separate financial information has been prepared, in all material respects, in accordance with the provisions of Article 9C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Communicate with the Board of Directors and Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Somekh Chaikin, Accountants

Tel Aviv, March 19, 2026

Financial Data from the Consolidated Statements of Financial Position Attributed to the Company Itself as a Parent Company

	As of December 31	
	2025	2024
	NIS thousands	
Assets		
Current assets:		
Cash and cash equivalents	252,826	203,932
Deposits in bank corporations and others	-	37,505
Customers	16,378	135,494
Accounts receivable	65,771	23,380
Inventory	-	25,128
Financial assets	-	11,803
Total current assets	334,975	437,242
Non-current assets:		
Balances for investee companies	4,065,921	3,257,455
Advances on account of an investment	45,852	-
Other receivables	-	1,234
Long-term restricted cash	5,739	6,624
Right of use asset	12,734	64,660
Fixed assets	3,493	128,062
Financial assets	11,123	11,123
Long term deposits	197	307
Deferred taxes	107,370	2,010
Total non-current assets	4,252,429	3,471,475
Total assets	4,587,404	3,908,717

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	
	2025	2024
	NIS thousands	
Liabilities and equity		
Current liabilities:		
Short-term loans and current maturities for long-term loans from banks	140,334	105,259
Current maturities of lease liabilities	2,939	7,923
Suppliers and service providers	10,836	28,450
Trade payables	10,873	12,077
Financial derivatives	-	1,918
Current maturities of bonds	125,341	137,294
Total current liabilities	290,323	292,921
Non-current liabilities:		
Long-term loans from banks	269,352	15,925
Liabilities for leases	5,602	55,936
Bonds	2,136,427	1,539,557
Convertible bonds	24,482	375,317
Other liabilities	-	728
Total non-current liabilities	2,435,863	1,987,463
Capital attributed to shareholders of the Company:		
Share capital and premium	1,860,350	1,716,256
Loss balance	(79,940)	(174,634)
Capital reserves	80,808	86,711
Total capital attributed to shareholders of the Company	1,861,218	1,628,333
Total liabilities and equity	4,587,404	3,908,717

March 19, 2026

**Date of Approval of the
Financial Statements
for publication**

**Zvi Levin
Chairman of the
Board**

**Ofer Yannay
CEO**

**Avraham Golde
CFO**

The notes attached constitute an integral part of the financial statements.

**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		
	2025	2024	2023
	NIS thousands		
Income	105,591	138,117	193,338
Setup and operating costs	110,671	139,932	222,043
Marketing and sale expenses	8,969	6,255	7,890
Management and general expenses	48,267	30,912	27,540
Other expenses, net	1,256	2,767	20
Total expenses	169,163	179,866	257,493
Other income	241,626	-	1,426
Operating profit (loss)	178,054	(41,749)	(62,729)
Financing expenses	386,501	230,698	105,656
Financing income	260,880	186,530	93,962
Financing expenses, net	125,621	44,168	11,694
Profit (loss) after financing expenses	52,433	(85,917)	(74,423)
Company's share in the profits (losses) of companies accounted for using the equity method, net	(1,093)	46,932	(31,888)
Profit (loss) before taxes on income	51,340	(38,985)	(106,311)
Income tax expenses (tax benefit)	(38,790)	(12,080)	(17,650)
Profit (loss) for period	90,130	(26,905)	(88,661)
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	(87,987)	(110,694)	80,471
Adjustments arising from hedging transactions	12,767	(9,455)	(3,809)
<u>Items not reclassified later to profit and loss:</u>			
Part of other comprehensive profit of corporations accounted for using the equity method	60,257	2,852	34,846
Revaluation for fixed assets	8,121	391	6,391
	68,378	3,243	41,237
Total other comprehensive profit (loss)	(6,842)	(116,906)	117,899
Total comprehensive profit (loss) for the period	83,288	(143,811)	29,238

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		
	2025	2024	2023
	NIS thousands		
Cash flow from current operations:			
Profit (loss) for period	90,130	(26,905)	(88,661)
Appendix A - Expenses (income) not involving cash flows	(87,707)	13,568	57,187
Appendix B - Changes in working capital	(227,943)	(15,907)	(77,177)
Net cash used for current activities	(225,520)	(29,244)	(108,651)
Cash flows from investment activities:			
Return on investments in corporations accounted for using the equity method	1,879	19,704	21,373
Investment in subsidiaries	(964,148)	(941,515)	(709,935)
Return on investment from subsidiaries	657,673	110,473	148,935
Payment of advances on account of an investment	(45,852)	-	-
Acquisition of shares from non-controlling interests	-	-	(3,131)
Exercise (investment) in financial asset	-	-	(20,637)
Payment of deferred consideration	11,110	-	(121,139)
Investment in other receivables	-	(432)	(869)
Exercise (deposit) to restricted use deposits	885	(5,331)	142
Change in deposits	38,380	8,444	516,134
Investments in fixed assets	(6,552)	(11,226)	(16,168)
Net cash used for investing activity	(306,625)	(819,883)	(185,295)
Cash flows from financing activities:			
Issue of shares to the public (less issuance expenses)	-	-	147,560
Short term credit from banks, net	35,030	98,147	(305,920)
Repayment of bonds	(93,041)	(130,251)	(168,260)
Issue of bonds, net	397,602	684,881	873,558
Repayment of lease liabilities	(8,304)	(9,538)	(8,078)
Receipt of long term loans from bank corporations	254,030	-	-
Repayment of long term loans from bank corporations	(556)	(515)	(475)
Net cash arising from financing activities	584,761	642,724	538,385
Increase (decrease) in cash and cash equivalents	52,616	(206,403)	244,439
Balance of cash and cash equivalents at beginning of period	203,932	399,265	172,174
Impact of changes in foreign exchange rates for cash and cash equivalents	(3,722)	11,070	(17,348)
Balance of cash and cash equivalents at end of period	252,826	203,932	399,265

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		
	2025	2024	2023
	NIS thousands		
Appendix A - Expenses (income) not involving cash flows			
Depreciation and amortization	13,676	11,908	9,658
Financing expenses, net	125,621	44,168	11,694
Company's share in the losses (profits) of companies accounted for based on the equity method, net	1,093	(46,932)	31,888
Profit from increase to control of associate	(4,398)	-	(1,426)
Gain on loss of control of a consolidated company	(235,896)	-	-
Share-based payment expenses	12,197	4,424	5,373
	(87,707)	13,568	57,187
Appendix B - Changes in working capital			
Decrease (increase) in inventory	6,847	32,930	(6,378)
Decrease (increase) in customers	(19,240)	21,304	(30,316)
Decrease (increase) in receivables	(82,110)	5,726	19,631
Increase (decrease) in accounts payable	48,479	4,173	(21,298)
Decrease in suppliers and service providers	(9,667)	(1,676)	(8,124)
Change in deferred taxes	(38,790)	(12,024)	(17,640)
Additional Information:			
Interest received in cash	8,009	15,296	34,659
Interest paid in cash	(141,471)	(81,636)	(47,711)
	(227,943)	(15,907)	(77,177)
Appendix C - Substantial non-cash transactions			
Initial recognition of right of use asset and lease liability	4,512	2,025	14,047
Liability for deferred consideration in a business combination	-	-	4,862
Classification of customers for investment in corporations accounted for using the equity method	33,614	50,881	67,383

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, 2025

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, 2025, subject to the above in this section and the contents of Note 1.2 below.

The separate financial information should be read in conjunction with the consolidated statements.

In this separate financial information –

- (1) Company: O.Y. Nofar Energy Ltd.
- (2) Consolidated Companies/Subsidiaries: Companies, including a partnership, whose reports are fully consolidated, directly or indirectly, with the Company's reports.
- (3) Investee Companies: Consolidated Companies and companies, 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.

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 included in the separate financial information 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, 2025

Note 2 - Transactions and material balances with investee companies:

a. Balances of interested parties and affiliates

	As of December 31	
	2025	2024
	NIS thousands	
Customers and income receivable	13,896	118,893
Accounts receivable	53,950	7,098
Investments and loans in related corporations (*)	4,065,921	3,257,455

(*) Composition of loans in associates

	Interest	As of December 31	
		2025	2024
		NIS thousands	
	%		
Blue Sky Utility LLC(1)	9%-14%	115,480	153,630
Electrum Nofar Energy Sp. Z.o.o(2)	7%	199,649	185,623
Atlantic Green UK Limited(2)	7%	466,539	393,519
Nofar Ratesti B.V(3) (2)	5%-9%	1,242,096	948,224
Noventum Power Ltd.(2)	5%-7%	76,091	44,062
Nofar Energy Reservoirs Limited Partnership	6%-7%	66,852	63,187
Associates in Israel	3%-6.5%	202,491	181,498
Frig Investments	8%	63,778	81,190
Other	-	89,591	2,241
		2,522,567	2,053,174

- (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		
	2025	2024	2023
	NIS thousands		
Income	74,145	111,469	168,768
Financing income	46,627	22,986	58,328

Additional material information attributed to the Company itself as a parent company as of December 31, 2025

Note 3 - Taxation Decision in Agreement - Restructuring:

During September 2025, the Company's Board of Directors approved a strategic restructuring, the primary purpose of which is to separate the renewable energy and storage operations in Israel from the Group's operations abroad. On December 18, 2025, the Company received a tax ruling agreement from the Mergers and Split-Offs Department of the Israel Tax Authority, in which it was determined that the Effective Date of the restructuring will be December 31, 2025, which will be carried out in three concurrent stages, as detailed below: in the first stage, the energy and storage operations in Israel will be split off into a subsidiary, "Nofar Energy Israel Ltd." (a new company established for the purpose of the restructuring, which is empty and without any activity) (hereinafter: the "**Transferee Company**"), in accordance with the provisions of Section 105A(2) of the Income Tax Ordinance (New Version), 5721-1961 (hereinafter: the "**Income Tax Ordinance**"); in the second and third stages of the restructuring, the storage agreements and the rights in the held entities (companies, cooperative agricultural associations, and partnerships) will be transferred from the Transferee Company to two new designated partnerships (which were established for the purpose of the restructuring and are empty and without any activity), one for managing the high-voltage storage sector and the other for managing the PV sector, in accordance with the provisions of Section 104A of the Income Tax Ordinance.

The restructuring is intended for a business and economic purpose, including, inter alia, for the purpose of streamlining the Company's business by concentrating its activities according to their nature and field of activity (Israel/abroad) and creating maximum flexibility for expanding the Company's business and its operations both in Israel and abroad, and in addition for the purpose of introducing a strategic investor from the "Clal" Group, which is expected to invest approximately NIS 300 million in the Transferee Company in exchange for an allocation of 18.75% of the rights in the Transferee Company. For additional details regarding the transaction, see Note 17(10) and Note 34(7) in the Company's consolidated financial statements as of December 31, 2025.

In accordance with the provisions of Part Two of the Income Tax Ordinance, the Company is required to transfer to the Transferee Company part of its liabilities, including part of the bonds issued by the Company (Series A, C and D). Due to limitations under the Securities Law and the regulations thereunder, it is not possible to transfer the aforesaid bonds to the Transferee Company, and accordingly, in the tax ruling it was determined that instead of the actual transfer of part of the Company's bonds (Series A, C and D), the Transferee Company will be indebted to the Company in respect of all of its obligations toward the holders of such bonds. The Transferee Company will continue to bear all the terms of the bonds for all intents and purposes (the Transferee Company will step into the Company's shoes with respect to the bond obligations). In addition, in the restructuring, the employees listed in Appendix F to the tax ruling will be transferred from the Company to the Transferee Company in accordance with the provisions of Sections 103P and 105H of the Income Tax Ordinance. Further, the transfer of ownership in all the funds transferred in the names of the transferred employees from the Company to the Transferee Company was approved, and that the transfer of provident fund monies will be exempt from withholding tax at source pursuant to Article 2(a)(6) of the Income Tax Rules (Tax Exemption Due to Transfer and Change of Designation of Funds in Provident Funds), 5750-1990.



It was further determined in the tax ruling that the Company and the Transferee Company undertake to attach to the annual tax report an appendix detailing the repayment of the bonds, the obligation in respect of which was transferred to the Transferee Company through the Company. It is noted that within the tax ruling, additional provisions and conditions were determined.

[Additional material information attributed to the Company itself as a parent company as of December 31, 2025](#)

Restructuring and investment deal in Israel operations

On January 13, 2026, the Company entered into a set of agreements for the purpose of an investment by Clal Insurance Company Ltd. (hereinafter: "**Clal**") in the activity of Nofar Energy Israel Ltd. (hereinafter: "**Nofar Israel**"), in which, in consideration for a cash payment upon completion of the transaction in the amount of approximately NIS 300 million (the "Investment Amount"), Nofar Israel will allocate to Clal 18.75% of its issued and paid-up share capital. The Investment Amount will be made available to the Company by Clal as an equity investment and by way of shareholder loans which will be provided by it proportionately (pari passu) to the shareholder loans that were provided by the Company and which will be attributed to Nofar Israel under the transfer agreement. The terms of the deal reflect a value of NIS 1.6 billion for Nofar Israel's operations, after the money. The execution and completion of the transaction pursuant to the investment agreement are subject to the fulfillment of conditions precedent, including conditions customary in agreements of this type, as well as receipt of third-party approvals and completion of the transfer of the transferred activity from the Company to Nofar Israel pursuant to the transfer agreement.

The transaction will be completed in two stages. In the first stage, and after receipt of the majority of the third-party approvals (at a rate as determined in the investment agreement) (the "Initial Third-Party Approvals"), the first closing will be carried out according to the relative value of the third-party approvals received up to that date; receipt of the Initial Third-Party Approvals is a condition precedent to the completion of the investment transaction. After the date of the first closing, the Company and Nofar Israel will have an additional period until October 31, 2026 to obtain the additional third-party approvals, and a second closing will be carried out in respect of these assets, according to the relative value.



Pro Forma Consolidated Financial Statements As of December 31, 2025

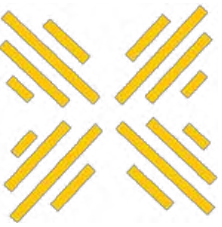


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Independent Auditor's Report to the Shareholders of O.Y. Nofar Energy Ltd.

Opinion

We have audited the pro forma consolidated financial statements of O.Y. Nofar Energy Ltd. (hereinafter: the "**Company**") as of December 31, 2025, which include the pro forma consolidated profit and loss statements for the two years ended on that date, the adjustments for the pro forma figures in the pro forma profit and loss statement for the year ended on December 31, 2023, and the notes to the pro forma consolidated financial statements.

We have not audited the financial statements of a consolidated company whose revenues included in the pro forma consolidated statements of profit and loss constitute approximately 11% of total pro forma consolidated revenues for the year ended on December 31, 2025. Likewise, we did not audit the financial statements of an investee company accounted for using the equity method, in which the Company's share of that company's losses is approximately NIS 5,684 thousand for the year ended on December 31, 2025, and the Company's share of that company's profits is approximately NIS 32,329 thousand for the year ended on December 31, 2024. The financial information of the same companies 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 the same companies, is based on the review reports prepared by the other auditors.

In our opinion, based on our audit and the reports of other auditors, the aforementioned pro forma consolidated financial statements fairly reflect, in all material respects, the pro forma consolidated financial results for the two years ended on December 31, 2025 and the adjustments for the pro forma figures in the pro forma statement of profit and loss for the year ended on December 31, 2023 in accordance with the provisions of Article 9A of the Securities Regulations (Periodic and Immediate Reports), 5710-1970 and based on the assumptions detailed in Note 2 to the pro forma consolidated financial statements.

Basis for the Opinion

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. Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Pro Forma Consolidated Financial Statements section of this Report. We are independent of the Company and its consolidated company in accordance with the provisions of law applicable in Israel regarding the independence and prevention of conflicts of interest of the auditor in Israel. We also fulfilled our other ethical obligations in accordance with the Certified Public Accountants Law, 5755-1955, and regulations thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Company's consolidated financial statements for the year ended on December 31, 2023 were audited by other auditors, whose report thereon dated March 28, 2024 included an unmodified opinion from the standard version.

Obligations of the Board of Directors and Management for the Pro Forma Consolidated Financial Statements

The Board of Directors and Management are responsible for the preparation and fair presentation of the pro forma consolidated financial statements in accordance with the provisions of Article 9A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, and on the basis of the assumptions in Note 2, and they are responsible for such internal control as the Board of Directors and Management determine is necessary to enable the preparation of pro forma consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the pro forma consolidated financial statements, the Board of Directors and Management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as required, matters related to going concern, and using the going concern basis of accounting, unless the Board of Directors and Management intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Duties of the Auditors on the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the pro forma consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these pro forma consolidated financial statements.

In performing an audit, including reliance on other accountants, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- Identify and assess the risks of material misstatement in the pro forma consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence in order to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, deliberate misrepresentation or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and Management.
- Conclude on the appropriateness of the Board of Directors' and Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the pro forma consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the pro forma consolidated financial statements, including the disclosures, and whether the pro forma consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communicate with the Board of Directors and Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Somekh Chaikin, Accountants

Tel Aviv, March 19, 2026

Pro Forma Consolidated Profit and Loss Statement

	For the year ended on December 31, 2025			
	NIS thousands			
	Prior to the pro forma event	Data of company in which pro forma event occurred	Adjustments for pro forma data	Pro forma data
Revenue from sale of electricity and construction	311,299	(150,969)	-	160,330
Revenue from tax partner	6,246	-	-	6,246
Total revenues and profits	317,545	(150,969)	-	166,576
Setup and operating costs	286,303	(91,788)	(21,215)	173,300
Marketing and sale expenses	9,545	-	-	9,545
Management and general expenses	95,679	(7,071)	-	88,608
Other expenses	36,629	(23,794)	-	12,835
Total expenses	428,156	(122,653)	(21,215)	284,288
Other income	327,637	-	(235,896)	91,741
Operating profit (loss)	217,026	(28,316)	(214,681)	(25,971)
Financing expenses	207,076	(40,760)	2,056	168,372
Financing income	(37,155)	4,700	-	(32,455)
Financing expenses, net	169,921	(36,060)	2,056	135,917
Profit (loss) after financing expenses	47,105	7,744	(216,737)	(161,888)
Company's share in the profits (losses) of companies handled based on the equity method, net	(21,203)	6,345	(13,411)	(28,269)
Profit (loss) before income taxes (tax benefit)	25,902	14,089	(230,149)	(190,158)
Income tax expenses (tax benefit)	(25,679)	(3,003)	4,213	(24,469)
Profit (loss) for the year	51,581	17,092	(234,362)	(165,689)
<u>Profit (loss) for the year attributed to:</u>				
Shareholders of the Company	90,130	818	(234,362)	(143,414)
Non-controlling interests	(38,549)	16,274	-	(22,275)
	51,581	17,092	(234,362)	(165,689)
Basic and diluted profit (loss) per share (in NIS) attributable to the owners of the Company	2.37	-	-	(3.77)

March 19, 2026

Date of Approval of the Financial Statements for publication

**Zvi Levin
Chairman of the Board**

**Ofer Yannay
CEO**

**Avraham Golde
CFO**

The notes attached to the pro forma consolidated financial statements form an integral part thereof.

Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended on December 31, 2025			
	NIS thousands			
	Prior to the pro forma event	Data of company in which pro forma event occurred	Adjustments for pro forma data	Pro forma data
Profit (loss) for the year	51,581	17,092	(234,362)	(165,689)
<u>Other comprehensive profit (loss) (after tax impact):</u>				
<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	(95,535)	13,962	(699)	(82,272)
Adjustments arising from cash flow hedging transactions	12,767	(13,373)	6,352	5,746
<u>Items not reclassified later to profit and loss:</u>				
Part of other comprehensive income of corporations accounted for using the equity method	60,725	-	-	60,725
Revaluation for fixed assets	8,121	-	-	8,121
Total other comprehensive income (loss)	(13,922)	590	5,653	(7,679)
Total comprehensive profit (loss) for the year	37,659	17,682	(228,709)	(173,368)
<u>Total comprehensive profit (loss) for the year attributed to:</u>				
Shareholders of the Company	83,288	9,283	(228,709)	(136,138)
Non-controlling interests	(45,629)	8,399	-	(37,230)
	37,659	17,682	(228,709)	(173,368)

The notes attached to the pro forma consolidated financial statements form an integral part thereof.

Pro Forma Consolidated Profit and Loss Statement

	For the year ended on December 31, 2024			
	NIS thousands			
	Prior to the pro forma event	Data of company in which pro forma event occurred	Adjustments for pro forma data	Pro forma data
Revenue from sale of electricity and construction	313,207	(150,897)	-	162,310
Compensation for loss of income	930	(933)	-	(3)
Revenue from tax partner	6,038	-	-	6,038
Total revenues and profits	320,175	(151,830)	-	168,345
Setup and operating costs	264,467	(77,994)	(21,387)	165,086
Marketing and sale expenses	6,867	-	-	6,867
Management and general expenses	75,766	(6,143)	-	69,623
Other expenses	13,936	-	-	13,936
Total expenses	361,036	(84,137)	(21,387)	255,512
Other income	5,269	-	-	5,269
Operating profit (loss)	(35,592)	(67,693)	21,387	(81,898)
Financing expenses	104,567	(36,497)	1,864	69,934
Financing income	56,506	18,847	-	75,353
Financing expenses, net	48,061	(17,650)	1,864	32,275
Profit (loss) after financing expenses	(83,653)	(50,043)	19,523	(114,173)
Company's share in the profits (losses) of companies handled based on the equity method, net	18,137	5,651	10,040	33,828
Profit (loss) before income taxes (tax benefit)	(65,516)	(44,392)	29,563	(80,345)
Income tax expenses (tax benefit)	(18,998)	(10,676)	4,171	(25,503)
Profit (loss) for the year	(46,518)	(33,716)	25,392	(54,842)
<u>Profit (loss) for the year attributed to:</u>				
Shareholders of the Company	(26,905)	(24,763)	25,392	(26,276)
Non-controlling interests	(19,613)	(8,953)	-	(28,566)
	(46,518)	(33,716)	25,392	(54,842)
Basic and diluted profit (loss) per share (in NIS) attributable to the owners of the Company	(0.76)	-	-	(0.74)

The notes attached to the pro forma consolidated financial statements form an integral part thereof.

Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended on December 31, 2024			
	NIS thousands			
	Prior to the pro forma event	Data of company in which pro forma event occurred	Adjustments for pro forma data	Pro forma data
Profit (loss) for the year	(46,518)	(33,716)	25,392	(54,842)
<u>Other comprehensive profit (loss) (after tax impact):</u>				
<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	(151,865)	69,626	(4,693)	(86,932)
Adjustments arising from cash flow hedging transactions	(20,673)	16,999	(8,074)	(11,749)
<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	-	-	2,852
Revaluation for fixed assets	391	-	-	391
Total other comprehensive income (loss)	(169,295)	86,625	(12,767)	(95,437)
Total comprehensive profit (loss) for the year	(215,813)	52,909	12,625	(150,279)
<u>Total comprehensive profit (loss) for the year attributed to:</u>				
Shareholders of the Company	(143,812)	27,777	12,625	(103,410)
Non-controlling interests	(72,001)	25,132	-	(46,869)
	(215,813)	52,909	12,625	(150,279)

The notes attached to the pro forma consolidated financial statements form an integral part thereof.

Pro Forma Consolidated Profit and Loss Statement

	For the year ended on December 31, 2023			
	NIS thousands			
	Prior to the pro forma event	Data of company in which pro forma event occurred	Adjustments for pro forma data	Pro forma data
Income from sale of electricity and construction	320,779	(111,707)	-	209,072
Compensation for loss of income	21,007	(21,007)	-	-
Income from tax partner	2,575	-	-	2,575
Total income and profits	344,361	(132,714)	-	211,647
Setup and operating costs	318,475	(56,540)	(21,298)	240,637
Marketing and sale expenses	9,301	-	-	9,301
Management and general expenses	69,961	(13,911)	-	56,050
Other expenses	39,197	-	-	39,197
Total expenses	436,934	(70,451)	(21,298)	345,185
Other income	51,282	-	235,896	287,178
Operating profit (loss)	(41,291)	(62,263)	257,194	153,640
Financing expenses	125,525	(19,393)	1,993	108,125
Financing income	70,103	23,883	-	93,986
Financing expenses, net	55,422	4,490	1,993	61,905
Profit (loss) after financing expenses	(96,713)	(66,753)	255,201	91,735
Company's share in the profits (losses) of companies handled based on the equity method, net	(31,637)	31,209	6,172	5,744
Profit (loss) before income taxes (tax benefit)	(128,350)	(35,544)	261,373	97,479
Income tax expenses (tax benefit)	(26,521)	(9,972)	4,054	(32,439)
Profit (loss) for the year	(101,829)	(25,572)	257,319	129,918
Profit (loss) for the year attributed to:				
Shareholders of the Company	(88,661)	(20,199)	257,319	148,459
Non-controlling interests	(13,168)	(5,373)	-	(18,541)
	(101,829)	(25,572)	257,319	129,918
Basic and diluted profit (loss) per share (in NIS) attributable to the owners of the Company	(2.49)	-	-	4.18

The notes attached to the pro forma consolidated financial statements form an integral part thereof.

Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended on December 31, 2023			
	NIS thousands			
	Prior to the pro forma event	Data of company in which pro forma event occurred	Adjustments for pro forma data	Pro forma data
Profit (loss) for the year	(101,829)	(25,572)	257,319	129,918
<u>Other comprehensive profit (loss) (after tax impact):</u>				
<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	145,252	(92,786)	17,139	69,604
Adjustments arising from cash flow hedging transactions	(6,952)	6,618	(13,387)	(13,721)
<u>Items not reclassified later to profit and loss:</u>				
Part of other comprehensive income of corporations accounted for using the equity method	34,846	-	-	34,846
Revaluation for fixed assets	6,391	-	-	6,391
Total other comprehensive income (loss)	179,537	(86,169)	3,751	97,120
Total comprehensive profit (loss) for the year	77,708	(111,741)	261,071	227,038
<u>Total comprehensive profit (loss) for the year attributed to:</u>				
Shareholders of the Company	29,238	(58,664)	261,071	231,645
Non-controlling interests	48,470	(53,077)	-	(4,607)
	77,708	(111,741)	261,071	227,038

The notes attached to the pro forma consolidated financial statements form an integral part thereof.

Notes to the Pro Forma Consolidated Financial Statements

Note 1 - General

Definitions

- a. Company: O.Y. Nofar Energy Ltd.
- b. The Group: The Company and its consolidated companies.
- c. The Partnership or the Subsidiary Partnership: Noy-Nofar Renewable Energies Europe, Limited Partnership
- d. Pro Forma Event or Loss of Control: The loss of control of the partnership Noy-Nofar Renewable Energies Europe, Limited Partnership

These pro forma financial statements were prepared in accordance with the provisions of Article 9A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and relate to the loss of control of the subsidiary partnership on December 25, 2025.

Note 2 - Assumptions Used in Preparation of the Pro Forma Reports

The pro forma consolidated financial statements were prepared to reflect the results of the Company's operations for the year ended on December 31, 2025 and for the years 2024 and 2023 (hereinafter: the "**Pro Forma Periods**") under the assumption that the Company lost control of the Partnership on January 1, 2023.

These pro forma consolidated financial statements do not include a pro forma consolidated statement of financial position since the transaction, following which the Pro Forma Event occurred, was completed in December 2025 and the Pro Forma Event was fully reflected in the Company's consolidated statement of financial position as of December 31, 2025.

For additional details about the transaction, see Note 13C. in the Company's consolidated financial statements as of December 31, 2025.

The pro forma consolidated financial statements were prepared under the following principal assumptions and pro forma adjustments:

- (1) The pro forma financial statements are based on the consolidated financial statements of the Company and the consolidated financial statements of the Partnership for the day and year ended on December 31, 2025, which were prepared in accordance with International Financial Reporting Standards (IFRS).
- (2) The partnership's accounting policies are identical to the accounting policies adopted by the Group.

Pro forma adjustments:

- (1) Prior to losing control of the partnership as stated above, the Company held 52.5% of its shares and consolidated the results, assets, and liabilities of the partnership in the Company's reports. After the loss of control of the partnership, the investment will be treated in the Company's financial statements as an investment in an associate in accordance with International Financial Reporting Standards (IFRS).

For the purpose of the pro forma statement of profit and loss, the partnership's results were eliminated and equity gains were recognized according to the new holding percentage of 47.5%.

Notes to the Pro Forma Consolidated Financial Statements

Note 2 - Assumptions Used in Preparation of the Pro Forma Reports (continued)

- (2) For the purpose of the pro forma statement of profit and loss, the gain, recognized following the loss of control, was eliminated in the Company's consolidated statements for the year ended on December 31, 2025, and presented as part of the adjustments in the pro forma statement of profit and loss for the year ended on December 31, 2023.
- (3) Cost overruns:
- a. For the purpose of the pro forma statement of profit and loss, the cost overruns recognized in the Company's consolidated statements were eliminated as part of the adjustments to the pro forma periods.
 - b. The excess of the purchase cost over the net identified assets in the Partnership's books was calculated based on data as of December 31, 2025. The cost excess amounted to approximately NIS 470,623 thousand. For the purposes of the pro forma statements, the cost excess determined was attributed to fixed assets, investment in an associate, goodwill and deferred taxes. The excess cost attributable to the fixed asset is amortized in equal annual rates over 35 years.

In the cost surplus that will be attributed to the investment in the associate, a cost surplus will be attributed to fixed assets under development that are not depreciated in the pro forma statements.
 - c. The amortization of the excess cost for the period from January 1, 2023 to December 31, 2025 was calculated based on the estimated expected life of the excess cost as of the date of loss of control.
 - d. The tax attribution on the excess cost attributable to the fixed asset was calculated at a tax rate of 25% in Spain and at a tax rate of 27.9% in Italy.

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, 2025

Report Date: March 19, 2026

Report Period: For the year ended on December 31, 2025

Periodic Report: Company's Periodic Report for 2025

[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 2025, in the format of interim financial statements (NIS thousands)

	Q1	Q2	Q3	Q4	Annual
Revenue from sale of electricity and construction	58,299	104,078	106,212	42,710	311,299
Other income of tax partner	1,634	1,620	1,627	1,365	6,246
Total income	59,933	105,698	107,839	44,075	317,545
Setup and operating costs	60,525	80,145	79,146	66,488	286,304
Management and general expenses	19,856	17,842	31,945	26,036	95,679
Marketing and sale expenses	2,491	2,195	2,313	2,546	9,545
Other expenses	2,623	2,429	960	20,501	26,513
Total expenses	85,495	102,611	114,364	115,571	418,041
Other income	1,216	4,326	30,893	284,057	320,492
Operating profit (loss)	(24,346)	7,413	24,368	212,561	219,996
Financing expenses	31,552	57,084	51,297	67,143	207,076
Financing income	(12,631)	(4,176)	(10,893)	(9,455)	(37,155)
Net financing expenses (income)	18,921	52,908	40,404	57,688	169,921
Profit (loss) after financing expenses	(43,267)	(45,495)	(16,036)	154,873	50,075
Equity profits (losses)	(13,523)	4,657	1,682	(14,019)	(21,203)
Profit (loss) before taxes on income	(56,790)	(40,838)	(14,354)	140,854	28,872
Income tax (tax benefits)	(9,313)	4,156	(9,747)	(11,182)	(26,086)
Net profit (loss) for the year	(47,477)	(44,994)	(4,607)	152,036	54,958
Other comprehensive profit (loss)	127,245	(113,229)	(81,053)	107,566	40,528

Article 10c - Use of Proceeds from the Securities Offered Under the Prospectus Recently Published before the Report Date

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, 2024 (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.

In February 2025, approximately NIS 92.4 million par value Bonds (Series B) and approximately NIS 286.3 million par value Bonds (Series C) were issued by the Company pursuant to a shelf offering report published by the Company on February 10, 2025 (Reference No.: 2025-01-009847).

In December 2025, the Company issued NIS 338,955,070 par value Bonds (Series D) and 2,536,237 ordinary shares by way of an exchange purchase offer of NIS 474,062,946 par value Bonds (Series B), pursuant to a shelf offering report published by the Company on November 18, 2025, which was completed and amended on November 27, 2025 (Reference No.: 2025-01-088683 and 2025-01-093891, respectively), which is included in this Report by way of reference.

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 detailed above 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 as of December 31, 2025⁽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, 2025	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, 2025 (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")	---	---	---	912,567	---	47.5% (Right to appoint 40% 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%	2026	---	---
Nofar Energy Europe, Limited Partnership ("Nofar Europe") ⁽³⁾	Partnership Internes	---	---	68,148	---	100%	1,984,375	---	---	---	---
Nofar Europe B.V. ⁽³⁾	Ordinary Shares	90	0.01	---	---	100%	---	5%-14%, subject to the limit on transfer prices	2026	---	---

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, 2025	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, 2025 (in NIS thousands)	Interest ⁽⁷⁾	Redemption years	Linkage terms and basis	Details of rights to exchange bonds/loans for shares or other convertible securities
Nofar Energy Polska sp. Z.o.o ^{(3),(4)}	Ordinary Shares	16,000	50	--	--	100%	--	5% -14%	2032	--	--
Atlantic Green UK Limited ⁽³⁾	Ordinary Shares	300	1	--	--	100%	--	5% -14%	Cash Sweep	--	--
Noventum Power Limited ⁽³⁾	Ordinary Shares	80	1	--	--	80%	--	5% -14%	2031	--	--
Nofar Ratesti B.V. ^{(3),(5)}	Ordinary Shares	1	1	--	--	100%	--	5%-14%, subject to the limit on transfer prices	2026	--	--
Nofar Energy USA, Limited Partnership ("Nofar USA")	--	--	--	73,378	--	100%	115,480	9%	--	--	--
Blue Sky Utility LLC and Blue Sky Utility Holdings LLC ("Blue Sky") ⁽⁶⁾	Membership Interests	--	--	--	--	67%	--	9% -14%	2032	--	--
Nofar Energy USA Investments And Management LLC	Membership Interests	--	--	--	--	90%	--	9%	--	--	--
Enova Energy Limited Partnership ("Enova")	--	--	--	51,671	--	50%	--	--	--	--	--

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, 2025	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, 2025 (in NIS thousands)	Interest ⁽⁷⁾	Redemption years	Linkage terms and basis	Details of rights to exchange bonds/loans for shares or other convertible securities
Nofar Energy Israel Ltd. ("Nofar Israel") ⁽⁹⁾⁽¹⁰⁾	Ordinary Share	100,000	0.0001	297,849	--	81.25% (Right to appoint 80% of the directors)	143,711	1.48%-6.95%	2026-2033	--	--
Nofar Energy Reservoirs Limited Partnership ⁽⁹⁾ ("Nofar Reservoirs") ⁽¹⁰⁾	--	--	--	--	--	100%	66,855	5.02%	Cash Sweep	--	--
Nofar Energy Holdings 36, Limited Partnership ("Nofar Germany") ⁽⁸⁾	Partnership Internes	--	--	24,069	--	100%	63,778	8%	Cash Sweep	--	--
Seerose Energie GMBH ("Seerose") ⁽⁸⁾	Ordinary Shares	25,000	1	--	--	51% (Right to appoint 67% of the directors)	--	--	--	--	--
Nofar Energy Holdings 18, Limited Partnership ("Nofar Greece")	Partnership Internes	--	--	4,298	--	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 KFT, 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 47.5% 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 Nofar Energy Polska 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 Nofar Energy Polska 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 the acquisition of the partner's shares in Nofar Energy Polska sp. z.o.o (20% of its shares) and the shares of the partner in Atlantic Green UK Limited (25% of its shares), following which the Company's holdings therein (indirectly) increased to a rate of 100%, see Notes 17(a)(6)-(7) of the Company's financial statements.
- (4) Nofar Europe B.V. (which is wholly owned, indirectly, by the Company) holds Nofar Energy Polska sp. Z.o.o. The holdings detailed in the table are the holdings of Nofar Europe B.V. in Nofar Energy Polska sp. Z.o.o. Accordingly, the book value is the value of Nofar Europe B.V., which also includes its holding in Nofar Energy Polska sp. Z.o.o .
 - (5) Nofar Ratesti B.V. owns Aviv Renewable Investment 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 B.V. in Aviv Renewable Investment SRL Accordingly, the book value is the value of Nofar Ratesti B.V. which also includes its holding in Aviv Renewable Investment SRL.
 - (6) Nofar Energy USA, Limited Partnership holds Blue Sky and Nofar USA EIM. The holdings detailed in the table are the holdings of Nofar Energy USA, Limited Partnership in Blue Sky and Nofar USA EIM. Accordingly, the book value is the value of Nofar Energy USA, Limited Partnership, which also includes its holding in Blue Sky and Nofar USA EIM.
 - (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 Seerose. Accordingly, the book value is the value of Nofar Germany which also includes its holdings in Seerose.
 - (9) Nofar Energy Israel Ltd. (81.75% owned by the Company) ("**Nofar Israel**") owns Nofar Energy Reservoirs, Limited Partnership, as well as hundreds of other corporations and joint ventures. The holdings detailed in the table are the holdings of Nofar Energy in Nofar Energy Reservoirs, Limited Partnership. Accordingly, the book value is the value of Nofar Israel, including, among other things, its holding in Nofar Energy Reservoirs, Limited Partnership. It should be noted that the first stage in completing the transaction took place after the balance sheet date, and that as of the balance sheet date, the Company's holding in Nofar Israel was 100%.
 - (10) As part of the division of the Company's operations in Israel and the establishment of Nofar Israel, a proportional portion of the Company's Bonds was attributed to the activities of Nofar Israel, and accordingly, owner loans were provided to the Company in the amount attributed as aforesaid. The shareholder loans bear interest and have repayment dates corresponding to the bonds. For further details, see Note 3 of the solo financial statements of the Company, attached to this Report.

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 2025 in subsidiaries and main associates:

Corporation name	Investment Amount (In NIS thousands)	Date of Investment	Loan / investment
Noy-Nofar Europe ⁽¹⁾	(21,574)	1-12/2025	Return on investment
Nofar Europe ⁽²⁾	333,561	1-12/2025	Loans and Investments
Nofar USA ⁽³⁾	47,101	1-12/2025	Loans and Investments
Nofar Energy Israel Ltd. ⁽⁴⁾	441,561	1-12/2025	Loans and Investments
Project corporations in Israel that were not converted to Israeli currency as of the balance sheet date ⁽⁴⁾	(28,845)	1-12/2025	Loans and Investments
Nofar Energy Holdings 36, Limited Partnership ⁽⁵⁾	17,175	1-12/2025	Loans and Investments

⁽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%. In February 2026, Andromeda entered into an additional investment agreement with Sunprime, while subject to its completion, Andromeda is expected to increase its stake to 66%. For details, see Section 4.7.1 of Chapter A of this Report.

⁽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. (which were provided to companies held thereby), and to 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. The investment amount is mainly for investments in project development. In addition, an insignificant portion of the investment is for the acquisition of minority partner rights during the Report Period.

⁽³⁾ The investment in Nofar USA is primarily for the acquisition of rights and development of projects and operations in the US.

⁽⁴⁾ The investment recorded in the books is due to a change in structure and the split of Nofar Israel from the Company. For additional details regarding the split, see Note 3 to the Solo Financial Statement attached to this Report.

⁽⁵⁾ The Company provided loans to Nofar Energy Holdings 36, Limited Partnership, which holds a 51% 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 Companies, as of December 31, 2025¹:

Company name	Profit (loss) before tax	Other comprehensive income (loss)	Comprehensive income (loss)	Income received							
				Dividend			Management Fees			Interest	
				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	Interest received as of the Report Date (with the payment date)	Interest that the Company is entitled to receive for the reporting period or a subsequent period (with the payment date)
Noy-Nofar Europe ^(*)	(9,312)	(3,729)	(13,041)	-	-	-	-	-	-	-	-
Nofar Europe ^(**)	62,087	(78,062)	(15,975)	-	-	-	9,703	-	-	-	118,638 (cumulative on an annual basis; payment by Cash Sweep mechanism)
Nofar Energy USA, Limited Partnership ^(***)	(9,057)	(25,300)	(34,357)	-	-	-	1,105	-	-	-	3,832 (cumulative on an annual basis; payment by Cash Sweep mechanism)
Blue Sky	-	-	-	-	-	-	7,458	-	-	-	-
Enova	(3,579)	-	(3,579)	-	-	-	-	-	-	-	-
Nofar Reservoirs	(7,731)	-	(7,731)	-	-	-	-	-	-	-	2,467

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.

Nofar Energy Holdings 36, Limited Partnership ^(****)	(1,953)	(3,714)	(5,667)	-	-	-	2,601	-	-	-	10,762
Nofar Energy Holdings 18, Limited Partnership	--	1	1	--	--	--	--	--	--	--	--

^(*) Noy-Nofar Europe owns (directly and indirectly) Olmediall Hive S.L., Sabinar Hive S.L. and Sunprime Holding SRL. Data of Noy-Nofar Europe includes profit for interest income and translation differences, as well as data on the results of these corporations and receipts from them.

^(**) Nofar Europe holds Nofar Europe B.V., Nofar Ratesti B.V. Atlantic Green UK Limited, and Noventum Power Limited. Data of Nofar Europe includes profit for interest income and translation differences, as well as data on the results of these corporations and receipts from them.

^(***) Nofar Energy USA, Limited Partnership owns Blue Sky Utility LLC, Blue Sky Utility Holdings LLC, and Nofar Energy USA Investments and Management LLC. Data of Nofar Energy USA, Limited Partnership, includes profit for interest income and translation differences, as well as data on the results of these corporations and receipts from them.

^(****) Nofar Germany owns Seerose. Data of Nofar Germany includes profit for interest income and translation differences, as well as data on the results of these corporations and receipts from them.

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

For securities listed for trading during the Report Period, see Article 10C above.

On January 27, 2026, the Company completed a private placement of 80,280 shares and 10,729,290 bonds (Series D) by way of an exchange purchase offer of 15,006,724 bonds (Series B). For details, see the private placement report dated January 25, 2026 (Reference No.: 2026-01-009385), included in this Report by way of reference.

In 2025 and as of the Report Date, the Company periodically issued shares due to the exercise of employee options.

For details regarding the allocation of restricted share units to the CEO (the controlling shareholder of the Company), see Article 21 below.

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 interruption, as customary upon publication of financial statements.

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 of	Position	Scope of position	Share of Capital Holdings in the Corporation	Salary	Bonus	Share-based compensation	Management fees	Consulting fees	Commission	Other**	
Ofer Yannay	CEO and Director	100%	30.29% ⁽¹⁾	---	---	750	1,397	---	---	---	2,147
Nadav Tenne	Former Co-CEO	100%	-	1,027	---	---	---	---	---	58	1,085
Shahar Gershon	Former Co-CEO and VP of Business Development Error! Reference source not found.	100%	-	1,025	---	---	---	---	---	38	1,063
Allon Raveh	CEO of the Group's US operations and active chairman of Blue Sky	100%	---	1,527	356	5,141	---	---	---	---	7,024
Nadav Barkan	CEO of Nofar Israel	100%	---	1,282	240	757	---	---	---	44	2,323
Elad Michaeli	VP of Global Projects	100%	---	811	147	1,217	---	---	---	34	2,209

Details of the recipient of the compensation				Remuneration* for services, NIS thousands							Total
Name of	Position	Scope of position	Share of Capital Holdings in the Corporation	Salary	Bonus	Share-based compensation	Management fees	Consulting fees	Commission	Other**	
Tomer Droval	VP of Business Development Blue Sky	100%	---	1,147	213	32	---	---	---	---	1,526

"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.

(1) As of the publication of the Report. For additional details, 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 Company's CEO and a Director² (as of July 2025, whereas prior thereto he served as an active Chairman of the Board of Directors of the Company³) (hereinafter: "**Ofer**"), pursuant to an agreement between the Company and a company under Ofer's control (in this Section: the "Management Company" and the "**Management Agreement**"), which was approved by the Company's General Meeting on November 26, 2025, the principal terms of which are as follows:

Position Scope – 100% position; Management Fees – NIS 166 thousand per month, plus VAT as required by law; Fringe Benefits – as customary in the Company, reimbursement of expenses is not capped, and will be reviewed by the Company's Audit Committee during the first two quarters following the approval of the terms of office, and thereafter – once per year; Annual Vacation – 24 days per year, which may be accumulated up to a maximum of two annual entitlements; mutual prior notice of six months.

In addition, Ofer shall be entitled to an annual bonus in the amount of NIS 766,000, all subject to meeting the following cumulative conditions ("Target-Based Bonus"): A. Funding Increase Target – payment for Sales in the amount of NIS 700 million per year. For this purpose, "Sales" shall mean: (1) a transaction for the sale of shares (and shareholder loans) in the Subsidiaries for cash; (2) a transaction for the sale of assets for cash; (3) a transaction for the allotment of shares and the provision of shareholder loans for cash, in the Company or in any of the Group's Subsidiaries (excluding a public offering of the Company's shares on the Tel Aviv Stock Exchange or on any other recognized exchange). To the extent that the sale is carried out by a subsidiary or an associate of the Company, the amount to be used for the purpose of calculating the target as aforesaid shall be calculated by multiplying the Company's holding rate in such company; Payment shall mean: an actual payment to any of the Group companies, or the fulfillment of all the conditions set forth in the sale or investment agreement for the purpose of receiving the payment; B. Connection Target (PV, wind and CCGT) - an increase of 25% in the volume of connected projects (in MW) as of December 31 compared to the volume of connected projects (in MW) as of December 31 of the previous year; C. BESS Connection Targets - an increase of 50% in the volume of connected projects (in MWh) as of December 31 compared to the volume of connected projects (in MWh) as of December 31 of the previous year; D. Profitability Target - net profit at a rate of 5% on equity in 2026 and net profit at a rate of 7% on equity in 2027 and 2028. It is clarified that this condition will be examined in relation to each year separately.

² Ofer is not entitled to compensation for his service as a director of the Company.

³ For the terms of his service as Chairman of the Board of Directors of the Company, see Article 21 of Chapter D of the 2024 Annual Report.

Equity Compensation - as part of the terms of his office and employment, a total of 1,777,191 restricted share units were granted to Ofer, which shall vest after three years, subject to the fulfillment of the following cumulative conditions:

A. At the Vesting Date, Ofer serves as the Company's CEO, Chairman of the Board of Directors or Deputy Chairman of the Board of Directors; B. During 30 trading days in the Vesting Period, the value of the Company's shares (based on market capitalization on the Tel Aviv Stock Exchange, or any other exchange on which the Company's shares are traded at that time, according to the relevant exchange rate at that time) is at least NIS 16 billion. It is clarified that it is sufficient that the Company's value at any time during the Vesting Period reaches NIS 16 billion or more for the purpose of meeting this condition, even if at the Vesting Date the value of the Company's shares is lower than NIS 16 billion.

Additionally, as part of the terms of his tenure and employment, Ofer committed to non-competition for a period of six months from the date of termination of employment.

The updated terms of office and employment of Mr. Ofer Yannay are in accordance with the Company's Compensation Policy, which was approved by the General Meeting of the shareholders on November 26, 2025.

In addition, Mr. Yannay 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.

For additional details, see the notice of general meeting dated November 20, 2025 (Reference No.: 2025-01-090006), the contents of which are included in this Report by reference.

- 2. Nadav Tenne, Shahar Gershon (former co-CEOs)** - In accordance with the employment agreements between the Company and Messrs. Nadav Tenne and Shahar Gershon, in exchange for their tenure as former Co-CEO and VP of Business Development⁴ 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, 6 months' advance notice and more.

In addition, the officers are entitled to insurance coverage held by the Company, as well as an

⁴ Mr. Shahar Gershon has served, as of March 9, 2025, as Co-CEO and Head of Business Development. It should be noted that no change occurred in the terms of his employment despite his appointment as Co-CEO of the Company, in addition to his role as Head of Business Development. Messrs. Tenne and Gershon concluded their tenure as Co-CEOs of the Company on July 22, 2025

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. Allon Raveh** – pursuant to an employment agreement with Mr. Raveh, in consideration for his service in the aforesaid position, on a full-time basis, Mr. Raveh is entitled to a monthly salary in the amount of NIS 94.5 thousand (and an addition of NIS 8,000 for car maintenance), plus customary fringe benefits in the Company as detailed in Section 4.2.3 of Chapter A of the Periodic Report, including vacation days, a pension arrangement, an advanced training fund, prior notice and more. In addition, Mr. Raveh is entitled to an annual goal-based bonus of up to 75% of his annual salary. In 2025, Mr. Raveh was paid a grant in accordance with the table above.

In addition, pursuant to the understandings with him, the Company and Mr. Raveh jointly established Nofar USA EIM (as defined in Chapter A of this Report), a company held 10% by Mr. Raveh and 90% (indirectly) by the Company, which is engaged in the initiation, financing, construction and holding of power generation systems and storage systems in the United States, as detailed in Section 3.4 of Chapter A of this Report. In addition, Mr. Raveh is entitled to phantom options of up to 5% of Blue Sky. In addition, during 2025, 140,000 options convertible into shares of the Company were granted to Mr. Raveh, under the terms detailed in an Immediate Report dated July 30, 2025 (Reference No.: 2025-01-056865), which is included in this Report by way of reference.

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.

- 4. Nadav Barkan** - In accordance with the employment agreement between the Company and Mr. Barkan, in exchange for his tenure in the above position, in the scope of a full-time position, Mr. Barkan is entitled to a monthly salary in the amount of NIS 80 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 this Periodic Report for 2024, including vacation days, pension arrangement, advanced study fund, vehicle, advance notice and more. In addition, Mr. Barkan is entitled to an annual bonus based on Company goals and/or personal goals, amounting to up to two salaries.

In 2025, Mr. Barkan was paid a discretionary grant, as detailed in the table above.

In addition, Mr. Barkan is entitled to insurance coverage arranged by the Company, as well as exemption and indemnity from Nofar Israel.

Also, in 2024, the Company allotted to Mr. Barkan 67,526 options convertible to 67,526

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.

5. **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 52 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 this Periodic Report for 2024, including vacation days per year, pension arrangement, advanced study fund, vehicle, advance notice and more. In 2025, 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.

6. 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. **Tomer Droval** - pursuant to an employment agreement between Blue Sky Utility LLC and Mr. Droval, Mr. Droval is entitled to an annual salary in the amount of approximately USD 360 thousand, including customary terms at Blue Sky, including vacation days, health insurance and a pension arrangement. Mr. Droval is also entitled to participation in the cost of a vehicle and rental fees in the amount of approximately USD 3.5 thousand per month.

It was further set forth that Mr. Droval is entitled to annual paternity leave, 6 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.

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, according to the Company's rank (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 2025, directors (except for Mr. Ofer Yannay, who is not entitled to compensation for his tenure as a director in the Company) were paid compensation in a total amount of approximately NIS 1,638 thousand.

Article 21a - Control of the Company

As of the date of publication of this Report, the Controlling Shareholder of the Company is Mr. Ofer Yannay, who holds 30.29% of the issued and paid-up share capital and the voting rights in the Company, directly and through Ofer Yannay Entrepreneurship 18 Partnership, a limited partnership in which the general partner is Ofer Yannay Entrepreneurship Ltd., a company fully owned and controlled by Mr. Ofer Yannay, as well as through Ofer Yannay Group Ltd., which is held 80% by Mr. Ofer Yannay and 20% by Leumi Partners Ltd.

For restricted share units allocated to Mr. Yannay, see Article 21 above.

On December 4, 2025, Mr. Yannay entered into forward transactions with Phoenix Insurance Company Ltd. and Phoenix Pension and Provident Fund Ltd. (together: "Phoenix") in connection with their holdings in the Company. For additional details, see the immediate report dated December 4, 2025 (Reference No.: 2025-01-096926), 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
Terms of office and employment and unusual transactions					
The Management Agreement	The Management Company under the control of Ofer Yannay and the Company	Terms of office as CEO of the Company	Effective as of July 22, 2025 For details regarding the previous management agreement, see Article 21 of the 2024 Annual Report.	See Article 21 above.	The engagements were approved by the Company's Remuneration Committee and Board of Directors on October 21, 2025 and by its shareholders' meeting on November 26, 2025.
Exemption and Indemnification	Ofer Yannay and the Company	Regulating liability for serving as an officer in the Company	Effective July 22, 2025 For details regarding the exemption and indemnity arrangement prior to this date, see Article 29A of the Annual Report for 2024.	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	Effective from July 22nd and December 3rd 2020 in the POSI policy and in current policies after the public offering		
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 "Relative's Company")	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 2025, approximately NIS 160 thousand were paid to the Company for services, and as of the date of publication of the Report, the Company has liabilities for services provided in the amount of approximately NIS 330 thousand.	The engagement was approved on October 15, 2024 by the Audit Committee as a non-exceptional transaction with a relative of a controlling shareholder.

Type of the Engagement	The Parties to the Engagement	Description of the Engagement	Date/Term of Engagement	Main conditions	Permits
Terms of office and employment and unusual transactions					
The sublease transaction for officers to a controlling shareholder	The Company and a company owned by the Controlling Shareholder (hereinafter: the "Controlling Shareholder Company")	The Company subleased office space in the Menivim building on HaTachana Street, Kfar Saba, to the Controlling Shareholder Company.	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 leases for monthly lease fees in the amount of approximately NIS 2.2 thousand, including management fees and utilities (plus linkage and on a back-to-back basis), proportionately to its share in the leased premises.	The Company's audit committee approved the transaction on November 25, 2024, and March 18, 2026, as a non-exceptional transaction with a controlling shareholder.
Provision of services by an employee of the Company to the Controlling Shareholder Company	Company and the Controlling Shareholder Company	The assistant to the CEO of the Company (who is the controlling shareholder of the Company), who is employed by the Company, provides services to the Controlling Shareholder Company.	As of January 2026	The Controlling Shareholder Company bears the cost of the services, in proportion to the scope of the services provided, on a back-to-back basis, in a monthly amount of approximately NIS 10,000.	The Company's audit committee ratified the transaction on March 18, 2026, as a non-exceptional transaction with a controlling shareholder.
Reimbursement of the value of the use of a vehicle by an employee of the Controlling Shareholder Company	Company and the Controlling Shareholder Company	The employee uses a vehicle from the Company's fleet.	January 2024	The Controlling Shareholder Company will return to the Company the full value of the use of the vehicle in the amount of approximately NIS — thousand, based on the scope of its employment in the Company, back to bank.	The Company's audit committee ratified the transaction on March 18, 2026, as a non-exceptional transaction with a controlling shareholder.

Type of the Engagement	The Parties to the Engagement	Description of the Engagement	Date/Term of Engagement	Main conditions	Permits
Terms of office and employment and unusual transactions					
Providing meal cards to employees of the Controlling Shareholder Company	Company and the Controlling Shareholder Company	The Company provides three employees at the Controlling Shareholder Company with meal cards worth a monthly value of approximately NIS 1,000 per employee.	From January 2026	The Controlling Shareholder Company reimburses the Company, on a back-to-back basis, for the cost of the meal cards, and with respect to employees who provide services to the Company and to the Controlling Shareholder Company, proportionately to the rate of their employment in the Company.	The Company's audit committee ratified the transaction on March 18, 2026, as a non-exceptional transaction with a controlling shareholder.
Financing from Bank Leumi for the purchase of Ellomay shares	Nofar Energy Europe (a wholly owned subsidiary of the Company) and Bank Leumi. The Company guarantees the obligations of Nofar Energy Europe	Providing financing for the purchase of shares in Ellomay	March 4, 2026	Loan to acquire control of Ellomay secured, among other things, by a first-degree permanent lien on Ellomay shares	The Company's Audit Committee approved on February 22, 2026, for the sake of caution, the transaction as a non-exceptional transaction of the Company in which the controlling shareholder has a personal interest.

Article 24 - Holdings of Interested Parties and Senior Officers

For details regarding the holdings of Interested Parties and Senior Office Holders, see the Report on the Holdings of Interested Parties as of December 31, 2025, published by the Company on January 8, 2026 (Reference No.: 2026-01-003695), and reports regarding changes in the holdings of Interested Parties from January 6, 2026, January 8, 2025, January 11, 2025, January 28, 2026, January 29, 2026, January 30, 2026, February 1, 2026 (two reports), February 3, 2026, February 4, 2026, February 5, 2026, February 8, 2026, February 10, 2026, February 15, 2026, February 18, 2026, February 20, 2026, February 22, 2026, March 12, 2026 (Reference No.: 2026-01-002127, 2026-01-003747, 2026-01-004971, 2026-01-010625, 2026-01-011047, 2026-01-011135, 2026-01-011445, 2026-01-011446, 2026-01-012196, 2026-01-012417, 2026-01-012803, 2026-01-013309, 2026-01-014075, 2026-01-015052, 2026-01-015783, 2026-01-016469, 2026-01-016751, 2026-01-022389), which is 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, 2025.

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	38,259,638

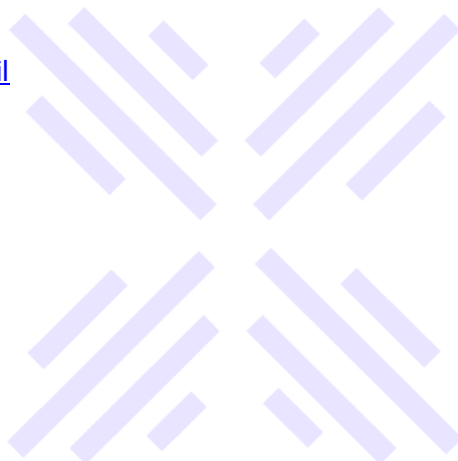
Article 25a - Registered Address

Registered address: 1 Hatachana Street, Manivim Building, 11th floor, Kfar Saba

Tel.: 08-3750060

Fax: 08-3750061

Email: ofer@nofar-energy.co.il



Article 26 - The Directors of the Corporation (as of Report Date)

Name	Zvi Levin	Ofer Yannay	Yoni Tal	Dafna Cohen	Gili Cohen	Yonit Partok	Uri Orbach
Identification No.:	005842117	031919467	053343331	024812943	022648786	024662587	029744588
Date of birth:	March 7, 1947	February 2, 1975	June 18, 1955	February 23,	August 25, 1966	February 24,	April 29, 1973
Address for service of legal process:	Kibbutz Shuval, Negev Region	6 Habarosh Street, Ra'anana	15 Hama'ayan Street, Givatayim	43 Moshe Sharet, Tel Aviv	10 Amos Street, Ramat Gan	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	No	Committee for examining the financial statements, audit,	Committee for examining the financial statements,	Committee for examining the financial statements, audit,	No	No
External director or independent director:	No	No	Independent director	Outside director	Outside director	Independent director	No
Accounting and financial expertise or professional qualifications:	Professionally qualified	Professionally qualified	Accounting and financial expertise and has professional qualifications	Accounting and financial expertise	Accounting and financial expertise	No	Professionally qualified
Expert external director:	No	No	Yes	Yes	Yes	No	No
An employee of the Company, its subsidiary, affiliate, or interested party thereof:	No	The Company's Controlling Shareholder	No	No	No	No	No
Date of commencement of service:	March 18, 2021	April 7, 2011	December 3, 2020	Jan. 31, 2021	Jan. 31, 2021	March 18, 2021	July 8, 2021

Name	Zvi Levin	Ofar Yannay	Yoni Tal	Dafna Cohen	Gili Cohen	Yonit Partok	Uri Orbach
Education:	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 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	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	Business manager and chairman of Shuval Kibbutz and CEO of the "Friends of Avshalom" Association	CEO, Chairman of the Company's Board of Directors	Chairman of Arion Fund Management LLC (providing loans for real estate in the USA)	Vice President of Finance and Business Development at Maman - Cargo and Handling Terminals 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.	CEO and Finance Manager of the Water Workers Organization	Deputy CEO and Vice President of Operations at S.D.S. Ltd., CEO of Light and Strong Ltd.

Name	Zvi Levin	Ofer Yannay	Yoni Tal	Dafna Cohen	Gili Cohen	Yonit Partok	Uri Orbach
Corporations in which he serves as a director:	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.	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.	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
Possesses accounting and financial expertise for the purpose of fulfilling the minimal number determined by the board of directors:	No	No	Yes	Yes	Yes	No	No

Article 26a - Senior Officers of the Corporation (as of the Report Date)

Name:	Avraham Golde	Tami Fishman Jutkowitz	Noa Beit Dagan	Elad Michaeli	Nadav Barkan	Allon Raveh	Ella Reichman	Rani Fridrich	Niso Hazan	Haim Halfon
Identification No.:	034375535	038414934	021711809	037426483	039891551	027914290	039684105	051666071	033627597	068931690
Date of birth:	August 26, 1977	January 19, 1976	November 19, 1985	February 28, 1980	July 9, 1983	October 29, 1970	July 17, 1984	April 15, 1953	January 27, 1977	December 27, 1964
Date of commencement of service:	December 22, 2025	November 3, 2025	July 7, 2025	April 16, 2023	July 1, 2024	April 16, 2023	February 1, 2026	December 2009	March 15, 2021	Jan. 31, 2021
The position that he fulfils in the Company, its subsidiary, in its affiliated company or an interested party therein:	VP of Finance and Business Development	VP Legal	COO	VP of Global Projects	CEO of Nofar Israel	CEO of Nofar USA	CEO of Nofar Europe	CEO of Ellomay	Manager of the Company's activity in the field of EY electric vehicle charging	Auditor
An interested party in the Corporation or a family member of another senior officer or of an interested party in the Corporation:	No	No	No	No	No	No	No	No	No	No
Education:	Bachelor of Economics and Accounting and Master of Economics, Tel Aviv University	Law graduate and MBA from Bar Ilan University	Law graduate, College of Management, Academic Track	Economics and Management graduate of Rupin College; Graduated in Law, Bar Ilan University	Graduate of Law and Business Administration, Reichman University	Graduate of Law and Accounting, Tel Aviv University Master's Degree in Finance, London Business School	On December 4, 2025, Mr. Yannay entered into forward transactions with Phoenix Insurance Company Ltd. and Phoenix Pension and Provident Fund Ltd. (together: "Phoenix") in connection with their holdings in the Company.	Graduate of the Senior Executives Program at Tel Aviv University	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:	VP of Finance at Shikun & Binui Ltd. CEO of Union Infrastructures Ltd.	VP Legal, Sol-Gel Technologies Ltd., Partner, Gross & Co.	Chief Legal Counsel, Enlight Renewable Energy Ltd.	Director of yielding assets at Enlight Renewable Energy Ltd	VP Business Development of EDF Israel	CEO of Shikun & Binui Energy CEO of the Franchise Division, and Chairman of Shikun & Binui America CEO of Augwind	CFO Vivion Investments Sarl. Complex Finance Department Manager, Somekh Chaikin KPMG	CEO of Ellomay	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 HaArba'a St., Tel Aviv.

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

For public offerings carried out by the Company, see Article 10C above.

For private placements of ordinary shares and bonds carried out by the Company, see Article 20 above.

(3) Changes in the Memorandum and Articles of Association of the Corporations:

None.

(4) Redemption of shares:

None.

(5) Early redemption of bonds:

None.

(6) 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 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.

At the General Meeting of the Company convened on November 26, 2025, the General Meeting approved (1) the appointment of the accounting firm Somekh Chaikin KPMG as the Company's Auditors, and the authorization of the Company's Board of Directors to determine their remuneration; (2) the reappointment of Mr. Ofer Yannay, Mr. Yoni Tal, Ms. Yonit Partok, Mr. Zvi Levin and Mr. Uri Orbach as Directors of the Company until the next Annual General Meeting of the Company; (3) the approval of the terms of office of Mr. Ofer Yannay as the Company's CEO; and (4) the approval of a Compensation Policy for a period of three years from the date of approval of the Meeting. For additional details, see the Notice of Meeting published on October 22, 2025, an Amended Report dated November 13, 2025, and an Amended Report dated November 20, 2025 (Reference No.: 2025-01-078697, 2025-01-086898, and 2025-01-090006, respectively), which is included in this Report by way of reference.

At the General Meeting of the Company convened on January 2, 2026, the General Meeting approved the reappointment of Ms. Dafna Esther Cohen as an External Director of the Company, for a third term of office of three years, commencing as of the date of approval of the Meeting. For additional details, see the meeting invitation report published on January 2, 2026 (Reference No.: 2026-01-000816), 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 (among them, Mr. Yoni Tal, who serves as a director of the Company). 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. The exemption shall not apply to a resolution or transaction in which the Controlling Shareholder or any Officer in the Company has a personal interest, except for a personal interest arising from service as an Officer in the Company and also as an Officer in a related company of 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 Orbach⁵, 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.

For the letter of exemption provided to Mr. Ofer Yannay, the Company's controlling shareholder, see Article 22 above.

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.

On November 26, 2025, the General Meeting of the Company's shareholders approved an updated version of the Letter of Exemption, which applies to all Directors and Office Holders

⁵ And also to Mr. Moshe Bar Siman Tov, who served as a director as of the date of the meeting and whose term as a director ended on January 15, 2023.

serving in the Company from time to time. For details, see the meeting notice dated November 13, 2025, the contents of which are included in this Report by way of reference.

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 (including Mr. Yoni Tal, who serves as a director of the Company). 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 Orbach⁶, 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.

For the letter of indemnity provided to Mr. Ofer Yannay, the Company’s controlling shareholder, see Article 22 above.

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.

On November 26, 2025, the General Meeting of the Company’s shareholders approved an updated version of the Letter of Exemption, which applies to all Directors and Office Holders serving in the Company from time to time. For details, see the meeting notice dated November 13, 2025, the contents of which are included in this Report by way of reference.

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 7 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 7-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

⁶ And also to Mr. Moshe Bar Siman Tov, who served as a director as of the date of the meeting and whose term as a director ended on January 15, 2023

Policy.⁷ In November 2025, the Company's Remuneration Committee approved the Company's engagement in a policy for a period of 12 months starting from November 30, 2025, 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 177,000. The deductible for claims against the Company is USD 50 per claim, except for a deductible of USD 100 for securities claims filed worldwide (excluding Canada and the United States), and except for a deductible of USD 100 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 19, 2026

O.Y. Nofar Energy Ltd.

Via:

Zvi Levin, Chairman of the Board
Ofar Yannay, CEO and Director

⁷ In accordance with the Company's remuneration policy, 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 200 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. Ofer Yannay, CEO;
2. Avi Golde, CFO;

Internal control of financial reporting and disclosure includes reviews and procedures existing in the Company, 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 Company'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 Company 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 Company is required to disclose as stated is accrued and transferred to the management of the Company, 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 Company 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 Company, 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 Company have concluded that the internal control on financial reporting and disclosure of the Corporation as of December 31, 2025, 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, Ofer Yannay, declare that:

(1) I have examined the periodic report of O.Y. Nofar Energy Ltd. (hereinafter: the "**Corporation**") for 2025 (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 Company as of the dates and for the periods to which the Reports relate;

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

(a) All of the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and the disclosure, which may reasonably detrimentally impact the ability of the 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 Company, including its consolidated corporations as defined in the Securities Regulations (Annual Financial Reports), 5770-2010, is provided to me by others in the Company and the consolidated companies, particularly during the preparation of the reports; and

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

(c) I have 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 19, 2026

Ofer Yannay, CEO



(b) Declaration of CEO under Article 9b(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

I, Avi Golde, declare that:

(1) I have examined the periodic report of O.Y. Nofar Energy Ltd. (hereinafter: the “**Corporation**”) for 2025 (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 Company as of the dates and for the periods to which the Reports relate;

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

(a) All of the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and the disclosure, which may reasonably detrimentally impact the ability of the 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 Company, including its consolidated corporations as defined in the Securities Regulations (Annual Financial Reports), 5770-2010, is provided to me by others in the Company and the consolidated companies, particularly during the preparation of the reports; and

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

(c) I have 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 19, 2026

Avi Golde, CFO;

