



O.Y. Nofar Energy Ltd.

**Condensed Consolidated
Interim Financial
Statements as of
March 31, 2025**

Unaudited



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Somekh Chaikin
KPMG MILLENNIUM TOWER
17 Ha'arba'ah St., PO Box 609
Tel Aviv 6100601
03 684 8000

May 28, 2025

To
The Board of Directors of
O.Y. Nofar Energy Ltd. (the "Company")
1 HaTachana Street, Kfar Saba

To Whom It May Concern:

Re: Letter of consent in connection with a shelf prospectus of O.Y. Nofar Energy Ltd. dated May 2024

We hereby inform you that we agree to the inclusion of our reports (including by way of reference) detailed below in connection with the shelf prospectus from May 2024.

- A. A review report by the auditor dated May 28, 2025, regarding the condensed consolidated financial information of the Company as of March 31, 2025, and a period of three months ending on the same date.
- B. A report by the auditor dated May 28, 2025, regarding the separate condensed financial information of the Company as of March 31, 2025, and a period of three months ending on the same date, in accordance with Article 38d of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Somekh Chaikin
Accountants



Somekh Chaikin
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Review Report of the Independent Auditors to the Shareholders of O.Y. Nofar Energy Ltd.

Preface

We have reviewed the attached financial information of O.Y. Nofar Energy Ltd. and its subsidiaries (hereinafter: the "Group"), including the condensed consolidated statement of financial position as of March 31, 2025, as well as the condensed consolidated statements of profit and loss, comprehensive profit, changes to equity and cash flow for the period of three months ending on the same date. The Board of Directors and Management are responsible for the preparation and presentation of financial information for this interim period in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting", and they are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

The Company's financial information as of March 31, 2024 and for the three-month period ended on that date was reviewed by previous auditors whose report thereon dated May 29, 2024 included an unqualified conclusion.

We did not review the condensed interim financial information of an investee company accounted for using the equity method, in which the investment is approximately NIS 128,172 thousand as of March 31, 2025, and the Group's share of its losses is approximately NIS 3,457 thousand for the three-month period ended on that date. The condensed financial information for the interim periods of the same entities was reviewed by other accountants, whose review report was provided to us, and our conclusion, inasmuch as it relates to the financial information in respect of the same entities, is based on the review report prepared by the other accountants.

Scope of the Review

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

Conclusion

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

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

Somekh Chaikin
Accountants

May 28, 2025

Condensed Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2025	2024	2024
	Unaudited	Unaudited	Audited
	NIS thousands		
Assets			
Current assets:			
Cash and cash equivalents	386,249	903,087	362,634
Deposits in bank corporations and others	98,627	1,815	47,498
Restricted use deposits	2,418	209,989	2,566
Customers	119,866	150,031	146,069
Financial assets	1,295	5,973	11,803
Accounts receivable	133,964	58,181	105,707
Inventory	19,075	47,431	25,128
Total current assets	761,494	1,376,507	701,405
Non-current assets:			
Investment in corporations accounted for using the equity method	1,087,496	1,048,061	1,018,961
Right of use asset	383,546	312,454	360,373
Fixed assets	4,366,579	3,152,480	3,888,407
Intangible assets	153,950	154,148	149,407
Restricted use deposits and cash	16,092	7,081	25,277
Financial assets	26,078	41,618	25,966
Deferred taxes	20,964	15,889	20,543
Other receivables	39,213	36,488	37,108
Deposits in bank corporations and others	26,076	37,258	307
Total non-current assets	6,119,994	4,805,477	5,526,349
Total assets	6,881,488	6,181,984	6,227,754

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

Condensed Consolidated Statements of Financial Position

	As of March 31		As of December 31
	2025	2024	2024
	Unaudited	Unaudited	Unaudited
NIS thousands			
Liabilities and equity			
Current liabilities:			
Short-term loans and current maturities for long-term loans from banks	183,931	96,180	166,097
Current maturities of lease liabilities	24,374	20,028	23,405
Current maturities of bonds	92,243	127,233	137,294
Suppliers and service providers	78,393	72,100	100,722
Liability for deferred consideration in a business combination	-	4,026	-
Accounts payable	85,244	57,960	47,254
Financial derivatives	1,918	1,918	1,918
Total current liabilities	466,103	379,445	476,690
Non-current liabilities:			
Long-term loans from banks	845,508	879,270	808,239
Liabilities for leases	364,734	295,517	343,907
Loans from related parties	22,881	9,454	21,462
Deferred taxes	191,321	210,865	149,592
Bonds	1,882,687	1,294,144	1,539,557
Convertible bonds	465,958	370,167	375,317
Other liabilities	96,294	20,406	102,201
Total non-current liabilities	3,869,383	3,079,823	3,340,275
Capital:			
<u>Capital attributed to shareholders of the Company</u>			
Share capital and premium	1,716,256	1,716,256	1,716,256
Loss balance	(208,838)	(168,982)	(174,634)
Capital funds	222,801	247,721	86,711
Total capital attributed to the Company's shareholders	1,730,219	1,794,995	1,628,333
Non-controlling interests	815,783	927,721	782,456
Total equity	2,546,002	2,722,716	2,410,789
Total liabilities and capital	6,881,488	6,181,984	6,227,754

May 28, 2025

Date of approval of the financial statements for publication

**Ofer Yannay
Chairman of the Board**

**Nadav Tenne
CEO**

**Oren Ben Shimol
Acting CFO**

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

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income:

	For a period of three months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS thousands		
Revenue from sale of electricity and construction	58,299	65,458	313,207
Compensation for loss of income	-	-	930
Income from tax partner	1,634	639	6,038
Total income and profits	59,933	66,097	320,175
Setup and operating costs	60,525	67,277	264,467
Marketing and sale expenses	2,491	2,406	6,867
Management and general expenses	19,856	16,051	75,766
Other expenses	2,623	4,170	13,936
Total expenses	85,495	89,904	361,036
Other income	1,216	3,665	5,269
Operating loss	(24,346)	(20,142)	(35,592)
Financing expenses	31,552	30,422	104,567
Financing income	12,631	17,995	56,506
Net financing expenses	18,921	12,427	48,061
Loss after financing expenses	(43,267)	(32,569)	(83,653)
Company's share in the profits (losses) of companies handled based on the equity method, net	(13,523)	(6,610)	18,137
Loss before income tax	(56,790)	(39,179)	(65,516)
Income tax benefit	(9,313)	(6,586)	(18,998)
Loss for the period	(47,477)	(32,593)	(46,518)
Loss for the period attributed to:			
Shareholders of the Company	(35,356)	(17,011)	(26,905)
Non-controlling interests	(12,121)	(15,582)	(19,613)
	(47,477)	(32,593)	(46,518)
Basic and diluted loss per share (in NIS) attributed to the owners of the Company	(0.99)	(0.48)	(0.76)

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

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income:

Other comprehensive profit (loss):

	For a period of three months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
Loss for the period	(47,477)	(32,593)	(46,518)
<u>Amounts that will be classified or reclassified to profit or loss</u>			
Adjustments arising from translation of financial statements for foreign operations	179,803	(15,749)	(151,865)
Adjustments arising from cash flow hedging transactions	(5,756)	(2,541)	(20,673)
<u>Items not reclassified later to profit and loss:</u>			
The share in the revaluation of corporations accounted for using the equity method	242	1,110	2,852
Revaluation for fixed assets	433	446	391
Total other comprehensive income (loss)	174,722	(16,734)	(169,295)
Total comprehensive profit (loss) for the period	127,245	(49,327)	(215,813)
<u>Comprehensive profit (loss) for the period attributed to:</u>			
Shareholders of the Company	93,919	(27,934)	(143,812)
Non-controlling interests	33,326	(21,393)	(72,001)
	127,245	(49,327)	(215,813)

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

Condensed Consolidated Statements of Changes in Equity

For a period of three months ending March 31, 2025 (unaudited)

	Capital attributed to shareholders of the Company										
	Share capital and premium	Receipts on account of the conversion component of bonds	Capital reserve for revaluation of fixed assets	Adjustments arising from translation of financial statements for foreign operations	Capital reserve for transactions with non-controlling rights	Capital reserve for share-based payment	Capital reserve from cash flow hedging transactions	Loss balance	Total capital attributed to shareholders of the Company	Non-controlling interests	Total capital
	NIS thousands										
Balance as at January 1, 2025 (audited)	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
Loss for the period	-	-	-	-	-	-	-	(35,356)	(35,356)	(12,121)	(47,477)
Other comprehensive profit for the period:	-	-	675	125,561	-	-	3,038	-	129,274	45,448	174,722
Issue of convertible bonds for capital component	-	6,654	-	-	-	-	-	-	6,654	-	6,654
Share-based payment	-	-	-	-	-	1,314	-	-	1,314	-	1,314
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(1,152)	-	-	-	-	1,152	-	-	-
Balance as of March 31, 2025	1,716,256	32,106	117,875	120,409	(57,914)	20,551	(10,226)	(208,838)	1,730,219	815,783	2,546,002

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

Condensed Consolidated Statements of Changes in Equity

For a period of three months ending March 31, 2024 (unaudited)

	Capital attributed to shareholders of the Company									Non-controlling interests	Total capital
	Share capital and premium	Receipts on account of the conversion component of bonds	Capital reserve for revaluation of fixed assets	Adjustments arising from translation of financial statements for foreign operations	Capital reserve for transactions with non-controlling rights	Capital reserve for share-based payment	Capital reserve from cash flow hedging transactions	Loss balance	Total capital attributed to shareholders of the Company		
	NIS thousands										
Balance as at January 1, 2024 (audited)	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 period	-	-	-	-	-	-	-	(17,011)	(17,011)	(15,582)	(32,593)
Other comprehensive profit (loss) for the period	-	-	1,556	(13,171)	-	-	692	-	(10,923)	(5,811)	(16,734)
Share-based payment	-	-	-	-	-	922	-	-	922	-	922
Transfer of revaluation capital fund for fixed assets to loss balance	-	-	(1,383)	-	-	-	-	1,383	-	-	-
Balance as of March 31, 2024	1,716,256	25,452	120,909	92,371	(3,629)	15,735	(3,117)	(168,982)	1,794,995	927,721	2,722,716

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

Condensed Consolidated Statements of Changes in Equity

For a period of one year ending December 31, 2024 (audited)

	Capital attributed to shareholders of the Company										Non-controlling interests	Total capital
	Share capital and premium	Receipts on account of the conversion component of bonds	Capital reserve 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 accompanying notes form an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

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

	For a period of three months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS thousands		
Cash flow from current operations:			
Loss for the period	(47,477)	(32,593)	(46,518)
Expenses not involving cash flows (Appendix A)	59,233	40,117	139,782
Changes in working capital (Appendix B)	(44,197)	42,842	(50,015)
Net cash from (used in) current activities	(32,441)	50,366	43,249
Cash flows from investment activities:			
Investments in corporations accounted for using the equity method	(2,393)	(55,967)	(53,877)
Repayment of a loan from an associated company	-	-	21,049
Investment in other receivables	-	-	(432)
Acquisition of shares from non-controlling interests	-	-	(1,215)
Repayment of deferred consideration	-	(835)	(4,903)
Exercise of financial assets	11,110	-	-
Obtaining control of consolidated companies (Appendix D)	(4,215)	-	(102,419)
Change in restricted use deposits	9,568	(209,989)	(21,329)
Deposit into deposits (exercise of deposits)	(74,077)	9,811	657
Investments in fixed assets	(275,997)	(96,729)	(903,868)
Net cash used for investing activity	(336,004)	(353,709)	(1,066,337)
Cash flows from financing activities:			
Short term credit from banks, net	15,123	20,781	98,147
Issue of bonds, net	397,602	333,247	684,881
Repayment of bonds	-	-	(130,251)
Repayment of lease liabilities	(8,388)	(5,559)	(26,038)
Portion of minority interests in the injection of capital to a consolidated partnership	-	-	6,140
Return of capital for non-controlling interests	-	-	(99,952)
Receipt of loan from affiliated party	-	-	11,524
Receipts from (payments to) tax partner	(159)	-	18,356
Receipt of long-term loans from bank corporations and others	-	206,038	207,184
Payment of long-term loans from bank corporations and others	(11,225)	(10,854)	(56,727)
Net cash arising from financing activities	392,953	543,653	713,264
Increase (decrease) in cash and cash equivalents	24,508	240,310	(309,824)
Balance of cash and cash equivalents at beginning of period	362,634	661,388	661,388
Impact of changes in foreign exchange rates for cash and cash equivalents	(893)	1,389	11,070
Balance of cash and cash equivalents at end of period	386,249	903,087	362,634

Condensed Consolidated Statements of Cash Flows

	For a period of three months ended on March 31		For the year ended on December 31
	2025	2024	2024
	Unaudited		Audited
	NIS thousands		
Appendix A: Adjustments required to present cash flows from current activities:			
Change in current tax	(658)	(825)	11,744
Depreciation and amortization	25,844	21,622	96,966
Net financing expenses	18,921	12,427	48,061
Company's share in the losses (profits) of companies accounted for based on the equity method, net	13,523	6,610	(18,137)
Impairment of Assets	1,923	-	2,762
Income for tax partner	(1,634)	(639)	(6,038)
Share-based payment expenses	1,314	922	4,424
	59,233	40,117	139,782
Appendix B: Changes in working capital (changes in sections of assets and liabilities):			
Decrease in inventory	6,054	10,627	32,930
Decrease (increase) in customers	(12,819)	46,430	31,319
Increase in receivables	(28,029)	(3,221)	(55,657)
Increase (decrease) in accounts payable	31,045	(2,632)	70,858
Increase (decrease) in suppliers and service providers	(17,031)	5,897	23,840
Change in deferred taxes	(8,655)	(7,364)	(29,267)
<u>Additional Information:</u>			
Income tax paid	(94)	-	(11,650)
Interest received in cash	1,517	2,260	15,296
Interest paid in cash	(16,185)	(9,155)	(127,684)
	(44,197)	42,842	(50,015)

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

Condensed Consolidated Statements of Cash Flows

	For a period of three months ended March 31		For the year ended December 31
	2025	2024	2024
	Unaudited		Audited
	NIS thousands		
Appendix C: Substantial non-cash transactions			
Initial recognition of usufruct asset and lease liability	10,769	7,866	56,995
Classification of customers for investment in corporations accounted for using the equity method	39,695	16,959	39,598
Appendix D: Obtaining control of consolidated companies			
Working capital, net, excluding cash and cash equivalents	-	-	5,543
Advances on account of investments	-	-	(18,532)
Accounts payable	(1,328)	-	-
Fixed assets and intangible assets	5,543	-	115,408
Right of use asset	-	-	22,792
Lease liability	-	-	(22,792)
	4,215	-	102,419

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

Notes to the Condensed Consolidated Financial Statements as of March 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 Haodem Street in the Yitzhar Industrial Park, Ad Halom. The Company’s securities were listed for trade on the Tel Aviv Stock Exchange Ltd.

The Company is engaged, as of the date of the Report, itself and through corporations held thereby (hereinafter: the “Group”), directly and indirectly, including in cooperation with third parties, in long-term development and investment activity of production systems of “clean” electricity from solar energy, systems for storing electricity in batteries in Israel, the USA and Europe, the exercise of assets, as well as in the construction (EPC), operation and maintenance (O&M) of photovoltaic systems in Israel, mainly for corporations held by it, including in collaboration with third parties. The Company’s activities are based on the creation of collaborations with local developers abroad, kibbutzim or real estate companies in Israel. As part of the cooperation, a joint corporation was established which is held by the Company and the partner in parts, as agreed by the parties.

In addition to Israel, the Company is also an EPC contractor and maintenance contractor for most of the projects (solar projects and battery storage project and charging stations), and which operates along the entire value chain of the construction of the systems, which gives the Company knowledge, experience and reputation, allowing the Company to supervise the planning, construction and maintenance of the projects and initiate projects that include the use of unique technologies (such as floating systems, storage facilities, etc.), which contribute 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.

B. Business Environment

For details regarding the Company’s business environment, see Note 1, Sections B-E, in the Company’s annual financial statements as of December 31, 2024.

C. “Iron Swords” War

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

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

Note 2 - Basis of Preparation of the Financial Statements:

A. Format of preparation of the interim financial statements

These Financial Statements were prepared in a condensed format as of March 31, 2025, and for the three-month periods that ended on that date (hereinafter: “Interim Financial Statements”). These reports should be read in conjunction with the Company’s annual financial statements as of December 31, 2024 and for the year ending on the same date and the accompanying notes (hereinafter: the “Annual Financial Statements”). In addition, these statements were prepared in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports) – 5730-1970.

B. Use of estimates and discretion:

In the preparation of the Condensed Consolidated Interim Financial Statements in accordance with IFRS, the Company’s management is required to use discretion in order to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. It should be clarified that actual results may differ from these estimates.

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

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

C. Exchange rates and linkage basis:

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

	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>December 31, 2024</u>
Consumer price index (in points)*:			
Based on index for	109.548	106.0	108.4
Based on known index	109.011	105.4	108.7
US dollar (in NIS for 1 dollar)	3.718	3.6810	3.647
Pound sterling (in NIS for 1 pound)	4.811	4.6535	4.574
EUR (in NIS for 1 euro)	4.022	3.9791	3.796

	<u>For a period of three months ending</u>		<u>For the year ending</u>
	<u>March 31, 2025</u>	<u>March 31, 2024</u>	<u>December 31, 2024</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Consumer price index:			
Based on index for	1.06	0.95	3.24
Based on known index	0.29	0.29	3.43
USD.	1.95	1.49	0.55
Pound Sterling	5.18	0.71	(1.01)
Euro	5.95	(0.81)	(5.37)

Note 3 - Significant Accounting Policies:

Principles of preparing the Condensed Interim Financial Statements

The condensed interim financial statements comply with the provisions of International Accounting Standard 34 regarding financial reporting for interim periods. Additionally, the condensed interim financial statements also comply with the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. The condensed interim financial statements were prepared based on the same accounting policies and calculation methods applied in the Company's annual financial statements as of December 31, 2024.

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

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

Financial statement translation of balance sheet balances in foreign currency is performed according to the exchange rate on the reporting date. Income and expenses recorded in foreign currency during the period are converted into shekels at the average exchange rate for the period. Adjustments resulting from the translation of financial statements of foreign operations are recorded and presented within the comprehensive income (loss) section in the results of operations.

A. Sunprime Holding S.R.L (“Sunprime”):

The following is additional information regarding the financial position and the aggregate results of operations of the associate which is a significant associate with an indirect rate of holdings of 63.5% (without adjustment to the ownership rates held by the Company):

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

	As of March 31		As of December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Current assets	194,299	351,974	184,786
Non-current assets	1,157,632	764,769	1,076,075
Current liabilities	(278,082)	(154,181)	(253,678)
Non-current liabilities	(804,881)	(674,070)	(749,962)
Equity	(268,968)	(288,492)	(257,221)

2. Summary of financial information on operating results

	For a period of three months ending March 31		For the year ending December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Income	21,283	10,501	80,115
Loss for the period	(10,340)	(15,107)	(8,899)
Comprehensive profit (loss) for the period	28,913	(18,438)	(48,217)

B. Ratesti Solar Plant SRL (“Ratesti”):

During the Report Period, the Company’s share of Ratesti’s total profit or loss, in absolute value, constituted less than 20% of the Company’s total profit or loss, in absolute value, and the Company estimates that this trend will continue in 2025. Similarly, on March 31, 2025, the Company’s investment in Ratesti constituted less than 20% of the Company’s total assets in the statement of financial position, and the Company’s share in Ratesti’s total profit or loss, in absolute value, also constituted less than 20%. However, in 2024 and accordingly in the four quarters ending in the statement of financial position, the Company’s share of the total profit or loss, in absolute value, of Ratesti constituted approximately 40.4% of the total profit or loss, in absolute value, of the Company.

Since Ratesti is a property company - one of many held by the Company - whose entire assets and operating results are limited to a single solar project, and since Ratesti is not significant to the Company’s business or operations, either in their current form or in the future. In the Company’s assessment, Ratesti’s reports are unimportant in relation to the Company’s reports.

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

In light of the above, in accordance with the provisions of Section 44(1a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, the annual report does not include the reports of Ratesti.

The following is additional information regarding the financial position and the aggregate results of operations of Ratesti, which is an associate with an indirect rate of holdings of 50% (without adjustment to the ownership rates held by the Company):

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

	As of March 31		As of December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Current assets	47,655	30,050	55,632
Non-current assets	383,613	367,498	363,091
Current liabilities	(29,464)	(36,616)	(28,997)
Non-current liabilities	(320,091)	(324,161)	(306,404)
Equity	(81,713)	(36,771)	(83,322)

2. Summary financial information on operating results

	For a period of three months ended on March 31		For the year ending December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Income	3,424	11,922	97,371
Profit (loss) for the period	(6,909)	10,967	64,630
Total loss for the period	5,575	11,648	55,572

3. Results of cash flows

	For a period of three months ended on March 31		For the year ending December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Net cash flow from (used in) current activities	(2,843)	12,805	63,085
Net cash flow used for investing activity	-	(6,267)	(3,462)
Net cash flow that resulted from (used for) from financing activities	(5,427)	-	(26,254)

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

Ratesti loan

In 2023, Ratesti engaged in a loan agreement in a total amount of EUR 60 million, under the terms as specified in Note 17A(4) of the Company's financial statements as of December 31, 2024. As part of the financing transaction, Ratesti hedged 75% of the loan interest at a rate of 2.49%. As part of the loan agreement, Ratesti undertook to complete the construction of the project by September 2024. In light of delays in the connection tests, Ratesti received approval from the financing bank to postpone the project's completion date to January 31, 2025. In addition, on January 28, 2025, the bank was requested to approve an additional postponement. As of the Report Date, the acceptance tests have been completed, and the certificate of completion has been signed. However, a report on the completion of the project has not yet been received, due to a delay in updating the registration of the project's background at the Land Authority.

C. 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):

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

	As of March 31		As of December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Current assets	158,343	180,429	204,401
Non-current assets	1,518,931	1,427,888	1,514,387
Current liabilities	(163,818)	(294,091)	(248,405)
Non-current liabilities	(1,281,081)	(1,074,549)	(1,202,817)
Capital attributed to shareholders of the Company	(232,375)	(239,677)	(267,566)

2. Summary financial information on operating results

	For a period of three months ended on March 31		For the year ending December 31
	2025	2024	2024
	(Unaudited)		(Audited)
	NIS thousands		
Income	57,867	44,944	253,625
Loss for the period	(7,968)	(5,600)	(3,663)
Total loss for the period	(7,726)	(4,490)	(811)

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

Note 5 - Material Events and Transactions in the Reporting Period:

1. Entering into a project financing agreement for the Stendal project in Germany

Further to Note 13(9) of the Company's annual financial statements as of December 31, 2024, on February 27, 2025, a wholly owned (indirect) subsidiary of the Company incorporated in Germany (the "Project Company") entered into a project financing agreement with a leading European bank in connection with financing in a total amount of approximately EUR 86.5 million, which will be used for the construction of the Stendal Project.

Under the agreement, the Project Company 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 the Company is required to meet include an annual ADSCR and HDSCR higher than 1.05, and starting from the fifth year, an LLCR higher than 1.15.

2. Exchange purchase offer of Series A Bonds for Series D of the Company

Further to Note 19 of the Company's financial statements as of December 31, 2024, 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 aforementioned exchange, the Company recorded a profit of approximately NIS 2 million.

3. Private placement of Convertible Bonds (Series B) of the Company

Further to Note 19 of the Company's financial statements dated December 31, 2024, on February 11, 2025, the Company completed a private placement to classified investors (hereinafter: the "Offerees") of 92,443,000 Bonds (Series B), each with a par value of NIS 1, issued by the Company (hereinafter: the "Series B Bonds" or the "Bonds"). The placement was executed by way of an expansion of the Company's existing Series B Bond series, which is listed for trading on the stock exchange. Following the completion of the placement, the total outstanding par value of Series B Bonds in circulation amounts to NIS 499,993,000. The total gross consideration that the Company received for the allocation amounts to NIS 98,452 thousand.

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

4. Private placement of Bonds (Series C) of the Company

Further to Note 19 of the Company's financial statements as of December 31, 2024, 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.

5. Sunprime's Award in the Capacity Availability Tender Process

Further to Note 17(a)(2) of the Company's financial statements as of December 31, 2024, in the framework of the capacity availability tender conducted in February 2025 by the transmission system operator in Italy (TERNA), Sunprime was notified of the award of several projects. On March 20, 2025, Sunprime entered into Market Capacity Agreements in connection with its award in the tender for several storage projects with a total capacity of approximately 56 megawatts and a total energy capacity of approximately 112 megawatts. Under the Market Capacity Agreements, Sunprime is entitled to receive payments from the transmission system operator over a period of 15 years starting from January 2027, in an aggregate estimated amount of approximately EUR 15.45 million, spread over the availability period. It is clarified that the Market Capacity payments are in addition to the ongoing revenues expected to be generated by the storage projects under potential Tolling Agreements and/or electricity trading in the various market segments in Italy.

6. Appointment of a Co-CEO

On March 9, 2025, Mr. Shahar Gershon was appointed as Co-Chief Executive Officer and VP of Business Development of the Company. It should be noted that on February 20, 2025, the Company announced that it had been informed by Mr. Ofer Yannay (controlling shareholder and Chairman of the Board), Mr. Nadav Tenne (Co-CEO), and Mr. Shahar Gershon, that they had reached agreements pursuant to which, for a period specified in the agreement, they would grant Mr. Yannay a power of attorney to act at his sole discretion on their behalf with respect to the appointment of directors to be submitted for approval at the general meeting. The parties also set restrictions regarding the sale of the Company's shares by them for a period as specified in the agreement. In light of the fact that Mr. Nadav Tenne and Shahar Gershon granted Mr. Yannay a power of attorney to vote by virtue of their shares in the Company, for the purposes of the Companies Law, 5759-1999 and the Securities Law, 5778-1968, the Company considers Mr. Ofer Yannay, Nadav Tenne and Shahar Gershon to be joint holders of the Company's shares, and Mr. Ofer Yannay to be the sole controlling shareholder of the Company, who also holds the voting rights attached to the Company's shares held by Mr. Nadav Tenne and Shahar Gershon.

7. Engagement in storage projects in Texas

On March 14, 2025, a subsidiary of Nofar USA, 90% indirectly held by the Company ("the Purchaser"), entered into an agreement to enter into two utility battery projects in Texas, which received initial connection approval: Bracero Pecan and Fairway, with a planned capacity of 230 MW and 460 MWh, with a planned capacity of approximately 120 MW and 240 MWh. As part of these agreements, the Purchaser undertook to replace a guarantee provided to the grid manager in the amount of approximately USD 5.5 million for the Bracero Pecan project, within 15 business days from the date of the agreement, and also undertook to pay the sellers by the date of receipt of the Interconnection Studies a total of approximately USD 2 million, as of the Report Date. In addition, if Fairway's Interconnection Studies are to the satisfaction of the Purchaser, then the project company will be required to provide a guarantee to the network manager in an estimated amount of approximately USD 10.5 million. The remaining payments to the Seller will be due upon the arrival of each project at FNTF and COD, and will be adjusted in the event of a change in the size of the projects. The Purchaser's obligations under this agreement were secured by the Company's guarantee. 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 Condensed Consolidated Financial Statements as of March 31, 2025

Note 6 – Financial instruments:

A. Fair value

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 that is not based on observable market information.

Quoted value of the Company's bonds (Level 1) NIS thousands:

As of March 31, 2025		As of March 31, 2024		As of December 31, 2024	
Book value	Fair value	Book value	Fair value	Book value	Fair value
(Unaudited)				Audited	
2,440,888	2,572,538	1,826,420	1,859,205	2,052,168	2,150,649

B. Risk management policy:

The Company's activity exposes it to various financial risks, such as a market risk, credit risk and liquidity risk. Risk management is performed by the Company's management. For additional information regarding risk management, see Note 32 of the Company's Annual Financial Statements as of December 31, 2024.

C. Financial instruments in fair value recognized in the Statement of Financial Position

1. Composition:

As of March 31, 2025 (unaudited)				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Financial assets - fair value through profit and loss				
Derivatives used for hedging transactions (1)	-	1,295	-	1,295
Financial assets	-	-	11,123	11,123
Non-current financial assets - fair value through other comprehensive income				
Derivatives used for hedging transactions (2)	-	14,955	-	14,955
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

- (1) The Company has a euro put option for hedging purposes (not an accounting hedge) from a banking corporation in the amount of USD 33 million and EUR 8 million. The transactions are for a period of up to one year.
- (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 March 31, 2025, is positive in the amount of NIS 14,955 thousand. The transaction is for a term of up to 13 years and includes the purchase of an IRS (Interest Rate Swap).

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

As of March 31, 2024 (unaudited)				
	Level 1	Level 2	Level 3	Total
NIS thousands				
Financial assets - fair value through profit and loss				
Derivatives used for hedging transactions	-	5,973	-	5,973
Financial assets	-	-	21,948	21,948
Non-current financial assets - fair value through other comprehensive income				
Derivatives used for hedging transactions	-	19,670	-	19,670
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

As of December 31, 2024 (audited)				
	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
Non-current financial assets - fair value through other comprehensive income				
Derivatives used for hedging transactions	-	14,843	-	14,843
Current financial liabilities - fair value through profit and loss				
Options granted to shareholders in associated companies	-	-	(1,918)	(1,918)

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

Note 7 - Information on activity sectors:

A. Description of activity sectors

As of the Report Date, the Company has several activities that include four sectors, which constitute its strategic business units. These business units include areas of activity and are examined separately for the purpose of allocating resources and evaluating performance, among other things due to the fact that they may require different technologies and methods of operation. Below is a concise description of the business activity in each of the Company's activity sectors:

Development of and investment in photovoltaic systems in Israel:

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

Initiating and investing in renewable energy in Europe:

Engaging in the initiation, financing, establishment, operation and holding of renewable energy projects in the solar field, electricity storage in batteries and wind in Poland, Romania, Germany, Spain, Italy, England, Greece, and Serbia.

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

Initiating and investing in renewable energy, other:

Engaging in the initiation, financing, establishment, operation and holding of renewable energy projects in the solar field, electricity storage in batteries in the United States.

This activity is not recognized as a reportable segment since it does not meet any of the quantitative criteria in 2024 and 2023.

Construction and operation of photovoltaic systems in Israel:

In the construction (EPC), and operation and maintenance (O&M) of photovoltaic systems, itself and through subcontractors. Within this field of activity, the Company is mainly engaged in the construction as well as the operation and maintenance of photovoltaic systems held by the Company in cooperation with third parties, through the joint project corporations, as part of the Company's activity in the field of development and investment, as well as in the construction and/or operation and maintenance of photovoltaic systems held in full by third parties. The construction activity segment does not include income from the construction of photovoltaic systems for the Company's own use.

The reports submitted to the Company's chief operational decision-maker, for the purpose of resource allocation and performance evaluation, reflect the Company's total revenues and its share of the revenues of the associates from electricity production, of all generating facilities held by the Company (directly and/or indirectly), by way of proportional consolidation, using the project EBITDA index, calculated as the aggregate total of the gross profit (revenues from electricity production minus operating and maintenance costs), neutralizing the depreciation of the systems, according to the amounts included in the financial statements of the project corporations.

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

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

b. Composition:

For a period of three months ending March 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
		Initiation and investment Spain	Initiation and other investment					
NIS thousands								
(Unaudited)								
Income from external	26,243	23,102	16,192	3,885	69,422	1,686	(33,134)	37,974
Inter-sector income	-	-	-	-	-	26,170	(4,214)	21,956
Total revenue	26,243	23,102	16,192	3,885	69,422	27,856	(37,348)	59,930
Operating cost (without depreciation)	14,077	7,196	4,804	1,356	27,433	25,181	(17,360)	35,254
Segment Results - EBITDA	12,166	15,906	11,388	2,529	41,989	2,675	(19,988)	24,676
<u>Expenses not allocated to sectors:</u>								
Depreciation and amortization								25,844
The Company's share of losses of companies treated according to the equity method, net								13,523
Management and general expenses								19,282
Marketing and sale expenses								2,491
Other expenses								2,623
Other income								(1,216)
Net financing expenses								18,921
Loss before tax								(56,790)

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

For a period of three months ending March 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
		Initiation and investment Spain	Initiation and other investment					
NIS thousands								
(Unaudited)								
Income from external	19,675	23,756	10,089	2,587	56,107	3,106	(25,299)	33,914
Inter-sector income	-	-	-	-	-	32,318	(135)	32,183
Total revenue	19,675	23,756	10,089	2,587	56,107	35,424	(25,434)	66,097
Operating cost (without depreciation)	9,415	3,825	1,885	1,161	16,286	38,159	(8,274)	46,171
Segment Results - EBITDA	10,260	19,931	8,204	1,426	39,821	(2,735)	(17,160)	19,926
<u>Expenses not allocated to sectors:</u>								
Depreciation and amortization								21,622
The Company's share of losses of companies treated according to the equity method, net								6,610
Management and general expenses								15,535
Marketing and sale expenses								2,406
Other expenses								4,170
Other income								(3,665)
Net financing expenses								12,427
Loss before tax								(39,179)

Notes to the Condensed Consolidated Financial Statements as of March 31, 2025

For the year ended 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
		Initiation and investment Spain	Initiation and other investment					
NIS thousands								
(Audited)								
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 revenue	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
Segment Results - EBITDA	63,582	119,411	83,280	18,443	284,716	(6,453)	(128,510)	149,753
Expenses not allocated to sectors:								
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)

c. Seasonality:

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

Note 8 - Events after the date of the Statement of Financial Position:

Acquisition of full rights in the Aspen Solar Group (hereinafter: “Aspen”):

After the balance sheet date, the Company engaged in and completed a transaction for the purchase of its partner’s rights in Aspen. The acquisition was made by purchasing all of the owner’s holdings and loans provided to Aspen and its shareholder. Upon completion of the aforementioned transaction, the Company became the sole owner (100%) of Aspen. As of the Report Date, the Company has not yet assessed whether the transaction impacts the Profit and Loss Statement.

As of the Report 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.