



SOLAER
RENEWABLE ENERGIES

Solaer Renewable Energies Ltd.
Consolidated Financial Statements
As at December 31, 2024



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Auditor's Report

Somekh Chaykin
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Auditor's Report for the Shareholders of Solaer Renewable Energies Ltd.

We have audited the attached Consolidated Statements on the Financial Position of Solaer Renewable Energies Ltd. (hereinafter – "the Company") as at December 31, 2024 and December 31, 2023 and the Consolidated Statements on the Profit and Loss, Comprehensive Income, Changes in Equity Capital and the Cash Flows for the each of the three years, and the period ending December 31, 2024. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of affiliated companies accounted for under the equity method, the investment in which, as at December 31, 2023, amounts to NIS 437 thousand and, the Company's share in their comprehensive income (losses) amounts NIS 102 thousand and to NIS (811) thousand for the years ending December 31, 2023 and 2022, respectively. The financial statements of those companies were audited by other auditors, the reports of whom were furnished to us and, our opinion, to the extent that it relates to the sums included for those companies, is based on the reports of the other auditors.

We conducted our audit pursuant to the generally accepted auditing standards including standards prescribed in the Auditors Regulations (Auditor's Modus Operandi), 5733–1973. Pursuant to these standards, we are required to plan and execute the audit with the goal of attaining a reasonable degree of confidence that the financial statements contain no material erroneous presentation. The audit includes a sample examination of the evidence supporting the sums and data in the financial statements. The audit also includes an examination of the accounting rules applied, the material estimates made by the Company's Board of Directors and Management and an assessment of the appropriateness of the presentation in the financial statements. We believe that our audit provides a proper foundation for our opinion.

In our opinion, based on our audit and the reports of the other auditors, to all intents and purposes, The aforementioned financial statements properly reflect the financial position of the Company and its consolidated companies as at December 31, 2023 and 2022 as well as the results of their operations and changes in its equity and cash flows for each of the years in the period ending on December 31, 2023, pursuant to International Financial Reporting Standards (IFRS) and the instructions in the Securities (Annual Financial Statements) Regulations, 5770 – 2010.

Key Matters in the Audit

Key matters in the audit detailed below are matters that were communicated, or should have been communicated to the Company's Board of Directors and which, in our professional opinion, were most significant in audit of the consolidated financial statements for the current period. Inter alia, these matters include any matter that: (1) relates, or should relate to material entries or disclosures in the financial statements; and (2) our opinion regarding it was challenging, subjective or especially complex. These matters were given reference in the framework of our audit and consolidating our opinion on the entire consolidated financial statements. The communication of these matters below does not change our opinion about the entire consolidated financial statements and we do not give a separate opinion about these matters or about the entries and discloses to which they relate, through it.

The Fair Value of Property, Plant and Equipment in the Revaluation Model

Why is this matter established as a key matter in the audit?

Pursuant to Note 3f of the consolidated financial statements, connected rooftop and ground-based electricity generating systems, which meet the definition of property, plant and equipment, are presented pursuant to the revaluation model and are included according to their fair value less accrued depreciation from the revaluation date.

Pursuant to Note 9 to the consolidated financial statements, as at December 31, 2024, the comprehensive fair value of the connected rooftop and drawn-based electricity generating systems (which were classified as assets held fulfill) measured at fair value amount to NIS 172,356 thousand and NIS 153,680 thousand, respectively. Regarding the change in the fair value of all the systems presented pursuant to the revaluation model, in the report period, the Company recognized other Comprehensive Income (net of tax) of NIS 22,994 thousand and a loss from impairment of NIS 5,010 thousand.

The fair value is based on valuations, that are executed by an external and independent appraiser on behalf of the Company, which is determined pursuant to the anticipated discounted future cash flow (DCF). The fair value estimation is based on Management's subjective assumptions, including forecasts of the market price, annual erosion rates of panel generation and assumptions relating to the capitalization rate.

Determination of the fair value of the Company's property, plant and equipment necessitates activating discretion and changes in the assessments that were used in determining the fair value could have a material impact on the fair value of property, plant and equipment. Therefore, we recognized the audit on the fair value of property, plant and equipment in the revaluation model as a key matter in the audit.

The response that was provided for the key matters in the audit

Our primary audit procedures include, inter alia:

Attaining an understanding regarding the Company's work process in relation to placing the fair value of property, plant and equipment in the revaluation model.

Use of highly knowledgeable and experienced experts on our behalf, who are necessary when examining the valuation method, examining the reasonability of the capitalization rate and examining the appropriateness of the arithmetic calculations on a sampling basis.

An examination of the reasonability of the significant assumptions that were used in the valuation on behalf of the Company when structuring cash flow forecasts, inter alia, by comparing them on a sampling basis with the historical results in the framework of a retrospective examination and with relevant references, including market price forecasts.

An assessment of the expertise and independence of the expert on behalf of the Company in relation to the aforementioned valuation.

An examination of the appropriateness of the disclosures that are included in the Company's consolidated financial statements.

Somekh Chaykin
CPA

March 31, 2025

Consolidated Statements on the Financial Position

	Note	As at December 31	
		2024	2023
		NIS thousands	
Current Assets			
Cash and cash equivalents	4	61,918	152,578
Encumbered deposits		57,253	4,242
Trade receivables	5	23,413	8,170
Other accounts receivable	6	42,574	20,133
Assets held for sale	7	193,356	(*)93,812
Loan to a related party	29d2	7,652	-
		386,166	278,935
Non-current assets			
Encumbered long-term deposits		19,968	14,903
Investments in affiliates accounted for under the equity method	8b	20,931	5,891
Loans to affiliates accounted for under the equity method	8b	20,313	-
Property, plant and equipment, net		1,259	430
Connected rooftop electricity generating systems	9	172,356	205,120
Connected ground-based electricity generating systems	7,9	-	201,272
Electricity generating systems in construction and development	9	703,719	(*)428,204
Advances for acquiring projects	10	32,203	(*)35,426
Contract asset for a concession arrangement	11	8,819	12,493
Right of use assets	12	128,274	138,932
Goodwill		1,155	1,222
Deferred taxation assets	18	18,114	6,678
Long-term accounts receivable	13	11,464	19,219
Loan to a related party	29d2	-	6,935
		1,138,575	1,076,725
Total Assets		1,524,741	1,355,660

(*) Immaterial adjustment of Comparative Figures. See Note2g.

The notes attached to the consolidated financial statements constitute an integral part hereof.

Consolidated Statements on the Financial Position

	Note	As at December 31	
		2024	2023
		NIS thousands	
Current Liabilities			
Credit and current maturities from banks and other corporations.	16	206,055	14,625
Current maturities of bonds	16	18,580	48,897
Trade payables	15	48,117	9,260
Other accounts payable	14	73,416	13,874
Current maturities of lease liabilities	12	9,835	10,069
Liabilities held for sale	7	121,872	-
		477,875	96,725
Non-Current Liabilities			
Liabilities to banks and other credit providers	16	241,747	489,399
Bonds	16	392,841	238,072
Employee benefit liabilities, net		210	203
Deferred taxation liabilities	18	46,319	(**)72,681
Long-term Lease liabilities	12	123,470	133,074
Liability for dissolution and rehabilitation		-	678
		804,587	934,107
Equity			
Share capital		(*)-	(*)-
Share premium		238,786	238,317
Capital reserves		54,137	72,132
Receipts on account of options and shares		9,581	9,581
Retained losses		(80,501)	(30,576)
Total equity attributed to the owners of the Company		222,003	289,454
Noncontrolling interests		20,276	(**)35,374
Total equity		242,279	324,828
Total liabilities and equity		1,524,741	1,355,660

(*) Represents a sum lower than NIS 1

(**) Immaterial adjustment of Comparative Figures. See Note 2g.

The notes attached to the consolidated financial statements constitute an integral part hereof.

March 31, 2025

Confirmation date of the
the financial statements.Paula Vilin Segev
Chairperson of the Board
of DirectorsAlon Segev
CEOYair Eisen
CFO

Consolidated Statements on Comprehensive Income (Loss)

		For the year ending December 31		
	Note	2024	2023	2022
		NIS thousands		
Revenues	22	105,720	47,671	38,694
Expenses				
Construction, maintenance and incidentals	23	(73,607)	(10,604)	(11,352)
Project development expenses		(380)	(1,782)	(1,895)
Salary and social benefits		(11,890)	(10,123)	(8,079)
Administration, head office and others	24	(19,715)	(12,692)	(14,880)
The Company's share in the earnings (losses) of an affiliates treated under the equity method.		(455)	102	71
		(106,047)	(35,099)	(36,135)
Profit (loss) before taxes, financing, depreciation and amortization		(327)	12,572	2,559
Depreciation and amortization		(22,098)	(21,730)	(17,254)
Systems impairment		(5,010)	(2,297)	(4,295)
Operating Loss		(27,435)	(11,455)	(18,990)
Finance expenses	26	(78,782)	(*) (29,317)	(*) (26,022)
Finance income	27	33,322	(*) 45,332	(*) 36,880
Finance income (expenses), net		(45,460)	(*) 16,015	10,858
Pre-taxes on income earnings (loss)		(72,895)	4,560	(8,132)
Taxes on income revenues (expenses)	18	13,390	(*) 4,822	(*) 8,965
Loss for the year		(59,505)	(262)	(17,097)
Other comprehensive income				
<u>Sums that will not be reclassified later to profit or loss (net of tax)</u>				
Earnings (loss) from reevaluation of connected electricity generating systems.		(22,994)	21,465	18,824(*)
The Group's share in other comprehensive income (loss) of affiliates accounted for under the equity method		-	-	(882)
Earnings from re-measuring defined benefit programs		4	76	186
<u>Sums that are likely to be reclassified to profit or loss</u>				
Foreign currency translation reserve		(646)	(*) 5,747	(*) 5,674
Net change in the fair value of financial instruments used for hedging cash flows		214	(105)	(154)
Total other comprehensive income (loss)		(23,422)	27,183	23,648
Comprehensive income (loss) for the year net of tax		(82,927)	26,921	6,551

(*) Immaterial adjustment of Comparative Figures. See Note 2g.

Consolidated Statements on Comprehensive Income (Loss)

	For the year ending		
	December 31		
	2024	2023	2022
	NIS thousands		
Earnings (loss) for the year attributed to:			
The Shareholders of the Company	(52,431)	10,181	(11,148)
Noncontrolling interests	(7,074)	(10,443) (*)	(5,950) (*)
	(59,505)	(262)	(17,098)
Comprehensive earnings (loss) for the year attributed to:			
The owners of the Company	(67,816)	28,671	6,715
Noncontrolling interests	(15,111)	(*)1,750	(*)165
	(82,927)	26,921	6,550
Earnings (loss) per share attributed to the Shareholders of the Parent Company (in NIS):			
Basic and diluted earnings (loss) per share	(3.19)	0,74	(0.8)
Sum of the share capital that was used in calculating earnings (loss) per share:			
Basic and diluted per share	16,412,102	13,850,184	13,883,616

(*) Immaterial adjustment of Comparative Figures. See Note2g.

The notes attached to the consolidated financial statements constitute an integral part hereof.

Consolidated Statement on Changes in Equity

	For the year ending December 31, 2024												
	Share capital	Share premium	Revaluation reserve	Defined benefit programs remeasurement reserve	Capital reserve for share-based payment	Capital reserve from translation differences	Capital reserve for transactions with noncontrolling interests	Receipts on account of option warrants	Capital reserve from hedging' transactions	Retained losses	Total equity attributed to the owners	Noncontrolling interests	Total equity
	NIS thousands												
Balance as of January 1, 2024	(*)-	238,317	49,109	(213)	4,820	(726)	19,401	9,581	(259)	(30,576)	289,454	(**) 35,374	(**)324,828
Loss for the year	-	-	-	-	-	-	-	-	-	(52,431)	(52,431)	(7,074)	(59,505)
Other comprehensive income (loss) for the year	-	-	(16,358)	4	-	755	-	-	214	-	(15,385)	(8,037)	(23,422)
Reduction in the reevaluation for surpluses reserve	-	-	(2,506)	-	-	-	-	-	-	2,506	-	-	-
Expiry of options	-	469	-	-	(469)	-	-	-	-	-	-	-	-
Distribution of earnings in a consolidated partnership	-	-	-	-	-	-	-	-	-	-	-	13	13
Share-based payment	-	-	-	-	365	-	-	-	-	-	365	-	365
Balance as of December 31, 2024	(*)-	238,786	30,245	(209)	4,716	29	19,401	9,581	(45)	(80,501)	222,003	20,276	242,279

(*) Represents a sum lower than NIS 1

(**) Immaterial adjustment of Comparative Figures. See Note 2g.

The notes attached to the consolidated financial statements constitute an integral part hereof.

Consolidated Statement on Changes in Equity

	For the year ending December 31, 2023												
	Share capital	Share premium	Revaluation reserve	Defined benefit programs remeasurement reserve	Capital reserve for share-based payment	Capital reserve from translation differences	Capital reserve for transactions with noncontrolling interests	Receipts on account of option warrants	Capital reserve from hedging' transactions	Retained losses	Total equity attributed to the owners	Noncontrolling interests	Total equity
	NIS thousands												
Balance as of January 1, 2023	- (*)	168,938	34,947	(289)	3,428	(3,782)	19,312	-	(154)	(42,058)	180,342	37,115 (**)	(**) 217,457
Earnings for the year	-	-	-	-	-	-	-	-	-	10,181	10,181	(**) (10.443)	(**) (262)
Other comprehensive income for the year	-	-	15,463	76	-	3,056	-	-	(105)	-	18,490	(**) 8,693	(**) 27,183
Reduction in the reevaluation for surpluses reserve	-	-	(1,301)	-	-	-	-	-	-	1,301	-	-	-
Issuance of shares and option warrants	-	69,379	-	-	-	-	-	9,581	-	-	78,960	-	78,960
Expiry of options	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with noncontrolling interests	-	-	-	-	-	-	89	-	-	-	89	98	187
Distribution of earnings in a consolidated partnership	-	-	-	-	-	-	-	-	-	-	-	(88)	(88)
Share-based payment	-	-	-	-	1,392	-	-	-	-	-	1,392	-	1,392
Balance as of December 31, 2023	- (*)	238,317	49,109	(213)	4,820	(726)	19,401	9,581	(259)	(30,576)	289,454	35,374 (**)	324,828 (**)

(*) Represents a sum lower than NIS 1

(**) Immaterial adjustment of Comparative Figures. See Note 2g.

The notes attached to the consolidated financial statements constitute an integral part hereof.

For the year ending

Consolidated Statement on Changes in Equity

December 31, 2022

	Share capital	Share premium	Revaluation reserve	Defined benefit programs remeasurement reserve	Capital reserve for share-based payment	Capital reserve from translation differences	Capital reserve for transactions with noncontrolling interests	Receipts on account of option warrants	Capital reserve from hedging' transactions	Retained losses	Total equity attributed to the owners	Noncontrolling interests	Total equity
	NIS thousands												
Balance as of January 1, 2022	- (*)	165,786	21,505	(476)	-	(6,847)	19,205	3,152	-	(32,233)	170,092	(**) 37,162	(**) 207,254
Loss for the year	-	-	-	-	-	-	-	-	-	(11,148)	(11,148)	(**) (5,950)	(**) (17,098)
Other comprehensive income for the year	-	-	(**) 14,766	186	-	3,065	-	-	(154)	-	17,863	(**) 5,785	(**) 23,648
Reduction in the reevaluation for surpluses reserve	-	-	(1,323)	-	-	-	-	-	-	1,323	-	-	-
Expiry of options	-	3,152	-	-	-	-	-	(3,152)	-	-	-	-	-
Transactions with noncontrolling interests	-	-	-	-	-	-	107	-	-	-	107	118	225
Share-based payment	-	-	-	-	3,428	-	-	-	-	-	3,428	-	3,428
Balance as of December 31, 2022	- (*)	168,938	(**) 34,948	(290)	3,428	(3,782)	19,312	-	(154)	(42,058)	180,342	(**) 37,115	(**) 217,457

(*) Represents a sum lower than NIS 1

(**) Immaterial adjustment of Comparative Figures. See Note 2g.

The notes attached to the consolidated financial statements constitute an integral part hereof.

Consolidated Statements on Cash Flows

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Cash flow for regular operations			
Earnings (loss) this year	(59,505)	(*) (262)	(*) (17,097)
The mandatory adjustments for presenting cash flows from regular operations			
<u>a. Expenses (revenues) that are not involved in the cash flow</u>			
Depreciation and amortization	22,098	21,730	17,505
Taxes on income	(13,390)	(*) 4,822	(*) 8,965
Finance expenses (income), net	45,460	(*) (16,015)	(*) (10,858)
The Company's share in the losses of an affiliate treated under the equity method	455	(102)	(71)
Share-based transactions payment	365	1,392	3,428
Reduction of economically unfeasible projects	220	1,129	-
Loss from impairment as a result of revaluing connected systems	5,010	2,297	4,295
	60,218	15,253	23,264
<u>b. Changes in assets and liabilities entries (changes in working capital)</u>			
Decrease (increase) in trade receivables	(17,611)	4,175	(7,586)
Increase in accounts receivables	(23,421)	5,078	6,178
Increase in other long-term accounts receivable	(489)	(7,293)	(1,080)
Increase in trade payables	20,568	2,173	3,576
Increase (decrease) in other accounts payable	49,267	2,453	(4,926)
Decrease in contract assets for concession arrangement	-	142	77
	28,314	6,728	(3,761)
Cash deriving from regular operations	29,027	21,719	2,406
Cash paid and received during the year for			
Loan interest payments	(11,901)	(10,756)	(6,046)
Interest payment for a leasing liability	(4,982)	(5,239)	(4,029)
Interest payments for bonds	(6,099)	(9,665)	(3,411)
Interest payments for commissions and institutions	(692)	(890)	(245)
Mutual interest payments of loans.	(2,568)	-	(3,658)
Taxes paid	(1,120)	(60)	(*) (51)
Interest received	3,773	1,545	-
Interest received from loans extended to partners	2,568	-	(*) 3,658
	(21,021)	(25,065)	(13,782)
Net cash used for regular operations	8,006	(3,346)	(11,376)

(*) Immaterial adjustment of the Comparative Figures see Note 2g below

The notes attached to the consolidated financial statements constitute an integral part hereof.

Consolidated Statements on Cash Flows

	For the year ending		
	December 31		
	2024	2023	2022
	NIS thousands		
Cash flows for investment operations:			
Acquisition of property, plant and equipment	(1,144)	(69)	(32)
Proceeds received disposal of connected systems	20,464	-	1,558
Investment in electricity generating systems in construction and development	(120,057)	(61,684)	(146,592)
Extending guarantees for electricity generating systems in construction and development	-	(19,661)	-
Settlement of extending guarantees for electricity generating systems and construction and development	-	19,661	-
Investments in investees	(16,897)	(5,466)	-
Advances for acquiring projects	(4,747)	(13,334)	(12,078)
Withdrawal from (deposit) in short-term encumbered deposits	(51,287)	4,955	2,014
Deposit in long-term encumbered deposits	(10,207)	(48)	(6,415)
Short-term deposit withdrawal	-	322	1,809
Loan extended to another	-	(2,744)	(3,102)
Acquisition of consolidated companies, consolidated for the first time (Appendix A)	(3,357)	-	
Loan extended to investee companies	(20,918)	-	
Loans extended to partners	(68,103)	(*) 21,447	(*)73,606
Settlement of loans extended to partners	18,241	(*) 2,496	(*)39,326
Net cash used for investment operations	(258,012)	(97,019)	(197,118)
Cash flows from financing operations:			
Share and options issue	-	78,648	-
Payment for settling derivative financial instruments	(1,133)	(2,198)	(1,933)
Short-term credit from banks, net	-	(899)	899
Redemption of Bonds	(18,580)	(32,598)	-
Bonds issue, net	111,822	54,355	237,918
Receipt of loans from banks	74,429	133,950	81,954
Distribution of earnings in a consolidated partnership	(13)	(88)	-
Retirement of loans from banks	(48,678)	(63,867)	(117,841)
Payment of a leasing liability reserve	(5,655)	(3,639)	(4,931)
Receipt of loans from partners	68,103	(*) 21,447	(*) 73,606
Settlement of loans from partners	(18,241)	(*) 2,496	(*) 39,326
Net cash derived from financing operations	162,054	182,615	230,346

(*) Immaterial adjustment of the Comparative Figures - see Note 2g below

The notes attached to the consolidated financial statements constitute an integral part hereof.

Consolidated Statements on Cash Flows

	For the year ending		
	December 31		
	2024	2023	2022
	NIS thousands		
Net cash deriving from the realization group held for sale	(3,686)	-	-
Impact of exchange rate fluctuations on cash and cash equivalent balances			
Impact of exchange rate fluctuations on cash and cash equivalent balances	978	712	(762)
Increase in cash and cash equivalents	(90,660)	82,962	21,090
Cash and cash equivalents balance at the beginning of the period.	152,578	69,616	48,526
Cash and cash equivalents balance at the end of the period.	61,918	152,578	69,616
(A) Acquisition of consolidated companies, consolidated for the first time			
Working capital (apart from cash and cash equivalents)	(4,909)	-	-
Electricity generating systems in construction and development	17,010	-	-
Loan to an investee company	(7,121)	-	-
Loan from a bank	(1,623)	-	-
Total consideration paid less cash in the Company's consolidated	3,357	-	-
(b) Nonpecuniary material operations			
Credit from suppliers and credit balances for electricity generating systems in construction and development.	29,365	4,364	2,397
Increase in a right of use asset against Lease liabilities resulting from new leasing agreements	16,838	6,496	37,554
Non-monetary sale of a connected system	500	-	-

The notes attached to the consolidated financial statements constitute an integral part hereof.

Notes to the Consolidated Financial Statements

Note 1 - General

a. A General Description the Company and its Operations

Solaer Renewable Energies Ltd. (hereinafter: "the Company") was established and incorporated in Israel on June 26, 2019 (hereinafter: "The establishment date") as a private limited liability company, pursuant to the Companies Law, 5759 – 1999, with the registered address 27 Eli Horowitz St., Rehovot.

Ms Paula Vilin Segev is the Controlling Shareholder in the Company

From the Company's establishment to the initial public issue date, the Company did not have any operations. On the date of completing the issue, the operations of Solaer Israel Ltd. (hereinafter: "A sister company"), as well as the holding in the entities dealing in promotion, development, planning, licensing, financing procedure management, establishment, management, activation and maintenance of the electricity generating system from renewable energy sources were transferred to the ownership of the Company, pursuant to Section 15 of the Income Tax Ordinance.

On September 30, 2020, Solaer Israel merged Re-Solar Ltd. into it pursuant to the Companies Law. Within the framework of the aforementioned merger, all Re-Solar's operations, including its assets, rights and liabilities, were transferred in their as is condition to Solaer Israel, all exempt from tax pursuant to Section 103 of the Income Tax Ordinance (New Version) and subject to the conditions detailed in the split agreement. After the merger, the holdings ratio in Solaer Israel was preserved.

On February 2, 2021, subject to the existence of conditions precedent detailed in the split agreement and, after executing the aforementioned merger, Solaer Israel transferred most of its operations in the renewable energy field to the Company and all the employees and officers in Solaer Israel became employed by the Company (hereinafter in this section: "The transferred operations"), together and as one piece, with the tax exemption pursuant to Section 105 of the Income Tax Ordinance, this with the retroactive force to the determining date, September 30, 2020.

All Solaer Israel's operations were transferred to the Company apart from its holdings in the Partnerships with Energix, its holdings in the Partnerships with Afcon and some of the maintenance operations to third parties and additional rights and commitments, all pursuant to the provisions in the split agreement.

The Company, including through the corporations held by it directly and indirectly (hereinafter jointly: "The Group"), deals in promoting, developing, planning, licensing, managing financing procedures, constructing, managing, activating and maintaining electricity generating systems from renewable energy sources in Israel, Spain, Italy, Poland and Chile. The Company is examining opportunities and collaboration in additional countries globally.

b. The Effects of Changes in the Inflation Indices and Interest Rates on the Company's Operations

The report period featured a high inflation rate environment in relation to recent years. As a part of the measures adopted in order to curb price hikes, central banks throughout the world, including the Bank of Israel (BoI) began raising interest rates. The Index rise had an effect on indexed bonds and the loan from a financial institution, while on the other hand, increasing income from electricity generating.

Regarding the interest effect, there are loans linked to EURIBOR interest rate, so that loans that are affected by changes in the interest rate could have an impact on the Company's future results.

Notes to the Consolidated Financial Statements

Furthermore, during the report period, there was a rise in foreign currency exchange rates, resulting in the Company recording rate differences expenses of NIS 34,471 thousand for loans extended to subsidiaries and for foreign currency balances during the year ended December 31, 2024.

c. The Iron Swords War

As at the date of the financial statements approval, the State of Israel is in a state of war in Gaza and on additional fronts, after, on October 7, 2023, the terror organization Hamas had attacked the State of Israel (hereinafter: "The war"). Because of the war, certain regions in the North and South have been defined as combat zones, citizens have been evacuated from these regions and employment places in those regions have been closed. The actions and additional actions adopted in the wake of the war, have a crucial impact on the Israeli economy's economic activity and on the capital market, fluctuations in the shekel exchange rate against foreign currencies and a rise in the risk level and uncertainty.

During the report period, a number of damages were caused due to actions that occurred incidental to the war raging in Israel, including damage to the connected rooftop systems in Israel's North and South. The aforementioned damages have resulted in a 10.5 mega generation shortage among the rooftop systems in the Company's rooftop projects in various periods during the year. Due to the aforementioned damages, the Company was unable to execute repairs and maintenance for restoration of the damages and restoring the installations to functional activity over reasonable periods, in view of security and other restrictions. The aforementioned damages did not have any material impact on the Company apart from classifying project loans from long-term too short-term. The Company's remaining commercially activated installations in Israel generate electricity as required.

Apart from the aforementioned, in view of the fact that the major development and maintenance operations are outside of Israel, there is no impact on these operations.

The Company continues to examine the impact of the war and the economic situation on its business operations regularly.

d. Definitions

The Company	- Solaer Renewable Energies Ltd.
The Group	- The Company and the consolidated companies in the financial statements
Solaer Israel	- Solaer Israel Ltd. – A Company under the proprietorship of the Controlling Shareholder in the Company
IEC	- Israel Electric Corporation Ltd
Related parties	- As defined in International Accounting Standard 24 relating to related parties
Stakeholder	- "Stakeholder"- In the sense of Clause 1 of the definition of a stakeholder in a corporation in Section 1 of the Securities Law, 5728 – 1968

Notes to the Consolidated Financial Statements

- | | |
|-------------------------------------|---|
| The Electricity Authority | - The Public Services Authority – Electricity |
| KWP/MWP | - Kilowatts/megawatt units used for measuring the size of the systems |
| Consolidated companies/subsidiaries | - Companies, including partnerships, the financial statements of which are fully consolidated directly, subsidiaries, or indirectly with the Company's financial statements |
| Index | - The Consumer Price Index published by the Central Bureau of. Statistics |

Notes to the Consolidated Financial Statements

Note 2 – The Basis for Preparing the Financial Statements

a. Declaration on Compliance with International Financial Reporting Standards.

The Group prepared the consolidated financial statements pursuant to International Financial Reporting Standards, (hereinafter: "IFRS").

These financial statements were also prepared pursuant to the Securities Regulations (Annual Financial Statements) 5770 – 2010.

The consolidated statements were approved for publication by the Company's Board of Directors on March 30, 2023.

b. Functional Currency and Presentation Currency.

The consolidated financial statements are presented in NIS, which is the Company's functional currency and are rounded off to the nearest thousand, unless specified otherwise.

The shekel is the currency that represents the primary economic environment in which the Company operates.

c. The Basis for Evaluation

These financial statements were prepared on the basis of historical cost, apart from the following assets and liabilities:

- Assets and liabilities for employee benefits
- Property, plant and equipment measured according to the revaluation model
- Deferred taxes assets and liabilities
- Provisions
- Assets held for sale
- Investments in affiliates

d. The Operational Cycle Period

The Group's operational cycle does not exceed one year. Therefore, current assets and current liabilities include items that are intended and expected to eventuate within a year from the financial statements date.

e. The Analysis Format for Expenses Recognized in the Profit and Loss Statement

As of the 2023 financial statements, the formula for analyzing expenses that were recognized in the Profit and Loss Statement are pursuant to the classification method based on the essence of the expense. The Company has chosen this presentation method, because, in its opinion, it enables presentation of the earnings measurement before financing, taxes, depreciation and amortization in a simple and clear manner. This measure is an important measure for companies in the Company's fields of operation and contributes to understanding the results of its business operations.

f. The use of Estimates and Discretion

The Use of Estimates

When preparing the financial statements pursuant to IFRS, the Company's Management has to use discretion valuations, estimates and assumptions, that have an impact on implementing the

Notes to the Consolidated Financial Statements

accounting policy and the sums of the assets and liabilities, revenues and expenses. It must be clarified that the actual results could differ from these estimates.

When consolidating the accounting estimates used in preparing the Group's financial statements, the Company's Management has to make assumptions regarding the circumstances and events that are subject to substantial uncertainty. In its discretion in determining estimates, the Company's Management bases itself on past experience, various facts, external entities and reasonable assumptions under the appropriate circumstances for each estimate. The estimates and assumptions at their foundation are reviewed regularly. Changes in the bookkeeping estimates are recognized during the period in which the estimates were changed and in each affected future period.

Following is information regarding the assumptions that the Company made regarding the future and other major factors relating to the estimates for which there is a substantial risk that the consequences of which would be a material adjustment to the book values of the assets and liabilities during the next financial year.

1. Revaluation of the Connected Rooftop and Ground-Based Electricity generating Systems

Electricity generating systems are presented in the Statement on the Financial Position in revalued sums. The revalued sums constitute the fair value of those assets as at the date of making the revaluation, established pursuant to the discounted anticipated future cash flows (DCF) through the valuation, which is executed by competent appraisers less depreciation that accrued afterwards and, by deducting losses from an impairment accumulated afterwards. Revaluations are performed sufficiently regularly so that the book value of those assets does not differ materially from the value that was established according to the fair value at the end of the report period. An increase in the book value of property, plant and equipment items as a result of revaluation is entered to other comprehensive income, Apart from an increase that is recognized in profit or loss up to the sum at which a loss is canceled as a result of the revaluation of those assets, which was recognized previously in profit or loss.

While the Company aspires to establishing an objective fair value to the extent possible, the process of estimating the fair value of property, plant and equipment includes subjective components, which, inter alia, originate from the Company Management's past experience and its understanding of the expectations for developments and scenarios in the relevant markets on the date of making the fair value estimate. Therefore, in view of the aforementioned, the fair value determination of the Company's property, plant and equipment necessitates activating discretion and, therefore, changes in the assumptions that were used in establishing the fair values, could materially affect the fair value of property, plant and equipment.

2. Establishing whether an Asset Qualifies for Capitalization

For the purposes of establishing whether a project is an asset qualifying for capitalization, the Company's Management makes an estimate as to whether the system of statutory permits, the affiliation to the land, the ability to connect the electricity etc. existing for the project leads to the conclusion that the project is expected to yield economic benefits for the Company (i.e., the project reaching completion of construction and commercial activation is expected). When there is no expectation for receiving the regulatory authorizations, the Company reduces the development cost to the Profit and Loss Statement.

3. Measuring progress according to the completion rate

Notes to the Consolidated Financial Statements

The Group measures the progress of projects in construction using a method based on the inputs invested for measuring performance progress, pursuant to the estimate of total costs required for completing the performance obligation. The Group believes that use of this method presents the manner of recognizing revenues optimally.

4. Establishing fair value

For the purposes of preparing the financial statements, the Group must establish the fair value of certain assets and liabilities. Additional information about the assumptions used for establishing the fair values are included in the following notes:

- Note 8 - Regarding connected electricity generating systems;
- Note 20- Regarding share-based payment arrangements;
- Note 16- Regarding financial instruments; and

on establishing the fair value of an asset or liability, the Group uses observed data from the market to the extent possible. Measurements of the fair value are divided into three levels in the hierarchy of the fair value based on the data used in the valuation as follows:

- Level 1: Quoted prices (unadjusted) in the active market of identifiable assets and liabilities.
- Level 2: Data observed from the market, directly or indirectly, that are not included in Level 1 above
- Level 3: Data that are not based on observed market data.

g. Immaterial Adjustment of Comparative Figures

Pursuant to the Shareholders' agreements between the Company and the minority rights holders in subsidiaries in the Group, all Shareholders are obligated to participate in financing the subsidiaries' financial needs, for purposes of financing, development, construction and activating the project under their ownership, proportionately to their holdings rate.

During 2021-2024, the Company and minority rights holders extended loans to the subsidiaries, when the Company extended the full sums of the loans, both in its name and in the name of the guarantee rights holders. Thus, the minority rights holders became debtors vis-à-vis the Company for their share in the loans that it had extended in their name.

Because the Company infuse the full sums of the loans into the subsidiaries in its name and in those of the minority rights holders, these loans were treated as intercompany loans and, the Company did not recognize a financial asset for the sums that it had extended in the name of the minority rights holders.

In these financial statements, an immaterial adjustment was made in order to reflect the sums of the loans that were extended directly by the minority rights holders to the subsidiaries in the sums that the minority rights holders owe to the Company, which had extended the loans to the subsidiaries in their name.

Following is the impact of the Immaterial adjustments as aforementioned:

Notes to the Consolidated Financial Statements

The impact of the amendment on the Statement on the Financial Position	As at December 31, 2023		
	As reported in the past	The impact of the amendment	As reported in these financial statements
	NIS thousands		
Electricity generating systems in construction and development	401,659	26,545	428,204
Assets held for sale	90,610	3,202	93,812
Advances for acquiring projects	33,828	1,598	35,426
Deferred taxation liabilities	64,820	7,861	72,681
Equity attributed to the owners	289,454	-	289,454
Noncontrolling interests	11,890	23,484	35,374

The impact of the amendment on the Comprehensive Income Statement	For the year ending, December 31, 2023		
	As reported in the past	The impact of the amendment	As reported in these financial statements
	NIS thousands		
Finance expenses	(27,831)	(1,486)	(29,317)
Finance income	28,691	16,641	45,332
Income tax expenses	(1,010)	(3,812)	(4,822)
Loss for the year	(11,605)	11,343	(262)
Earnings for the year attributed to the owners of the Company	10,181	-	10,181
Loss for the year attributed to noncontrolling rights	(21,786)	11,343	(10,443)
Foreign currency translation reserve	4,901	846	5,747
Comprehensive income net of taxes for the year	14,732	12,189	26,921
Comprehensive income for the year attributed to the owners of the Company	28,671	-	28,671
Comprehensive loss for the year attributed to noncontrolling interests	(13,939)	12,189	(1,750)

Notes to the Consolidated Financial Statements

Note 3- The Principles of the Material Accounting Policy

The accounting policy rules detailed below were implemented consistently throughout the periods presented in these consolidated reports, by the Group's entities, unless specified otherwise.

a. Consolidated Financial Statements

Subsidiaries

The subsidiaries are entities controlled by the Company. The Company controls an entity when it has the power of influencing the investee entity, it has exposure or rights to variable returns from its involvement in the entity and it has the ability to use its influential strength on the investee entity in order to have an influence on the sum of the return deriving for it from that entity. The subsidiaries' financial statements are included in the consolidated financial statements as of the date on which the Group attains control in them, until the date of losing control.

Noncontrolling Interests

Noncontrolling interests are the capital in a subsidiary that cannot be attributed directly or indirectly to the Parent Company.

Allocation of profits or losses and other comprehensive income among the Shareholders profit or loss and any component of other comprehensive income are attributed to the owners of the Company and to noncontrolling interests. The total profit or loss and other comprehensive income are also attributed to the owners of the Company and to noncontrolling interests even if, as a result of this, the balance of the noncontrolling interests is negative.

Transactions Canceled in the Consolidation

Inter alia, intercompany transactions in the Group include: Providing development, construction, activation and maintenance services of the solar systems and extending loans.

Mutual balances in the Group (between subsidiaries and sister companies) and revenues and expenses that have not yet been realized, which derive from intercompany transactions, as aforementioned, are canceled in the framework of preparing the consolidated financial statements. Profits that have not yet been realized that derived from transactions with affiliates and joint ventures, are canceled against the investment according to the Group's rights in those investments.

Acquisition of a Property Company

When acquiring a property company, the Group exercises discretion when examining whether reference is to a business or property acquisition, for the purposes of determining the bookkeeping treatment of the transaction. When examining whether a property company constitutes a business, inter alia, the Group examines the system of the agreements and existing processes (should there be any) in the property company. Transactions in which the acquired company is not a business are treated as the Group's acquisition of assets and liabilities. In transactions as aforementioned, the cost of the acquisition, which include the transaction costs, are allocated proportionately to identifiable assets and liabilities, which were acquired based on their proportionate fair value as at the date of the acquisition. Goodwill and deferred taxes for the temporary differences existing as at the date of acquisition are not recognized.

When the Company engages in a transaction for acquiring an asset (a transaction that does not constitute a combination of businesses) and the consideration for the acquisition includes a conditional consideration dependent on the occurrence of future events not under the Company's control, the liability for the conditional consideration is only recognized on the occurrence of the future event (the date of realizing the conditional consideration and is entered against the cost of the

Notes to the Consolidated Financial Statements

acquired asset).

b. Foreign Exchange

Foreign Currency Transactions

Foreign currency transactions are translated into the relevant functional currencies of the Group's companies pursuant to the exchange rate in force on the transaction dates. Monetary assets and liabilities, specified in foreign currency on the report date, are translated into the functional currency pursuant to the exchange rate in force on that date. Rate differences for the financial items are the difference between the amortized cost in the functional currency at the beginning of the year, when it is adjusted to the effective interest rate and payments during the year and the amortized costs in the foreign currency translated according to the exchange rate at the end of the year. Rate differences deriving from translating to the functional currency are recognized in profit and loss.

Nonmonetary assets and liabilities specified in foreign currency and measured according to fair value, are translated into the foreign currency and are measured according to the historical cost, translated according to the exchange rate in force on the transaction date. The activity according to the exchange rate in force on the date on which the fair value was established of the nonmonetary items specified in the currency.

Foreign Operations

The Company has investments in subsidiaries that constitute foreign operations in Europe and South America. Assets and liabilities of foreign operations, including goodwill and adjustments for fair value that are created on acquisition, are translated into NIS according to the exchange rates in force on the report date. Foreign operations revenues and expenses are translated into NIS according to the exchange rate in force on the transactions dates.

Rate differences for translating are recognized in other comprehensive income and are presented in equity in the foreign currency translation reserve (hereinafter: "The translation reserve").

When foreign operations are a subsidiary that is not under the Company's full ownership, the proportionate share of the exchange differences for the foreign operations is allocated to noncontrolling interests.

As a rule, exchange rate differentials for loans that were received or extended for foreign operations, including foreign operations that are subsidiaries, are recognized in consolidated profit and loss.

c. Financial Instruments

(1) Non-Derivative Financial Assets

The Group has balances for trade receivables, loans to a sister company and project companies and loans to a third party. The cash flows from these financial assets are only principal and interest and they are held in the business model, the goal of which is holding in order to collect the cash flows. Accordingly, these assets are measured at an amortized cost, in the effective interest method and on deducting losses from impairment.

The Group recognizes a provision for predicted credit losses for financial assets measured at the amortized cost.

The Group examines the anticipated credit losses (or their cancelation) for trade receivables and loans balances, in a sum equivalent to the anticipated credit losses throughout the instrument's lifespan. The Group examines each material trade receivables balance and loans separately for the purposes of establishing a provision for anticipated credit losses. The provision for credit losses is based on the Group's historical collection experience, while being adjusted to the current conditions and

Notes to the Consolidated Financial Statements

evaluation of the anticipated trends, pursuant to the customer or borrower's circumstances

(2) Non-Derivative Financial Liabilities

The Group's non-derivative financial liabilities include: Overdrafts at banks, loans and credits from banks and other credit providers, bonds, Lease liabilities and other accounts payable.

These liabilities are initially recognized at fair value less any attributable costs of the transaction. After initial recognition, financial liabilities are measured at their amortized cost according to the effective interest method.

Changing the Conditions of a Debt Instrument

When the Group makes a change to the contractual conditions of existing debt instruments or executes an exchange of debt instruments, it examines whether reference is to a change to material conditions or to immaterial conditions.

In the event of changing (or replacing) the conditions of a debt instrument which is immaterial, the new cash flows are capitalized at the original effective interest rate, when the difference between the current value of the financial liability with the new conditions and the current value of the original financial liability is recognized in profit and loss.

Setting Off Financial Instruments

The Group sets off a financial asset against a financial liability and the sums are presented net in the Statement on the Financial Position, when the Group currently has an enforceable legal right to set off the sums that were recognized and an intention to remove the asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

(3) Derivative Financial Instruments

Derivatives are initially recognized at fair value. Attributable transaction costs are entered to profit and loss on their formation. After initial recognition, derivatives are measured at fair value, when changes in the fair value are entered to profit and loss unless the derivatives are intended as hedging instruments as a part of the Group's hedge accounting. (See Section 3d(4) as well).

Hedge Accounting

The Group designates certain derivatives as hedging instruments in order to hedge changes in cash flows that relate to anticipated transactions at a high level and which derive from changes in the composition of the Consumer Price Index in Israel (hereinafter: "The Index") for indexed bonds.

On the date of creating hedging relationships, the Group documents the purpose of risk management and its strategy for executing hedging. The Group also documents the economic relationship between the hedged item and the hedging instrument, which includes whether the cash flow changes of the hedged item and of the hedging instruments are expected to set off one another.

Hedging Cash Flows

The Group engages in SWAP transactions for changing the amortization schedule of bonds with indexed interest rates to an amortization schedule at a fixed unindexed interest rate. These investments are intended as hedge items for the purposes of implementing the hedging accounting rules and cash flows for protecting against exposure to changes in the Index rate.

When a derivative instrument is intended as a hedging instrument that hedges cash flows, the effective part of the changes in the fair value of the derivative is entered to other comprehensive income, directly to the hedging reserve. The effective part of the changes in the fair value of the derivative, which are

Notes to the Consolidated Financial Statements

entered to other comprehensive income, is restricted to the accumulated change in the fair value of the hedged item (according to current value) from the date of creating the hedging.

The Group designates only the change in the fair value for the immediate price element of forward contracts (the spot component) as a hedging instrument in the hedging cash flows ratio. The change in the fair value attributed to the futures price element of the forward contracts (the forward component) is not included as a part of the hedging ratios and is treated as the hedging cost, by entering the change to the hedging cost reserve.

The sum accumulated in the hedge funds is reclassified to profit and loss during the period in which the cash flows affect it and is presented in the relative entry together with the item hedged in the framework of the finance expenses entry

(5) Indexed Assets and Liabilities that are not Measured According to Fair Value

Indexed financial assets and liabilities, which are not measured according to fair value, are revalued in each period pursuant to the actual rise/decrease rate of the Index.

d. Cash, Cash Equivalents and Encumbered Deposits

The Group's cash and cash equivalents include cash on hand, short-term deposits at banks, other short-term investments with high liquidity and a deposit period that does not exceed 3 months. Deposits that are restricted for use by the Group for credit agreements, such as sums deposited in reserve accounts for servicing debt and in which the Company does not have any free and immediate access to the deposited sums are presented in the Statement on the Financial Position as restricted deposits.

e. Electricity Generating Systems in Construction and Development

The Group enters all the development costs for project that it develops to profit and loss up to the stage in which, in Management's opinion, the feasibility of constructing the project has been proven, From the stage in which the project is feasible, the development and construction costs are capitalized to the cost of the project. As a rule, a project is deemed to be feasible in the stage in which the Group expects future economic benefits to be produced from it.

In addition to the development and venture costs as aforementioned, the cost of electricity generating systems that were constructed independently also includes the cost of the materials, direct labor costs, subcontractors and specific credit costs and any additional cost that can be attributed directly to bringing the asset to the location and condition in a manner that it would be able to operate in the manner intended by Management.

After completing the construction process and initiation of the electricity generating systems, the systems are classified to connected rooftop and ground-based electricity generating systems.

f. Connected Rooftop and Ground-based Electricity Generating Systems

(1) Recognition and Measurement

Connected rooftop and ground-based electricity generating systems meet the definitions of property, plant and equipment as reference is to tangible items, which are held for the purposes of use in generating or supplying commodities or services that are predicted as being used during more than one period.

Notes to the Consolidated Financial Statements

These systems are presented according to the revaluation model and are included according to fair value, based on the valuations executed through independent external appraisers, less accrued depreciation from the date of the revaluation. The valuations are made on the date of connecting each system to the Electric Corporation and are executed sufficiently regularly and subject to changes in the circumstances, in order to ensure that the book value does not differ materially from the value that was established according to fair value at the end of the report period. Any accrued depreciation on the revaluation date is canceled against the gross book value of the asset and the net sum is restated according to the revalued sum of the asset.

A rise in the book value of the systems, as a result of the revaluation, is entered to other comprehensive income and presented in the revaluation reserve in the framework of equity less the tax effect. In each period, a sum equal to the difference between the depreciation entered to the Profit and Loss Statement based on the revalued book value of the systems and the depreciation, based on the original cost of the systems, is transferred directly from the revaluation reserve to the surpluses balance. The balance of the revaluation reserve attributed to a system that was removed is transferred directly to surpluses on the date of removing the system.

An impairment of a system as a result of the revaluation which sets off a previous hike in the book value of the system is entered to other comprehensive income against the revalued reserve until zeroing the reserve for that system. An additional impairment, should there be any, is entered to the Profit and Loss Statement.

A value hike of a system as a result of the revaluation is recognized in the Profit and Loss Statement up to the sum at which it cancels the impairment that had been recognized previously in the Profit and Loss Statement. An additional value hike, should there be any, is entered to the revaluation reserve.

(3) Depreciation

Depreciation is a methodical allocation of the deductible amount of an asset over its useful life span. A deductible amount is the cost of the asset or another sum that replaces the cost less the residual value of the asset.

Connected rooftop and ground-based electricity generating systems are depreciated as of the date on which they were available for use, i.e., when they reach the required location and situation, in order to operate in a manner in which Management had planned.

Depreciation is entered to the Statement of Profit and Loss according to the straight-line method over the estimated useful lifespan of each part of the fixed asset items, because this method reflects the predicted consumption format of the future economic benefits embedded in the asset optimally.

The depreciation rates estimate for the current year and comparative periods are as follows:

	<u>%</u>
Connected rooftop electricity generating systems	4
Connected ground-based electricity generating systems	2,86

The useful lifespan, depreciation method and residual value of each asset are examined at least at the end of each year and the changes are treated as accounting estimate changes in the manner of from now on. See Note 2g above. See Section "h" below regarding an examination of the impairment of a fixed asset.

Notes to the Consolidated Financial Statements

g. Capitalization of Credit Costs

A qualifying asset is an asset that requires an essential time period to prepare it for its intended use or sale.

The costs of specific credit and nonspecific credit originating included that the Company took itself, are capitalized to the qualifying assets during the period required for completion and construction after the date on which they are ready for their intended use. Other credit costs are entered to profit and loss on their formation.

h. Impairment

Non- Financial assets

Once year, on a fixed date, or frequently when there are signs of an impairment, the Group conducts a valuation of the refundable amount of a cash yielding unit which includes goodwill. Furthermore, The Group examines the need for an impairment of other nonfinancial assets, when there are signs as a result of events or changes in circumstances that indicate that the balance in the financial statements is not refundable.

In instances in which the balance of non-financial assets in the financial statements exceeds their refundable amount, the assets are devalued to their refundable amount.

Measuring the refundable amount

The refundable amount of the asset is the higher among the usage value and the fair value, less realization costs. When establishing the usage value, the Group capitalizes the predicted future cash flows, according to the pre-tax capitalization rate, which reflects the estimates of market participants regarding the time value of the money and the specific risks that relate to the assets, or the cash yielding unit, for which the future cash flows that are expected to derive from the asset, or the cash yielding unit, were not adjusted.

i. Employee Benefits

Benefits after Termination of Employment:

Most of the Company's employees have signed Section 14 of the Severance Pay Law and, accordingly, the benefit programs after termination of employment are classified as defined deposit programs. The Company's liabilities to deposit in the defined deposit program are entered as an expense to profit and loss in the periods during which the employees provided related services. The liabilities to deposit in the defined deposit program which are ready for payment within more than 12 months from the termination of the period in which the employees provided the service, are recognized according to their current value.

j. Provisions

A provision is recognized when the Group has a current legal or implied obligation, as a result of an event that occurred in the past, that can be estimated reliably and when it is expected that negative cash flows of the economic benefits for settling the commitment, will be required. The provisions are established by capitalizing the future cash flows at a pre-tax interest rate, which reflects the current market for the time value of the money and the specific risks for the liability and without weighing the Group's credit risk. The book value of the provision is adjusted in each period, in order to reflect the time elapsed. The adjustment sum is recognized as finance expenses

k. Non-current Assets Held for Sale

Notes to the Consolidated Financial Statements

Non-current assets are classified as assets held for sale if it is highly reasonably expected that their recovery will be essentially through a sales transaction and not through continued use. Thus, also, when the Company is obligated to a sales program that is subject to a loss of control over a subsidiary, without any link as to whether noncontrolling interests in the former subsidiary will remain for the Company after the sale.

Immediately prior to classifying them as held for sale, the assets are measured pursuant to the Group's accounting policy. Afterwards, the assets are measured according to the lower between the book value and the fair value less the sales costs.

In consecutive periods, depreciable assets that are classified as held for sale are not depreciated periodically

I. Recognition of Revenues

The Company's Revenue Sources

The Group's revenues derive, inter alia: From providing development services of the photovoltaic systems, providing construction and maintenance services for the photovoltaic systems according to construction contracts and concession arrangements and from generating and selling electricity. The Group recognizes revenues when the customer gets control of the merchandise or service that were guaranteed as follows:

1) Revenues from Development Services

Revenues from providing development services are recognized in the report period in which the services were provided. The revenues are recognized pursuant to the rate of completing the specific transaction, estimated on the basis of the rate of the services executed out of all the aforementioned services for execution.

2) Revenues from Maintenance Services

The revenues from providing maintenance services are recognized on a straight-line over the report period in which the services were provided.

3) Revenues from Electricity Sales

Revenues from the electricity sales derive from the sale of electricity to municipal authorities and government companies (Electric Corporation) and from electricity sales to third parties in the European market. Revenues from electricity sales are recognized with the supply of electricity over the production period.

4) Revenues from Work pursuant to Construction Contracts

The Company recognizes revenues from construction contracts over time pursuant to the completion rate based on estimations.

Contract Asset and Contract Liability

A contract asset is recognized when the Group has a right to a consideration for merchandise or services that the Group transferred to a customer when this right is conditional on another factor other than the elapse of time, for example on future performances of the Group. Contract assets are classified to the accounts receivable entry when the rights to them become unconditional.

Notes to the Consolidated Financial Statements

A contract liability is recognized when the Group is obligated to transfer the merchandise or services to a customer for which it receives a consideration (or the settlement date of the sum has commenced) from the customer.

m. Leases:

Leased Assets and Lease Liabilities

Contracts that impart control of use of an identifiable asset to the Group during a period for a consideration, are treated as lease contracts. On initial recognition, the Group recognizes the liability in the current sum of the future lease payments (these payments do not include certain variable lease payments), and, simultaneously, the Group recognizes a right of use asset at the level of the liability for leasing, adjusted for the lease payments that will be paid in advance or that have accumulated, with the addition of the direct costs that were created in the lease.

Because the interest rate embedded in the lease cannot be determined easily, use is made of the tenant's sequential interest rate.

After initial recognition, the asset is treated pursuant to the cost model and is amortized throughout the lease period or the useful lifespan of the asset, whichever is the earlier.

Depreciation of a Right of Use Asset

After the date of commencing the lease, a right of use asset is measured using the cost method, less accrued depreciation and less losses from impairments that were accumulated and adjusted for re-measuring the liability for the lease. Depreciation is calculated according to the contractual lease period (including periods covered by an option to extend the lease if it is reasonably certain that the Company will exercise the option):

Connected rooftop electricity generating systems	25 years
Connected ground-based electricity generating systems	35 Years
Vehicles	3 Years

n. Finance Revenues and Expenses

Finance revenues include interest revenues for sums that were invested, profits from changes in the fair value of financial assets that are presented at fair value through profit and loss and profits from rate differences.

Finance expenses include interest expenses for loans that were received, changes in the time value for provisions, changes in the fair value of financial assets presented at fair value through profit and loss and losses from an impairment of financial assets (apart from losses for an impairment of trade receivables, accounts receivable and contract assets that are presented in the framework of a separate entry).

Credit costs, which are not capitalized for qualifying assets, are entered to finance expenses in the Profit and Loss Statement according to the effective interest method. Gains and losses from rate differences for financial assets and liabilities are reported net as finance revenues or expenses, as dependent on the fluctuations in the exchange rate and as dependent on their position (net gains or losses).

Interest received is presented in the Cash Flows Statement in the framework of cash flows from regular operations. Interest paid is represented in the framework of cash flows from regular operations. Credit costs that were capitalized to qualifying assets are presented together with interest paid in the framework of the cash flows from current operations.

o. Taxes on Income

Notes to the Consolidated Financial Statements

Taxes on income include current and deferred taxes. Current and deferred taxes are entered to the Profit and Loss Statement, unless the tax derives from a combination of businesses, or are entered directly to equity or to other comprehensive income if they derive from items that are recognized directly in equity or other comprehensive income.

Current Taxes

The current tax is the tax sum that is expected to be paid (or received) on taxable income during the year, when it is calculated according to the tax rates applicable pursuant to the laws legislated or that were actually legislated as at the date of the report. Current taxes include taxes for previous years.

Setting Off Current Tax Assets and Liabilities

The Group sets off current tax assets and liabilities if a legal right has been given to enforce setting off current tax assets and liabilities and, there is an intention to settle the current tax assets and liabilities on a net basis or that the current tax assets and liabilities will be settled simultaneously.

Uncertain Tax Positions

The provision for an uncertain tax position, including additional tax expenses and interest is recognized when it is more expected than not that the Group will require economic resources to settle the indebtedness.

Deferred Taxes

Recognition of deferred taxes is in relation to temporary differences between the book value of the assets and liabilities for the purposes of financial reporting and their value for tax purposes. The Group does not recognize deferred taxes regarding the following temporary differences:

- The initial recognition of goodwill;
- Initial recognition of assets and liabilities in a transaction that does not constitute a combination of businesses and does not have an impact on bookkeeping profits and profits for tax purposes and, which does not create taxable temporary differences and deductible temporary differences in equal sums as at the date of the transaction; and
- The differences deriving from an investment in subsidiaries, in joint arrangements and in affiliates, if the Group controls the difference at the date of converting and, it is not expected that they will be converted in the foreseeable future whether by way of realizing an investment or by way of distributing dividends for an investment

Measuring deferred taxes reflects the tax implications deriving from the manner in which, at the end of the report period, the Group expects to return or settle the value of the assets and liabilities of the deferred taxes, measured according to the tax rates expected to apply to the temporary differences on the date on which they will be recognized, based on the laws that were legislated or were actually legislated as at the report date.

Deferred taxes are recognized in the books for losses carried down, tax benefits and deductible temporary differences when, it is expected that there will be taxable revenue in the future, against which it will be possible to exploit them. Deferred tax assets are examined on each report date and, if it is not expected that the relating tax benefits will be realized, they are reduced.

Deferred tax assets that were not recognized are revalued on each report date and, are recognized if the expectation has changed so that is expected that in the future there will be taxable revenues, against which they can be exploited.

Notes to the Consolidated Financial Statements

Setting off Deferred Taxes Assets and Liabilities

The Group sets off deferred tax assets and liabilities if there is a legal enforceable right to set off deferred tax assets and liabilities and they are attributed to the taxable revenues taxed by the Tax Authority in that assessed company or in different companies, the intention of which is to settle the current tax assets and liabilities on a net basis or that the current tax assets and liabilities are settled simultaneously.

Intercompany Transactions

A deferred tax for intercompany transactions in the consolidated financial statements is recognized according to the tax rate applicable to the acquiring company.

p. Initial Implementation of the Amendments to the Standards and Interpretations

Amendment to IAS 1, Presenting Financial Statements: Classifying Liabilities As Current or Non-current and a Sequential Amendment: Non-current Liabilities With Financial Covenants

The amendment, together with the sequential amendment to IAS 1, replaces a certain classification requirement of liabilities as current or non-current.

Pursuant to the amendment, a liability must be classified as non-current when the entity has a right to defer payment to a period of at least 12 months after the report period, which is of substance and that exists to the end of the report period.

The sequential amendment, as published in October 2022, establishes that the financial covenants with which the entity is required to comply after the report date, will not have an effect on classifying a liability as current or non-current. Furthermore, the sequential amendment adds disclosure requirements for liabilities that are subject to an examination of the financial covenants within 12 months after the report date, such as disclosure regarding the nature of the financial covenants, the date on which it is necessary to comply with them and facts and circumstances that indicate the fact that the entity had difficulty in complying with the financial covenants.

Furthermore, the amendment clarified that the right of converting the liability will affect the classification of the instrument in its entirety as current or non-current, unless the conversion component is capital.

Implementation of the amendment had no effect on the Company's financial statements.

The Decision of the Interpretations of International Financial Reporting Committee Regarding Disclosure of Revenues and Expenses of Reportable Sectors.

During July 2024, the IASB approved the decision of the International Finance Reporting Interpretation Committee (IFRIC) regarding disclosure of revenues and expenses of reportable sectors (hereinafter "the decision") pursuant to International Financial Reporting Standard 8, *Activity Sectors* (hereinafter "the standard").

The decision clarifies the disclosure requirements provided in Section 23 of the standard and the manner of implementing them and discusses a number of aspects as follows:

- Disclosure requirements for amounts defined in Section 23 of the standard for each reportable sector, even when these amounts are not reviewed separately by the chief operational decision-maker in the entity (CODM).
- Disclosure requirements pursuant to Section 23(1) of the standard (regarding presentation of amounts for material items of revenues and expenses that were given disclosure pursuant to the instructions in IAS 1) for each reportable sector, when the entity presents the aforementioned amounts as a part of implementing other IFRS instructions and, the manner in which it must establish what "the material items" are when implementing that section.

The Company will implement the decision, as aforementioned in the Operational Sectors Note included in these financial statements by way of a retroactive implementation.

Notes to the Consolidated Financial Statements

q. New Standards, Amendments to Standards and Interpretations that have not yet been Adopted

International Financial Reporting Standard IFRS 18, Presentation and Disclosure in Financial Statements
This standard replaces International Accounting Standard IAS 1 Presentation of Financial Statements. The objective of the standard is to provide an improved structure content for the financial statements, especially in the Profit and Loss Statement.

The Standard includes new disclosure and presentation demands that were introduced from International Accounting Standard IAS 1 Presentation of Financial Statements with minor phrasing changes.

As a part of the new disclosure requirements, companies will be required to present two interim sums in the Statement on Profit or Loss: Operating income and earnings before financing and tax. In addition, for most of the companies, the results in the Statement on Profit or Loss will be classified into three categories: Operating income, gains from investments and finance revenues.

In addition to the changes in the structure of the Statements of Profit and Loss, the standard also includes a demand for providing separate disclosure in the financial statements regarding the use of performance indices defined by Management "non-GAAP" Indices.

Furthermore, in the framework of the amendment, specific instructions for clustering and splitting items in the financial statements and notes have been added. The standard will encourage companies to avoid classifying items as "other" (for example, other expenses), and such a classification will lead to additional disclosure demands.

The initial implementation date of the amendment is for the annual periods commencing on January 1, 2027 with an option for early implementation. The Company is examining the implications of the amendment for its financial statements without any intention for early implementation. Pursuant to a decision by the Securities Authority's Plenum, reported corporations are entitled to early adoption of the standard as of the report periods commencing on January 1, 2025.

Amendments to IFRS 9, Financial Instruments and to IFRS 7, Financial Instruments: Disclosures: Amendments to Classifying and Measuring Financial Instruments

These amendments relate to the following subjects:

They add clarifications regarding the date of recognizing and removing financial instruments and the addition of an exception to the matter of the date of removing financial liabilities that are settled on electronic cash transfers.

Classification of financial assets – An update of the instructions regarding the manner of valuation as to whether the cash flows from contractual money of a financial asset are only principal and interest payments; When the contractual conditions of an asset include conditional qualities, (for example, linkage to ESG Indices) and the addition of examples on the subject and clarification regarding when financial instruments are contractually linked and, when financial instruments constitute a (non-recourse), right, for the purposes of establishing whether they include only principal and interest payments;

An update of the disclosure requirements for financial instruments with conditional qualities that are not directly related to a change in the basic risks/ costs of the instrument; and an update of the disclosure requirements for investments in capital instruments measured at fair value through other comprehensive income.

The amendment will be implemented as of the annual report periods commencing on January 1, 2026.

The Group is examining the implications of the amendments on its financial statements, without any intention for early implementation.

Notes to the Consolidated Financial Statements

Note 4 - Cash and Cash Equivalents

a. Composition

	As at December 31	
	2024	2023
	NIS thousands	
Balance in shekels	13,517	87,468
Balances in foreign currency	48,401	65,110
	61,918	152,578

b. Additional Details:

Foreign currency balances include euro, dollar and zloty balances

The Group's exposure to credit risk, interest rate, currency risk and a sensitivity analysis for financial assets, are detailed in Note 17, regarding financial instruments.

Cash balances including a sum of NIS 3,163 thousand, which can be withdrawn from the bank at any time, but are subordinate by virtue of engagements with the credit providers, for the purposes of partial or full compliance with servicing the debt, or complying with certain conditions pursuant to the agreements and are not restricted by the bank in which the cash is held

Notes to the Consolidated Financial Statements

Note 5– Trade Receivables

a. Composition

	As at December 31	
	2024	2023
	NIS thousands	
Unsettled debts	2,570	4,484
Revenues receivable (*)	21,538	4,309
Checks for collection	59	8
Less provision for an impairment	(754)	(631)
	23,413	8,170

(*) See Note 29 below for additional details.

b. Credit risk management by the Group:

The Group's exposure to credit risks and currency risks and impairment losses relating to trade receivables and other accounts receivable are detailed in Note 17, regarding financial instruments

Note 6 - Other Accounts Receivable

	Note	As at December 31	
		2024	2023
		NIS thousands	
Prepaid expenses		1,973	3,067
Institutions		17,014	7,715
Advances to suppliers		12,220	3,193
Accounts receivable for a project in process		269	255
Associated companies	29	2,925	1,031
Sundry debtors		(*) 8,173	4,799
Interest receivable		-	73
		42,574	20,133

(*) The balance includes NIS 4,067 thousand for the balance of proceeds from the sale of the Phoenicia system received in January 2025. See Note 19a(1) for additional details.

Note 7 - Non-Current Assets and Realization Groups Held for Sale

Pursuant to a Memorandum of Understanding signed on November 27, 2024 for the sale of Aliza sun, as at December 31, 2024, the Company classified Aliza sun's assets and liabilities as held for sale as a part of the realization group. The realization group included an amount of NIS 176,498 thousand, less liabilities of NIS 121,872 thousand.

Furthermore, the balance of assets held for sale as at December 31, 2024, included NIS 16,858 thousand for a system in development of the Garbina Project. See Note 19(6) below for additional details.

Notes to the Consolidated Financial Statements

In the financial statements as at December 31, 2023, assets held for sale were for the Garbina Project and projects in Spain with a capacity of 225 MW, which were included in the balance as part of a prime transaction. The projects did not reach the stage defined in the agreement for the sale and, therefore, are no longer classified as held for sale.

a. Assets and Liabilities of Realization Groups Held for Sale

Assets of Realization Groups Classified as Held for Sale	As at December 31, 2024
	NIS thousands
Cash and cash equivalents	3,686
Trade receivables	1,342
Short and long-term accounts receivable	3,055
Deposits	847
Connected ground-based electricity generating systems	153,680
Right of use asset	13,888
Total assets in the Aliza sun realization group	176,498
Asset held for sale – Garbina Project	16,858
Total assets held for sale	193,356

Liabilities of Realization Groups Classified as Held for Sale	As at December 31, 2024
	NIS thousands
Trade payables	16
Other accounts payable	1,184
Liabilities to banks and other credit providers	94,517
Leasing the liability	14,173
Liability for dissolution and rehabilitation	679
Deferred taxation liabilities	11,303
	121,872

Notes to the Consolidated Financial Statements

Note 8 – Investments in Investees

a. Consolidated Subsidiaries

Following is a list of the Company's' material consolidated subsidiaries and partnerships

		The Company's ownership rights in a subsidiary / partnership		
		For the year ending December 31		
		%		
	Principle location	2024	2023	Referral to Note
Solento 1 L.P (hereinafter: "Solento 1")	Israel	100	100	a
Himin investment 2 S.L (hereinafter "Himin 2")	Spain	51	51	b
Aliza sun S.L(hereinafter: " Aliza sun ")	Spain	71,2	71,2	c.
Solaer - TDI Poland Power Limited Partnership	Israel	70	70	d.
Re-Solar SARL (hereinafter: "Re-Solar")	Luxembourg	47,4	47,4	e.
Agua-Sol Development S.L (hereinafter: "Agua Sol")	Spain	51	51	f.
Energy Intersol S.L (hereinafter: "Energy Intersol")	Spain	51	51	g
Sol-Neto Intersol L.P. (hereinafter: "Sol-Neto Intersol")	Israel	100	100	h

The Company has control in the aforementioned subsidiaries and partnerships. The rights allocated to the Company's partners in the various projects are protective rights in nature, while the Company holds rights that impart it with the ability to outline the relevant operations that have a significant impact on the returns of the invested entity.

- a. Solento 1 has a 100% holding in the entities that hold rooftop projects.
- b. Himin 2 holds the full rights for constructing a photovoltaic installation with a capacity of 50 MW in Elche, (hereinafter: "Elche 1"), which is in the advanced stages of development. Furthermore, Himin 2 is developing an enlargement of the project by an additional 300 MW (hereinafter: "Elche 2-6 Project"), adjacent to Project Elche 1. See Note 19(a)(2 for additional details.
- c. On July 31, 2020 the Company acquired additional shares in Zaragoza Israel Solar Project Ltd. and DMA Grid Ltd. So that it increased its holding in Aliza sun from 45.9% to 71.2% and attained control. In Aliza sun there is a photovoltaic system with a capacity of 50 MW connected to the electricity grid in Aliza sun, Spain See Note 19(a)(7 for additional details.
- d. As at the report date, the Company holds 70% of Solair – T.D.I. Poland Power Limited Partnership in concatenation. The balance of Solair – T.D.I. Poland Power Limited Partnership's shares are held by in concatenation by T.D.I. Wind and Solar Energy Ltd. at a rate of 30%. Solair – T.D.I. Poland Power Limited

Notes to the Consolidated Financial Statements

Partnership promotes and develops photovoltaic systems through investee companies in Poland See Note 19(a)(7) below for additional details.

- e. Re-Solar was established on April 04, 2022 and, as at the date of the financial statements is held by the Company in concatenation at an effective rate of 47.4%. The balance of Re-Solar's shares are held by Indigo and, in concatenation, by Himin Solar at rates of 7% and 45.6% respectively. Inter alia, Re-Solar holds a number of Partnerships in Luxembourg, which have the rights to construct projects in Italy and Spain by designated project companies in those countries. Re-Solar also holds Energy Intersol 8, a Spanish company that has projects in Chile. See Note 19(a)(2)(c) below for additional details.
- f. Agua Sol is held by the Company in concatenation at a rate of 51%. The balance of the Agua Sol shares are held in concatenation by Himin Solar Agua Sol has the rights to develop a photovoltaic energy and water desalination project in Chile (hereinafter: "Anpac") See Note 19(a)(5)(b) for additional details.
- g. Energy Intersol is held by the Company in concatenation at a rate of 51%. Energy Intersol holds the Spanish company Himin Investments 3 at a rate of 86.4%, Energy Intersol 4 at a rate of 93% and also has a 100% holding in Energy Intersol EPC Chile, a Chilean company that constructs photovoltaic projects in Chile. Energy Intersol holds and construct photovoltaic projects in Spain
- h. The Company has a 100% holding in Sol-Neto Intersol and has a 51% holding in the Spanish companies Himin Investments 2 S.L. and Energy Intersol S.L.

b. Affiliates Accounted for Under the Equity Method

Following are details regarding the Company's investments accounted for under the equity method:

<u>Company's name</u>	<u>The major location of the operations of the Company</u>	<u>The Company's share:</u>	<u>Referral to Note</u>
Sol-Neto Roofs Ltd.	Israel	50%	19a1
Sol-Neto Roofs EPC Ltd.	Israel	50%	19a
Solsticio SARL (hereinafter: "Solsticio")	Luxembourg	11.9%	(*)

- (*) As at December 31, 2024, Re-Solar has a 25% holding in Solsticio SARL (formerly Re-Solar 15 SARL) (the Company's holding in concatenation is 11.9%). Solsticio is a company incorporated in Luxembourg and holds Spanish companies that construct renewable energy projects. The balance of the Solsticio shares are held by a European investment fund. Re-Solar lent NIS 20,918 thousand to Solsticio for acquiring and constructing projects in Spain. See Note 19a2h below for additional details about the projects acquired by Solsticio.

Loan agreements between Re-Solar and Solsticio were signed on July 22, 2021 and August 2, 2024. Following are the major loan conditions: (a) the credit facilities amount under each of the loan agreements ease up to a ceiling of €3 million; (b) the loans bear annual interest of 7.98%, when the unpaid interest on the termination of each year is capitalized to a loan reserve; (c) the loan period is for 25 years from the date of signing each agreement, when the credits facilities availability period is 10 years; and (d) at any time, the borrower is entitled to settle the pending loan sums (including accrued interest) without any sanctions.

Notes to the Consolidated Financial Statements

Note 9 - Connected Electricity Generating Systems in Construction and Development

a. Connected rooftop electricity generating systems

1. Composition

	As at December 31	
	2024	2023
	NIS thousands	
<u>Cost</u>		
Balance as at January 1	223,392	203,366
Classification from systems in construction	-	21,491
Additions during the year	2,029	-
Removals (See Section 2e below for further details)	(23,236)	-
Revalued reserve(*)	(5,089)	(1,465)
Balance as at December 31	197,096	223,392
<u>Depreciation</u>		
Balance as at January 1	(18,272)	(9,610)
Additions during the year	(8,740)	(8,662)
Removals (See Section 2e below for further details)	2,272	
Balance as at December 31	(24,740)	(18,272)
Connected electricity generating systems as at December 31	172,356	205,120

(*) As at the year ending December 31, 2024, an impairment of NIS 5,010 thousand was recognized (NIS 2,297 thousand in the corresponding previous period).

2. Additional Details

a. As at December 31, 2024 and 2023, the Company has connected rooftop systems with a capacity of 51.7MW and 59.5 MW.

b. As at January 1, 2019, the connected electricity generating systems are presented in the financial statements at their fair value. The fair value is measured close to the date of connecting each system to the electricity grid. The model pursuant to which the fair value was calculated is capitalization of the anticipated forecast discounted capital flows (DCF) that are capitalized at a capitalization rate established by an independent appraiser. In the following periods, once every year a valuation is made for the systems connected in the previous periods. On each cross-section date, an examination by the Company's Management is executed as to whether there is a material effect on the valuation of the previously connected systems, the fair value which is measured at the time of connecting them to the electricity grid. If material differences are found, the Company updates the fair value of those systems.

It should be noted that some of the roof owners vis-à-vis whom the Company has signed lease agreements, have an option to acquire the installations designated for construction on the roofs under their ownership. For the most part, the consideration for acquiring those installations, is calculated pursuant to the capitalization of the available future cash flows of the installations at an interest rate of 6%-7% with the addition of a payment on the balance of the senior debt for that project, including any early settlement commission that shall apply in relation to the acquisition of the installation. This consideration constitutes a supreme block to determining the fair value of the system when connecting it to the grid. As at the financial statements date, in relation to systems with a capacity of 5.1 MW, there

Notes to the Consolidated Financial Statements

is an option for acquiring the installations, as aforementioned and the fair value of which is calculated pursuant to the aforementioned.

c. Following are material assumptions that were used when measuring the fair value of the connected systems

1. The capitalization rates in 2024 and 2023 are 7.5% and 7.5%-8%, respectively.
2. The annual erosion rate of the production of the panels is at a rate of 0.5%
3. The hours of sunlight in a year, which in the valuations range between 1,509 and 1,752 hours in a year
4. The weighted hourly tariff established pursuant to the regulations to which the system belongs.

d. The balance of these connected electricity generating systems, were presented according to cost as at December 31, 2024 and December 31, 2023 as NIS 149,240 thousand and NIS 193,478 thousand, respectively.

e. On December 23 2024, the Company sold the Phoenicia System for NIS 20.9 million with the addition of VAT. See Note 19(a)(1) below for additional details.

b. Connected Ground-based Electricity Generating Systems

1. Composition

	2024	2023
<u>Cost</u>	NIS thousands	
Balance as at January 1	213,120	173,486
Revaluation reserve	(30,575)	27,770
The effect of the changes on the exchange rates	(10,229)	11,864
Classification for assets held for sale (see Note 7)	(172,316)	-
Balance as at December 31	-	213,120
<u>Depreciation</u>		
Balance as at January 1	11,848	5,034
Additions during the year	6,457	6,429
The effect of the changes on the exchange rates	331	385
Classification for assets held for sale (see Note 7)	(18,636)	
Balance as at December 31	-	11,848
Connected ground-based electricity generating systems, net as at December 31	-	201,272

2. Additional Details

In 2022 a photovoltaic system with a capacity of 50 MW was connected to the electricity grid in the Aliza sun project, Spain and it commenced generating electricity.

The valuation was executed using the discounted cash flows method (DCF), which takes the agreements that the Company had signed for the sale of electricity into account and also used the electricity price forecasts as published by an international consultation company in the energy prices field. Furthermore,

Notes to the Consolidated Financial Statements

the valuation took into account, the tax on generating electricity of 7% of the revenue sum from generating electricity as of January 2024, in view of the Spanish Legislator's decision from December 27, 2023.

Following are material assumptions that were used when measuring the fair value of the ground-based systems:

1. The capitalization rate in 2024 and 2023 is 6.25% and 5.75% respectively
2. The annual erosion rate of the production of the panels is at a rate of 0.5%
3. The daylight hours in a year which, in the valuation for 2024 and 2023 are 1,851 and 1,854 hours per year, respectively.

The balance of these connected ground-based electricity generating systems that were presented according to cost as at December 31, 2024 and 2023 is NIS 143,844 thousand and NIS 158,097 thousands, respectively.

As at December 31, 2024, the system was classified as held for sale. See Note 19a2b for additional details regarding signing the Memorandum of Understanding for sale of the system.

Notes to the Consolidated Financial Statements

c. Electricity Generating Systems in Construction and Development

1. Composition

	2024	2023
	NIS thousands	
Balance as at January 1	428,204	357,682
Additions during the Year	225,254	105,745
Classification from advances for the acquisition of projects for systems in construction	9,054	27,497
Classification from systems in construction for connection	(2,029)	(21,491)
Classification to assets held for sale	75,987	(63,289)
Reduction of economically unfeasible projects	(220)	(1,129)
The impact of changes in the exchange rates	(32,531)	23,189
Balance as at December 31	703,719	(*)428,204

(*) see Note 2 regarding an immaterial referral to comparative figures

Note 10 – Advances for Acquiring Projects

As at December 31, 2024, the balance of advances for acquiring and developing a project in Spain. Advance payments are pursuant to milestones established in the agreement with the developer. As a rule, holding shares in the project companies will be transferred after payment of the last milestone, i.e. the project reaching ready to build stage.

Note 11 - Contract Asset for Arranging a Concession

On April 24, 2017, the Company engaged with the Lod Economic Company in a performance contract for constructing solar systems with a capacity of 2.5 MW on roofs of public buildings in Lod. Pursuant to the agreement, the ownership of the installation is that of the Lod Economic Company and the Company has the right to encumber the installation and its proceeds for its needs. The Company's receipts that are derived from the Electric Corporation's tariffs are paid at the time of providing the maintenance and operating services of the installation in favor of the Lod Economic Company over the entire contract period.

The return rate for the contract asset is 6.28%.

In December 2024, a compromise was reached with the Lod Economic Company regarding accounting of the income receipts. As a result, the Company updated the future receipts and recognized a loss of NIS 3,674 thousand from the change in the conditions which were recorded in the Profit and Loss Statement in the finance expenses entry.

As at December 31, 2024 and 2023, the balance of the contract asset is NIS 8,819 thousand and NIS 12,493 thousand, respectively.

Note 12 – Leasing Assets and Liabilities

1. Information regarding Lease Agreements

In the framework of lease agreements, the Group leases the following items

1. Roofs and land for constructing photovoltaic installations
2. Offices
3. Vehicles

2. Information regarding Material Lease Agreements

Notes to the Consolidated Financial Statements

1. Roofs in Israel:

The Company receives permission to use the site for the purposes of constructing a photovoltaic system for the relevant regulation period. In some of the agreements, the Company has been given a right to annul the agreement at its discretion up to the system's commercial activation date.

2. Land

- a. On October 6, 2020, Himin 2 engaged in a land leasing agreement on an area of 80 ha in the Elche District, when the leased area will be increased up to the area required for the purposes of constructing the project, provided that it shall not exceed 105 ha (1,050 dunam). The lease period is for 19 years and 4 months from the date of signing the agreement or the elapse of 18 years from the date of connecting the project to the grid, whichever is the earlier. The parties have an option to extend the agreement period by up to 5 years. The rentals are €2,000 per hectare per annum, linked to the Spanish Consumer Price Index and will be raised by 2.5% every year.
- b. On July 21, 2020, Aliza sun engaged in a land lease agreement for an area of 85 ha for a period of 25 years, in consideration for rentals of €173 thousand per year, paid quarterly and linked to the Spanish Consumer Price Index. Aliza sun has an option to extend the agreement period by two additional periods of five years (i.e. a total of 35 years).
- c. On April 26, 2021 (as amended on December 27, 2022 and May 23, 2024) Libienergy Horizontes S.L. (held by the Company in concatenation at a rate of 47.4% and, which holds the Kalispera Project in Spain) engaged in a land lease agreement on an area of 65 ha (650 dunam). The agreement period is up to December 31, 2025, when Libienergy Horizontes S.L. has a reserved right to extend the agreement by another year each time, up to a maximum period of 50 years. The rentals are €1500 per hectare per year, linked to the Spanish Consumer Price Index. See Note 19a4 below for an expansion regarding a non-binding agreement for the sale of the project.
- d. On December 12, 2018, Fotovoltaica Cipres SPA, (which is held by the Company in concatenation at a rate of 47.4% and which holds the Esmeralda Project in Chile) engaged in a land lease agreement for an area of 9.49 ha (94.9 dunam) for a period of 30 years, in consideration for annual rentals of €18,000 paid every year and linked to the Chilean Consumer Price Index. An option to extend the agreement period by an additional five years (i.e., to a total of 35 years) has been reserved for Fotovoltaica Cipres SPA.
- e. On August 12, 2019, Fotovoltaica Cipres SPA, (which is held by the Company in concatenation at a rate of 47.4% and which holds the Hortensias Project in Chile) engaged in a land lease agreement for an area of 7.17 ha (71.7 dunam) for a period of 30 years, in consideration for annual rentals of €9,530 paid every year and linked to the Chilean Consumer Price Index. An option to extend the agreement period by an additional five years (i.e., to a total of 35 years) has been reserved for -Aurora Solar SPA.
- f. On March 08, 2022, Qanqunia SpA, (which is held by the Company in concatenation at a rate of 47.4% and which holds the Kankiniya Project in Chile) engaged in a land lease agreement for an area of 140 ha (1,400 dunam) for a period of 30 years, in consideration for annual rentals of €134,385 paid every year in US dollars and updated at a rate of 1.5% every year. An option to extend the agreement period by an additional 10 years (i.e., to a total of 40 years) has been reserved for Qanqunia SpA.

Notes to the Consolidated Financial Statements

Furthermore, on April 30, 2024, Qanqinia SpA received authorization from the Regional Office Secretariat for National Assets of the Tarapaca District for leasing 2 public land properties located in the Tamarugal Province as detailed below :

1. Public land on an area of 6,600 sq. in consideration for an annual rental of €586.
2. Public land on an area of 1.74 ha. in consideration for an annual rental of €1,373.

Both public land areas were released for a period of 4 years with options to extend for additional 5 years (i.e. For a total of 9 years). The rentals all paid on a monthly basis and are updated once every six months according to changes in the Chilean Consumer Price Index.

3. Offices

a. The Company leases offices from Solaer Israel (a company owned by the Controlling Shareholders) for monthly rentals of NIS 25,000, linked to the Consumer Price Index. The Company also leases additional offices from Solaer Israel in a sublease agreement in consideration for monthly rentals of NIS 16 thousand. See Note 28d(1) for additional details.

b. Furthermore, in 2023, a subsidiary commenced leasing offices in Chile for two years in consideration for monthly rentals of €5,000.

Notes to the Consolidated Financial Statements

3. Right of Use Assets

	Roofs:	Land	Offices	Vehicles	Total
<u>Cost of the Assets</u>	in NIS thousands				
Balance as of January 1, 2024	114,962	33,741	3,638	4,424	156,765
Removed during the year	(13,890) (*)	-	-	(270)	(14,160)
Classification to assets held for sale	-	(13,888)	-	-	(13,888)
Linkage to the Index.	3,238	5,062	102	-	8,402
Increments during the year	-	15,052	-	1,786	16,838
Translation differences	-	(1,865)	167	-	(1,698)
Balance as of December 31, 2024	104,310	38,102	3,907	5,940	152,259
<u>Accrued depreciation</u>					
Balance as of January 1, 2024	(10,807)	(2,513)	(2,147)	(2,366)	(17,833)
Increments during the year	(4,634)	(792)	(746)	(845)	(7,017)
Increments during the year for an asset held for sale	-	(413)	-	-	(413)
Removed during the year	1,482	-	-	-	1,482
Translation differences	-	(205)	-	-	(205)
Balance as of December 31, 2024	(13,959)	(3,923)	(2,893)	(3,210)	(23,985)
Right of use asset, net, as at December 31, 2024	90,351	34,179	1,014	2,730	128,274

(*) See Note 19 below for additional details regarding the sale of Phoenicia.

Notes to the Consolidated Financial Statements

	Roofs:	Land	Offices	Vehicles	Total
	in NIS thousands				
<u>Cost of the Assets</u>					
Balance as of January 1, 2023	107,045	31,707	2,769	2,945	144,466
Increments during the year	4,147	-	869	1,479	6,495
Linkage to the Index.	3,770	-	-	-	3,770
Translation differences	-	2,034	-	-	2,034
Balance as of December 31, 2023	114,962	33,741	3,638	4,424	156,765
<u>Accrued depreciation</u>					
Balance as of January 1, 2023	(6,204)	(1,452)	(1,590)	(1,638)	(10,884)
Increments during the year	(4,603)	(1,177)	(557)	(728)	(7,065)
Translation differences	-	116	-	-	116
Balance as of December 31, 2023	(10,807)	(2,513)	(2,147)	(2,366)	(17,833)
Right of use asset, net, as at December 31, 2023	104,155	31,228	1,491	2,058	138,932

Notes to the Consolidated Financial Statements

4. Analysis of the Settlement Dates of Land Lease Liabilities

	As at December 31	
	2024	2023
	in NIS thousands	
Up to a year	9,835	10,069
From 1 to 5 years	15,386	44,659
Exceeding 5 years	108,084	88,415
Total:	133,305	143,143

5. Additional Leasing Information

(a) Sums recognized in Profit and Loss

	For the year ending December 31		
	2024	2023	2022
	in NIS thousands		
Interest expenses for lease liability	4,982	5,239	4,029
Total:	4,982	5,239	4,029

(b) Sums that were recognized in the Statement of Cash Flows

	For the year ending December 31		
	2024	2023	2022
	in NIS thousands		
Total cash flows paid for leasing	10,637	8,878	8,960

Note 13- Long-Term Accounts Receivable

	As at December 31	
	2024	2023
	NIS thousands	
Loans to others	(*)-	6,231
Prepaid expenses	(**)-	3,600
Derivative financial instruments	5,344	2,962
Institutions for the long-term	6,120	6,426
	11,464	19,219

(*) In 2024 a subsidiary acquired the shares of Anpac and, as a result, the loan extended was classified to systems in construction. See Note 19 for additional details.

Notes to the Consolidated Financial Statements

(**) Prepaid expenses were classified to assets held for sale as a part of the realization group, see Note 7 above for additional details.

Note 14 - Accounts Payable

	As at December 31	
	2024	2023
	NIS thousands	
Expenses payable	(*)30,788	4,401
Institutions	6,450	879
Employees and institutions for salaries	2,372	2,273
Associated companies (*)	0,1153	4,531
Interest payable	2,877	973
Loans from others	797	780
Others	17	37
	73,416	13,874

(*) See Note 29 below.

Note 15 - Trade Payables

	As at December 31	
	2024	2023
	NIS thousands	
Unsettled debts	48,092	9,217
Checks payable	25	43
	48,117	9,260

Notes to the Consolidated Financial Statements

Note 16 - Financing Projects, Collateral and Financial Covenants

a. Loans and Credit in the Framework of Current Liabilities

	As at December 31	
	2024	2023
	NIS thousands	
<u>Credit from banks</u>		
Short-term loans	206,054	-
<u>Current maturity of long-term liabilities</u>		
Current maturity of loans from banks	-	14,625
Current contingency for bonds	18,580	48,897
Current maturities of lease liabilities	9,835	10,069
Total loans and credit in the framework of current liabilities	234,469	73,591
<u>b. Loans and credit in the framework of non-current liabilities</u>		

	As at December 31	
	2024	2023
	NIS thousands	
Bonds	392,841	238,072
Lease liabilities	123,470	133,074
Liabilities to banks and other credit providers	241,747	489,399
Total loans and credit in the framework of non-current liabilities	758,058	860,545

Notes to the Consolidated Financial Statements

Note 16 - Financing Projects, Collateral and Financial Covenants (cont.)

c. Details regarding material loans:

						As at December 31, 2024		As at December 31, 2023	
Name	Referral	The date of taking the credit	Linkage basis	The interest rate adaptation mechanism	Principal payment date	Par value	Book value	Par value	Book value
Rooftop projects loan	1	2020-2021	Consumer Price Index	2.26%	Semiannual payment as of June 30, 2022 until December 31, 2045.	159,611	147,621	161,563	148,854
Rooftop projects loan	1	2020-2021	Unindexed	3.58%	Semiannual payment as of June 30, 2022 until December 31, 2045.	32,670	30,511	34,318	32,038
Rooftop projects loan	1	2021	Consumer Price Index	1.13%	Semiannual payment from December 31, 2022 to June 30, 2026	21,681	21,401	22,456	21,873
A Senior Debt Loan Aliza sun	2	November 30, 2020	Unindexed	2.75%	Semiannual payment as of June 30, 2020 until December 31, 2037.	76,389	72,575	85,427	81,552
Development loan	4	2022-2024	EURIBOR	6.5% + EURIBOR	June 29, 2024	194,300	183,137	190,248	178,281
Bonds Series A	5	2022-2024	Consumer Price Index	2.3%	Annual payment from December 31, 2023 to December 31, 2027	82,800	89,379	270,450	286,969
Bonds Series B	6	2024	Consumer Price Index	4.9%	Annual payment from June 30, 2027 to June 30, 2030	312,200	322,042	-	-
Mezzanine loan	7	2023-2024	Unindexed	6.9%	Semiannual payment as of January 1, 2024 until January 31, 2039	87,731	86,044	42,391	41,426
							952,710		790,993
							(207,532)		(63,522)
							(94,517)		-
						Total	650,661		727,471

Notes to the Consolidated Financial Statements

Note 16 - Financing Projects, Collateral and Financial Covenants (cont.)

d. Details of Financing Projects, Collateral and Financial Covenants

1. Rooftop projects loan

On October 13, 2020, together with the project companies, Sol-Neto 1 engaged in a facilities agreement, that was amended later, in the sum of NIS 250 million that can be withdrawn up to June 30, 2022.

Retirement of the principal and interest will be paid in semiannual payments on June 30 and December 31 of each calendar year, pursuant to the loan's amortization schedule based on an agreed-upon financial model, up to the date of the last payment on December 31, 2048, provided that all the loan was drawn for the purposes of finding construction costs of projects will be repaid no later than 18 months prior to the termination date of the power purchase agreement (PPA) of the relevant project (this amortization schedule will apply in relation to all the loans, apart from in relation to a loan that serves the Phoenicia Project, which, in view of sale of this project on December 20, 2024 must be retired by April 24, 2025 (unless the lender has agreed otherwise).

The loans that are withdrawn under the loan facilities, some of which are linked to the rise in the Consumer Price Index and some that are not linked and will bear fixed annual interest that is composed of weighting of the basis interest rates that were established pursuant to the government bonds interest rate with a similar anticipated lifespan on the withdrawal dates + 2.6%.

The lender shall be entitled to place the full loan for immediate settlement, inter alia, in the event of nonpayment of a payment pursuant to the loan terms or a breach of the loan agreement conditions; a change in control in a manner which the Company will cease holding directly or indirectly, at least 50% of the controlling rights in Solento 1 L.P. placing a financial commitment of the Company or a material company in the Group for immediate payment (cross-breach) and provided that the level of the liability is higher than €1 million; insolvency proceedings of the Company or a company in the Group; the sale of all or most of the Company's assets.

In the loan agreement, minimal thresholds of the debt service coverage ratio (DSCR) and the loan life coverage ratio (LLCR) were established so that they would not be lower than 1:1.08 as of the termination of the activation year of the last system to be connected to the grid.

During the report period, a number of damages were caused in view of actions that occurred by way of the war raging in Israel. These damages as aforementioned led to a generation short for among the rooftop systems in the Company's rooftop projects and, in view of this, failure to comply with the coverage ratios. The aforementioned damages did not have any material impact on the Company apart from classifying project loans from long-term to short-term. The Company's remaining commercially activated installations in Israel generate electricity as required. See Note 1(c) for additional details.

2. A Senior Debt Loan Aliza sun

On November 27, 2020, Aliza sun engaged in a senior debt loan agreement of €25.1 million, of which: €24.1 million as senior debt (hereinafter: "The principal loan"), and €1 million which will be used for the purposes of financing the account encumbered in favor of the acquirer by virtue of the PPA agreement in relation to the Aliza sun 1 Project (hereinafter: "the PPA") that must be retired after connecting the installation.

The principal loan must be paid in semiannual payments on June 30 and December 31 each year, in variable sums that range between €489,000 and €1.26 million (based on the financial model and which will be updated from time to time from December 31, 2021 to the final settlement date on June 30, 2037).

The loan bears annual interest of 2.75%.

In the framework of the principal loan agreement, inter alia, Aliza sun extended the following collaterals: A first

Notes to the Consolidated Financial Statements

lien on all the rights of the borrower or the Shareholders in the borrower relating to the project agreements, a first lien on all the borrower's shares, a lien on all the rights to repay owners loans extended to the borrower by its Shareholders; and a lien on the payments for the encumbered project accounts. In addition, the borrower undertook to register a suitable lien on the project's assets in the event in which, at any given date, the historical DSCR is lower than 1.10. Furthermore, guarantees that the Company and Himin Solar extended to guarantee Energy Intersol's liabilities by virtue of the EPC agreement were encumbered in favor of the lender.

The financial covenants that were established in the agreement that failure to comply with them constitutes grounds for placing for immediate settlement – an event in which the debt service coverage ratio during the lifespan of the loan does not decrease from 1.05.

As at December 31, 2024, the Company complied with the cover ratio as aforementioned. The historical cover ratio is 1.41.

3. Mezzanine Loan Aliza Sun

On November 27, 2020, Aliza sun engaged in a mezzanine loan agreement of €5 million, instead of the equity capital required from the owners.

Retirement of the loan principal will be made from 75% of the project's available flows after servicing the senior debt every interest period and, the balance in a lump sum on the final settlement date on December 31, 2025, provided that payment of the principal will be executed from the free cash flows or the capital infusion of the borrower's Shareholders and, will not cause a breach event of the senior debt loan.

The loan bears annual carried interest of EURIBOR + 6% for a period of 6 months (provided that it is not lower than 2.5%).

As at June 2, 2023, Aliza sun had settled the loan in full from the mezzanine loan consideration as aforementioned in Section 7 below. As a result of the settlement, expenses of NIS 1,846 thousand were recorded for early settlement and the encumbrance was removed.

4. Re-Solar development loan

On June 30, 2022, through Re-Solar, the Company signed an agreement with the Austrian bank for extending renewed credit facilities of up to €40 million for the acquisition, promotion and development of projects in Spain, Italy and Chile, which was amended on June 28, 2023 and December 9, 2024. Pursuant to the agreement in its amended phrasing, the credit facilities were increased to €55 million and is of the "renewable" loan type, when the total amount that Re-Solar is entitled to withdraw from the credit facilities varies according to the load basis calculated according to the status of the projects. The credit facilities shall be valid for 24 months, until December 31, 2026 and will bear total annual interest of EURIBOR+6.5%. The interest will be paid twice a year on June 30 and December 31, when the final loan retirement due date shall be on June 30, 2024. In virtue of the agreement, the Company can withdraw sums from the credit facilities for projects, inter alia, subject to: (a) The projects reaching a predefined milestone in the development stage; (b) completion of the legal and technical suitability tests; (c) providing equity capital and collateral by Re-solar;; and (d) the existence of additional conditions precedent. This, up to a maximum threshold of 50% of the development costs that occurred in relation to each project. Furthermore, pursuant to its commitments under the agreement, Re-Solar extended debt warranties to guarantee the debts in favor of the Austrian bank, when, inter alia, Re-Solar encumbered its rights in the companies and partnerships under its control in Luxembourg, and its rights in the Spanish project's companies under its control, which hold the rights relating to the Company's projects in Spain, for which the money was withdrawn. The Company pays a nonuse commission of 2.25% per annum for the unused balance of the facilities. Furthermore, on June 28, 2023, the Company signed an amendment to the loan agreement, which includes increasing the credit facilities to a sum of €60 million, deferring the repayment date from June 30, 2024, to June 30, 2026, decreasing the interest rate as of July 1, 2024 to EURIBOR+5.5% instead of the currentEuribor+6.5%.If

Notes to the Consolidated Financial Statements

the Company makes withdrawals for projects in construction and another possible option, Re-Solar is entitled to use the loan funds as an equity supplement for certain projects that have reached the readiness for construction stage, on the presence of certain conditions established in the amendment to the Agreement.

As at July 1, 2024, the Company did not comply with the withdrawal conditions for projects in construction and, therefore, the interest rate remained at EURIBOR+6.5%.

Despite the last repayment date (as aforementioned) sums that have been withdrawn from the loan for the purpose of supplementing equity capital, must be repaid according to the earlier between (a) the last repayment date; (b) six months after starting the commercial activation of the relevant project. For the purposes of guaranteeing the loan, in addition to the current existing guarantees by virtue of the original loan agreements, a lien will be registered on the Shareholders' holdings in Re-Solar (the Company holds 47.4%, Himin holds 45.6% and Indigo holds 7%) as well as on Re-Solar's accounts (which have been pledged as a part of the original loan agreement). The other material terms in the original loan agreement have remained unchanged. Furthermore, on December 9, 2024, the Company signed an amendment to the loan agreement, which, inter alia, includes deferment of the loan retirement date from June 30, 2026 to June 30, 2027, an option for Re-Solar to use the loan funds in addition to the currently permitted solar projects for projects that include storage and wind as well, reduction of the credit facilities from €60,000,000.02 €55 million, the option of using the loan funds for supplementing equity in projects in which Re-Solar holds 2550% of the project and is not a Controlling Shareholder in it and given that the construction contractor is Energy Intersol, instead of control as the current basic condition for using the loan funds for supplementing equity. Furthermore, use of the loan for development purposes will be possible in relation to projects in development which are expected to reach RTB by the end of 2026, while use of the loan for supplementing equity for construction will be possible in relation to projects that are expected to be connected by the end of 2026, instead of at the current end of 2025.

The Company recognized revenues from a change in the loan conditions in 2024 and 2023 of NIS 3.8 million NIS 5.9million, respectively for changing the conditions pursuant to the amendment to the agreement as aforementioned.

In 2024 and 2023 Re-Solar withdrew an amount of €21.7 million (about NIS 82 million) and €34 million (about NIS 135.7 million), respectively. Furthermore, during 2024 and 2023, Re-Solar repaid €18 million (about NIS 68 million) and €10.8 million (NIS 41 million), from the balance of the loan.

5. Bonds Series A

On January 18, 2022, the Company completed a Bonds issue in consideration for NIS 242,000 thousand. Commitment, distribution and concentration commissions and accompanying expenses of NIS 4,082 thousand were deducted from the issue proceeds. The bonds bear linked interest at an annual rate of 2.3%, paid twice annually on June 30 and December 31. Payment of the principal will be made in 5 unequal payments at the end of each year, as of December 31, 2023. In the first payment, 10% of the principal will be paid and in the second and third payments 15% of the principal will be paid, in the fourth payment 20% of the principal and in the fifth payment the balance of the principal will be paid.

On August 29, 2022, the Company entered into an NIS 100,000 thousand swap transaction. Pursuant to the transaction conditions, NIS 100,000 thousand face value of indexed Bonds will be swapped with NIS 100,000 thousand bonds at a fixed shekel interest rate of 4.96% per annum.

On December 31, 2024 and December 31, 2023, the Company redeemed NIS 15,000 thousand face value and NIS 10,000 thousand face value, respectively from the Series A Bonds balance, which are included in the swap transaction

Notes to the Consolidated Financial Statements

On July 12, 2023, the Company completed an issuance of bonds with a face value of NIS 58,500 thousand by way of expanding the bond series (Series A) that had been issued by the Company as aforementioned. The net proceeds after discounts and issuance expenses are NIS 54,355 thousand.

On May 07, 2024, the Company completed an issuance of bonds with a face value of NIS 108,910 thousand by way of expanding the bond series (Series A) that had been issued by the Company on January 18, 2022. The net proceeds after discounts and issuance expenses are NIS 111,822 thousand. The proceeds include linkage of the bonds to the December 2021 Index and interest accumulated as of January 1, 2024.

On December 18, 2024, the Company completed a swap acquisition offer of bonds (Series A) by way of issuing a new bonds series (Series B), with a face value of NIS 218,000 thousand. See Note 16d6 below for additional details.

Until full redemption of the debt, the Company has undertaken to meet each of the financial covenants detailed below vis-à-vis the bondholders:

(a) Equity capital (according to the Company's consolidated financial statements) shall not be less than NIS 85 million, during a period of two consecutive quarters;

(b) The ratio between the separate equity capital and the net separate balance sheet must not be less than a rate of 25% during a period of two consecutive quarters;

and (c) As of the Financial Statements as at December 31, 2023 the ratio between the net consolidated financial debt and the adjusted consolidated -EBITDA must not exceed 15 during the period of two consecutive quarters.

As at the report date, the Company has complied with the aforementioned financial covenants. The ratio between separate equity capital and the net separate balance sheet is 37.3%. Furthermore, the ratio between the net consolidated financial debt and the consolidated adjusted EBITDA is 9.73. See Note 29f to the Management Agreements that were signed in December 2023

6. Bonds Series B

On December 18, 2024, the Company completed a swap acquisition offer of bonds (Series A) by way of issuing a new bonds series (Series B), with a face value of NIS 218,000 thousand, which constitute 73.9% of the bonds (Series B) total in the cycle. The swap ratio established in the tender is 1.115, i.e. for each NIS 1 face value of bonds (Series A) furnished to the Company, the Company will allocate NIS 1.115 face value of bonds (Series B). In the framework of the issue, a total of NIS 312,200 thousand face value of bonds (Series B) were issued. The bonds (Series B) bear linked annual interest of 4.9%, which will be paid twice a year on June 30 and December 31. The Company undertook to comply with all the conditions and commitments established in the framework of the swap acquisition offer report, pursuant to the trust deed of the bonds. Until full redemption of the debt, the Company undertook vis-à-vis the bondholders, to comply with the financial covenants that are established in the trust deed and that are detailed above. As a result of the aforementioned series swap, the Company recorded a loss from the change in the terms of NIS 16,646 thousand.

After the balance sheet date, on February 23, 2025, the Company completed an issue of bonds (Series B) of NIS 143,226,000 thousand face value, by way of expanding the existing bonds series. As a part of the issue, bonds were issued with option warrants without consideration, that can be exercised into the Company's shares. The bonds bear linked annual interest of 4.9%, which will be paid twice a year on June 30 and December 31. The immediate gross consideration received for the issue amounted to NIS 150,530,526. The Company undertook to comply with all the conditions and commitments established in the framework of the shelf offer report, pursuant to the trust deed of the bonds.

Until full redemption of the debt, the Company has undertaken to meet each of the financial covenants detailed

Notes to the Consolidated Financial Statements

below vis-à-vis the bondholders:

- (a) Equity capital (according to the Company's consolidated financial statements) shall not be less than NIS 140 million, during a period of two consecutive quarters;
- (b) The ratio between the separate equity capital and the net separate balance sheet must not be less than a rate of 25% during a period of two consecutive quarters;
- (c) The ratio between the net consolidated financial debt and the consolidated adjusted -EBITDA must not exceed 15 during two consecutive; and
- (d) the ratio of equity capital to the net adjusted balance sheet must not be less than 12% during two consecutive quarters.

As at the report date, the Company has complied with the aforementioned financial covenants. The ratio between separate equity capital and the net separate balance sheet is 37.3%. Furthermore, the ratio between the net consolidated financial debt and the consolidated adjusted EBITDA is 9.5. and, the equity capital ratio to the net consolidated balance sheet is 9.39%

7. Mezzanine loan

On February 3, 2023 (as amended on June 1, 2023), through Re-Solar Funding, the Group signed an agreement with a European investment fund for extending mezzanine funding of up to €50 million for the purposes of supplementing the equity capital required for constructing the Company's projects in Europe with a capacity of 300 MW, for retiring an existing loan and extending new mezzanine financing under improved conditions in the Aliza sun project and additional projects in Spain. Pursuant to the agreement, the mezzanine loan will bear fixed annual interest of 6.9% to be paid on July 31 and January 31 of each year. The final loan retirement date will be the earlier between 15 years from the date of issuing the bond under the agreement or 4 years from the termination of the PPA with the longest period between the PPA that was signed. The Company was entitled to withdraw the money that is the subject of the agreement as of the date of signing the agreement until December 31, 2023, when, thereafter, the investment fund has the sole discretion regarding withdrawing funds that are the subject of the agreement. There are annual commissions of 1% of the sum of the unused facilities. The principal sum was repaid in variable payments as of January 31, 2024. on February 14, 2024, the Company withdrew €12.9 million (NIS 50.6 million) for constructing the Calasparra Project in Spain.

Pursuant to the agreement, Re-Solar provides funding and companies in the Group have extended guarantees against placing the funding. Inter alia, these guarantees include encumbering shares, encumbering rights in relation to intercompany loans and encumbrance of bank accounts. Furthermore, the Company extended guarantees to guarantee various liabilities by virtue of the agreement

Notes to the Consolidated Financial Statements

Note 17– Financial Instruments and Risk Management :

The Group's operations expose it to risks relating to various financial instruments, such as:

- Credit Risk
- Liquidity Risk
- Market Risk

The Group's risk management plan focuses on activities to reduce the possible negative effects of the Company's exposure to financial risks on equity capital, the results of the operations and the Group's cash flows.

The Company CEO and CFO are responsible for risk management and execute it as a part of the Group's regular operations management. In the framework of the Group's comprehensive risk management, the Company's Board of Directors has established that the Company CEO must report the existing degree of exposure to the Board regularly. In the event of exceptional developments in the currency and interest markets, the data are examined by them, and from time to time possible methods of action are examined.

Following is data regarding the risks associated with the financial instruments and the manner of managing them:

1. Credit Risks

A credit risk is a financial risk caused to the Group if a customer or counterparty to a financial instrument does not meet its contractual liabilities and it derives primarily from trade receivables and accounts receivable debts.

As at the date of the financial statements, about 26% of the Company's revenues derive from electricity sales to municipal authorities and government companies (the Electric Corporation) or from tenders to construct solar systems for municipal authorities.

According to the Electric Corporation's characteristics, including its credit rating and that of its bonds and, pursuant to the Company's past experience with the municipal authorities, the Company believes that the credit risk for the Electric Corporation and municipal authorities in Israel is negligible and, accordingly, the credit risk is low.

About 13.2% of revenues derive primarily from electricity sales to a third party in the Aliza sun project which is an electricity retailer in the European market. The Company has signed agreements for electricity sales, in the framework of which the Company undertook to sell electricity for a period of 10 years in relation to production of 70% the electricity generated at a tariff of €34 per megawatt in the project. If the Aliza sun project does not meet the production target, the Company will be exposed to a payment that embodies the difference between the tariff established in the agreement from the sale of electricity and the tariff in the market. An electricity retailer is large, recognized, stable and significant in the European market. In view of this, the Company believes that the credit risk deriving from sales to this customer is low. See Note 19(a)(4) below for additional details.

The balance of revenue derives primarily from revenues for constructing projects. Project construction is executed by the Company for affiliates, in which the Company holds 25%. Receipts from constructing the projects are received according to reaching milestones in accordance with the construction agreements and,

Notes to the Consolidated Financial Statements

for the most part precede payments to suppliers and contractors. Receipts from financing are 25% by the Company and an additional 75% by a leading European investments fund in the energy and utilities field. The Company does not anticipate any credit risks from this fund.

2. Liquidity Risks

A liquidity risk is the risk that the Group would have difficulty in meeting the settlement of its financial commitments that are settled by delivering cash or any other financial asset. The Group's approach to its liquidity risk management is to guarantee to the extent possible, the degree of sufficient liquidity for complying with its liabilities punctually, under regular conditions and under pressure conditions without this causing it undesirable losses or prejudicing its reputation.

The cash flows forecast is, for the most part, established at the consolidated Group level. The Company examines current forecasts of its liquidity requirements in order to ensure that there is sufficient cash for the operational purposes, while meticulously seeing to the fact that at any time, there will be sufficient unused credit facilities so that the Company will not deviate from the credit facilities established for it and from the financial covenants with which it is obligated to comply. These forecasts take the Company's program to use debt for the purposes of financing its operations into account and, thus, complying with binding financial covenants and maintaining sufficient debt coverage ratios and complying with the external requirements such as laws and regulations.

Responsibility for risk and liquidity management applies to the Company's Management, which manages a risk management, financing and short, medium and long-term liquidity, according to the Company's needs. The Group's goal is to preserve the existing ratio between receipt of ongoing financing and the existing flexibility by using credit.

An analysis of the anticipated retirement dates of the financial liabilities

Following are the contractual payment dates of the financial commitments in non-capitalized sums based on the future contractual rates as at the reporting date, including an estimate of interest payments. This disclosure does not include sums regarding which, there are set off agreements.

	As at December 31, 2024			
	Book value	Up to a year	1-3 years	Exceeding 3 years
	NIS thousands			
Other accounts payable	73,416	73,416	-	-
Trade payables	48,117	48,117	-	-
Loans from banks and other corporations (*)	447,802	12,268	141,641	293,893
Lease liabilities (*)	133,305	9,835	8,315	115,155
Liabilities for bonds (*)	411,421	18,580	111,861	280,980

Notes to the Consolidated Financial Statements

	As at December 31, 2023			
	Book value	Up to a year	1-3 years	Exceeding 3 years
	NIS thousands			
Other accounts payable	13,874	13,874	-	-
Trade payables	9,260	9,260	-	-
Loans from banks and other corporations (*)	504,023	14,625	274,527	214,871
Lease liabilities (*)	143,143	10,069	27,434	105,640
Liabilities for bonds (*)	286,969	48,897	108,431	129,641
Liability for dissolution and rehabilitation	677	-	-	677

(*) Including current maturities.

3. Market Risks

From time to time, the Company acquires and sells derivatives and accepts financial liabilities for the purposes of market risk management. The aforementioned transactions are executed pursuant to Management's decisions. In certain cases, the Company implements hedging accounting on derivatives that define market exposure.

a. Index and Foreign Currency Risks

The Group is exposed to a currency risk for sales, purchases, accounts payable and loans specified in currencies that differ from the appropriate functional currencies of the Group's companies. The currencies in which the major transactions are specified are the NIS, euro and USD. In the course of its business, the Company is exposed to changes in the Consumer Price Index, when the leases linked to the Index expose the Group to cash flows risks as a result of a possible Index rise. However, most of the Company's revenues, which derive from electricity sales to the Electric Corporation, are linked to the Consumer Price Index over the regulation period and, accordingly, any rise in the Index will result in a rise in the revenues from generating electricity and will reduce this exposure.

The Company has indexed bonds the balance of which as at December 31, 2024 was NIS 411,421 thousand. In the report period, the Company recorded linkage and series swap expenses, for this balance amounting to NIS 13,524 thousand as a result of the rise in the Index and swapping the bonds. Nevertheless, in 2022, the Company hedged NIS 100,000 thousand face value against a rise in the Index from the bonds reserve.

The Group has established the existence of an economic relationship between the hedging instrument and the item hedged based on the currency, amount and timing of their cash flows. The Group believes that if the

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derivative designated in any hedging relationship is expected to be effective in setting off the changes in the cash flows of the hedged item, using the hypothetical derivative method.

Following is the Group's exposure to Index and foreign currency risks:

	As at December 31, 2024				
	NIS		Forex		
	NIS thousands				
	Unindexed	Indexed	Euro	Other	Total
<u>Current assets</u>					
Cash and cash equivalents	13,518	-	48,400	-	61,918
Short-term encumbered deposits	-	24,984	32,269	-	57,253
Trade receivables	5,860	-	17,553	-	23,413
Assets held for sale	-	-	193,356	-	193,356
Other accounts receivable	12,501	-	30,073	-	42,574
<u>Non-current assets</u>					
Long-term encumbered deposits	6,062	-	13,906	-	19,968
Long-term accounts receivable	5,344	-	6,120	-	11,464
Loan to a related party	-	-	-	-	-
<u>Current liabilities</u>					
Credit and current maturities from banks and other corporations.	30,511	169,021	5,044	1,478	206,055
Current maturities of bonds	-	18,580	-	-	18,580
Current maturities of lease liabilities	1,182	7,779	350	524	9,835
Trade payables	4,072	-	44,045	-	48,117
Other accounts payable	9,373	-	64,043	-	73,416
<u>Non-current liabilities</u>					
Bonds	-	392,841	-	-	392,841
Liabilities to banks			241,747	-	241,747
Long-term liability for leasing	4,825	83,782	28,836	6,027	123,470

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	As at December 31, 2023				
	NIS		Forex		
	NIS thousands				
	Unindexed	Indexed	Euro	Other	Total
<u>Current assets</u>					
Cash and cash equivalents	115,726	-	36,665	187	152,578
Short-term encumbered deposits	62	100	4,080	-	4,242
Trade receivables	7,323	-	847	-	8,170
Other accounts receivable	1,692	-	18,439	-	20,131
<u>Non-current assets</u>					
Encumbered long-term deposits	10,590	-	4,313	-	14,903
Long-term accounts receivable	102	-	19,117	-	19,219
Loan to a related party	-	6,935	-	-	6,935
<u>Current liabilities</u>					
Current maturity of loans	1,651	8,730	4,244	-	14,625
Current maturities of bonds	-	48,897	-	-	48,897
Current maturities of lease liabilities	979	7,633	1,457	-	10,069
Trade payables	1,848	-	7,412	-	9,260
Other accounts payable	4,513	-	9,361	-	13,874
<u>Non-current liabilities</u>					
Bonds	-	238,072	-	-	238,072
Liabilities to banks	30,386	161,997	297,016	-	489,399
Long-term liability for leasing	4,372	96,117	32,585	-	133,074

4. Interest Rates Risk

The Group is exposed to cash flows risk in view of issuing debt instruments bearing variable interest rates. Furthermore, the Group is exposed to changes in the fair value, as a result of changes in the interest rates, in view of an issue of debt instruments bearing fixed interest.

As a rule, the Company gives preference to raising debt at a fixed interest rate. Most of the Company's debt instruments as at the report date are at a fixed interest rate.

a. Type of Interest

Following are details regarding this type of interest of the Group's interest-bearing financial instruments, as at termination of the report period, pursuant to reports to the Group's Management. Excluding derivative financial instruments :

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	As at December 31	
	2024	2023
	NIS thousands	
Unindexed instruments at fixed interest		
Financial Assets	5,344	2,962
Financial Liabilities	189,130	150,223
	194,474	153,185
Indexed instruments at fixed interest		
Financial Assets	36,784	19,428
Financial Liabilities	580,349	457,686
	617,133	477,114
Instruments at variable interest		
Financial Liabilities	183,137	178,231
	183,137	178,231

b. Fair value

1. Financial instruments measured at fair value for disclosure purposes only

The book value of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, accounts receivable, other short-term investments, deposits, overdrafts from banks, short-term loans and credit, trade payables, accounts payable correlates with or is close to their fair value. Loans at variable interest rates reflect the fair value of the other financial assets and liabilities and the book values presented in the Statement on the Financial Position are as follows:

Notes to the Consolidated Financial Statements

	The valuation technique for establishing fair value	Fair value level	As at December 31, 2024		As at December 31, 2023	
			Balance	Fair value	Balance	Fair value
			NIS thousands			
Financial liabilities						
Bonds (*)	Reliance on market price.	1	411,798	407,163	286,969	270,531
<u>Liabilities to banks and other credit providers(*)</u>						
Roof projects loan (1)	The fair value is estimated using the future cash flows capitalization technique for the principal and interest component, which is capitalized according to the market interest rate as at the measurement date.	2	199,534	156,557	202,765	155,932
A Senior Debt Loan for Aliza sun	The fair value is estimated using the future cash flows capitalization technique for the principal and interest component, which is capitalized according to the market interest rate as at the measurement date.	2	72,575	68,912	81,552	75,707
Mezzanine loan (*) (3)	The fair value is estimated using the future cash flows capitalization technique for the principal and interest component, which is capitalized according to the market interest rate as at the measurement date.	2	88,543	98,628	42,399	45,739
			772,450	731,260	613,685	547,909

(*) Including interest payable.

2. The hierarchy of the fair value of financial instruments measured at fair value

The following table presents an analysis of the financial instruments measured at fair value on a future basis, while using the valuation method pursuant to the fair value levels in the hierarchy. See Note 2(e) 5 regarding the basis for preparing the financial statements.

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	As at December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousands			
Long-term financial assets:				
Derivative financial instruments	-	5,344	-	5,344
	-	5,344	-	5,344
	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousands			
Long-term financial assets:				
Derivative financial instruments	-	2,962	-	2,962
	-	2,962	-	2,962

5. Setting Off Financial Assets and Liabilities

Further to Note 2, regarding the immaterial change of the comparative figures, the Company extended loans to the subsidiary on its share in equity and loans on the partners' share those companies. The loans were extended by the Company to its partners pursuant to agreements between the Shareholders. The parties have agreed that the Subsidiary has a set off right for any balance that they have against the loans that were extended by the Company to the partners up to the full amounts of the loans that were extended by the Company.

The minority Shareholder's gave the subsidiary a full, absolute and unqualified right to set off any amount owing to the minority Shareholders under the minority Shareholders loans to the subsidiary, against any amount owing to Solaer under the minority Shareholders loans.

The following table presents the book value of the recognized financial instruments, which were set off in the Statement on the Financial Position all that are subject to the aforementioned arrangements:

Gross amounts of financial (liabilities) and assets that were recognized and set off in the Statement on the Financial Position	December 31, 2024	December 31, 2023
Financial Assets:		
Loan to partners	221,307	164,350
Financial commitments		
Loans from partners	(221,307)	(164,350)
Net amounts of financial assets (liabilities) presented in the Statement on the Financial Position	-	-

Notes to the Consolidated Financial Statements

NOTE 18 - Taxes on Income

a. Details regarding the tax environment in which the Company operates

The provision for current taxes of the Company and its investee corporations in Israel was established taking the provisions in the Income Tax Ordinance (New Version), 5721 – 1961 into account

Regarding the foreign tax environment – the provision for current taxes of the corporations in the Group in Spain, pursuant to Spanish law.

b. Taxation rates applicable to the Group

In December 2016, the Economic Efficiency (Amendments of the Legislation for Applying Economic Policy for the Budget Years 2017 and 2018) Law, 5767 – 2017 was approved, which included a reduction in the companies tax rate as of January 1, 2017 to 24% (instead of 25%) and as of January 1, 2018 to a rate of 23%.

The companies tax rate in Israel during the period 2022-2024 was 23%.

The Spanish companies tax rate during the period 2022-2024 is 25%.

The Polish companies tax rate during the period 2022-2024 is 9%.

The Chilean companies tax rate during the period 2022-2024 is 27%.

The Italian companies tax rate during the period 2022-2024 is 24%.

An association of persons is taxable on real capital gains at the company tax rate commencing from the year of the sale.

c. Tax assessments

No final tax assessments have been issued for the Company.

d. Components of (expenses) revenues taxes on income

	As at December 31		
	2024	2023	2022
	NIS thousands		
Current taxes	(338)	(105)	(80)
Deferred taxes	13,728	(*)(4,717)	(*)(8,885)
	13,390	(4,822)	(8,965)

(*) See Note 2 g 40 immaterial adjustment of comparative figures

Notes to the Consolidated Financial Statements

e. Deferred Taxes

	As at December 31, 2024	Entry to profit and loss	Entered to equity	Assets held for sale	As at December 31, 2023
	NIS thousands				
Right of use asset	(23,512)	1,089			(24,601)
Leasing the liability	24,108	(937)			25,045
Connected electricity generating systems	(22,242)	(2,336)	(3,267)	11,311	(27,950)
Electricity generating systems in construction	(35,741)	5,664	15,195		(*)(56,600)
Derivative financial instruments	52		(63)		115
Assets held for sale	(263)	(903)	1		639
Others	262	67	30	(7)	172
Losses carried down for taxation purposes	29,131	11,084	870		17,177
	(28,205)	13,728	12,766	11,304	(66,003)

Notes to the Consolidated Financial Statements

	As at December 31, 2023	Entry to profit and loss	Entered to equity	As at December 31, 2022
	NIS thousands			
Right of use asset	(24,601)	(3,954)	3	(20,650)
Leasing liability	25,045	4,398	-	20,647
Connected electricity generating systems	(27,950)	(936)	(6,031)	(20,983)
Electricity generating systems in construction	(*)(56,600)	(10,001)	(1,881)	(*)(44,718)
Derivative financial instruments	115	-	199	(84)
Assets held for sale	639	639		0
Others	172	(15)	255	(68)
Losses carried down for taxation purposes	17,177	3,873	(775)	14,079
	(66,003)	(5,996)	(8,230)	(51,777)

(*) See Section 3(h) for immaterial adjustments of comparative figures.

Notes to the Consolidated Financial Statements

f. Theoretical tax

Following is the conciliation between the tax sum that would have applied if all the revenues and expenses, earnings and losses in the Profit or Loss Statement had been taxable at the statutory tax rate, and the tax sum on income that was stated in Profit or Loss

	As at December 31		
	2024	2023	2022
	NIS thousands		
Pre-taxes on income loss	(72,895)	4,560	(8,132)
Historical tax rate	23%	23%	23%
Tax benefits calculated pursuant to the Company's main historical tax rate	(16,766)	1,048	(1,870)
<u>Rise (decrease) in taxes on income deriving from the following factors:</u>			
Expenses that are not permitted / nontaxable revenues for tax purposes	(953)	397	874
Creating deferred taxes for losses and benefits from previous years for which no deferred taxes were recorded in the past	(370)	(1,450)	-
A different tax rate in the subsidiary's operating overseas	(651)	1,366	(16)
Exploitation of losses and benefits from previous years for which no deferred taxes were recorded	50	(6,635)	-
Interim provisions and losses for tax purposes for which no deferred taxes were created	5,300	10,096	9,977
	(13,390)	4,822	8,965

NOTE 19 - engagements, Contingencies, Encumbrances and Collaterals

a. Engagements

1. Israel:

a. The Rooftop Project:

As at the report date, the Company operates photovoltaic rooftop electricity generating systems in Israel with a total capacity of 51.7 megawatts.

As a part of the rooftop project, the Group leases roofs of agricultural farms, public buildings under the ownership of local authorities, factories etc. from various entities throughout Israel, on which systems are located by virtue of the various regulations of the Electricity Authority. The Electricity Authority's regulations outline various types of tariffs for the electricity generated by the systems, such as the system in time load published by the Electricity Authority, a fixed tariff linked to the Consumer Price Index that was established in the framework of the Electricity Authority's competitive procedure and the unlinked fixed tariff and the default tariff. Furthermore, in relation to some of the systems, the Company sells the electricity generated to an entity with whom it engaged for the purposes of constructing the systems, at an agreed-upon tariff. The rooftop project is financed through a loan, see Note 16(c)1 for additional details.

Notes to the Consolidated Financial Statements

On December 22, 2024, a sales agreement relating to the "Phoenicia" installation with a capacity of 7.8 MW, which is included in the framework of the rooftop project, was signed and, on December 23, 2024, by virtue of it, the Group completed the sale of the "Phoenicia" installation to the acquirer for NIS 20.9 million with the addition of VAT.

b. Solaer-Helios Partnership:

Operations executed through Sol Neto Roofs Ltd., the ordinary share capital of which is held in equal shares (50% each) by the Company and Helios, which, as at the present, hold connected systems with a total capacity of 11.2 MW, which were constructed by Sol Neto Roofs Ltd. In the framework of the various agreements between the parties, it has been agreed that Helios will extend the interim financing required for the project up to extending a senior debt for the benefit of the projects and would extend any additional financing required for the project beyond the interim financing / senior debt, as aforementioned, while the Company will manage the construction and operation of the projects in consideration for 3% of the construction costs and the monthly operation fees. The interim and owners financing will be extended to Sol Neto Roofs by way of an allotment of two classes of preference shares, which create a preferential right to receive a dividend at an annual effective rate of 7% for Helios (in relation to the interim financing, when this dividend must be paid on the date of settling the interim financing) up to 8% (in relation to the owners financing, when this dividend must be paid pursuant to the anticipated lifespan of the senior debt that will be extended to Sol Neto Roofs). However, the aforementioned senior shares are only of interest in providing priority for Helios in relation to the allocation of available cash flows of Sol Neto Roofs. Up to settlement of the interim financing through redemption of Preference Shares A and payment of the return for the interim financing, no dividend will be distributed by Sol Neto Roofs and no other distribution will be made. See Note 8b.

c. EIT

On March 10, 2021, through a company under its control, EIT Pumped Storage Ltd. ("EIT"), the Company engaged in a number of agreements by virtue of which options were allocated to EIT for using land on a total area of 21 ha for the purposes of constructing the EIT project. This project is intended to be an integrated installation of a solar power station for electricity generating and water production with an energy storage capability. The EIT power station is in the initial development stages only and, is subject to integration of the project in the suitable regulation, for receiving various authorizations for raising finances etc.

Notes to the Consolidated Financial Statements

2. Spain:

a. A Memorandum of Understanding for Constructing a Photovoltaic Generating Installation in Spain, Elche:

On February 14, 2018, the Company engaged in a Memorandum of Understanding with a Himin Solar (hereinafter: "The partner"), in the framework of which the Company acquired 45.9% of the partner's rights in a project for constructing a photovoltaic generating installation with a capacity of 50 MW in Spain in consideration for €1,350 thousand. Out of this balance, €180,000 (NIS 722 thousand) will be paid on the date of connecting the project to the electricity grid. The partners established EPC which will be the construction contractor, (Energy Intersol S.L.) The holding rate in it is identical to their holding rate in the project, which will construct the project and hold the rights therein. Pursuant to the Memorandum of Understanding, the partner will be required to attain the mandatory permits and licenses relating to constructing the project and connecting it to the electricity grid. In contrast, the Company will be required to provide the project financing for the construction. On December 23, 2020, the Company acquired 5.1% of Himin 2's share capital from Solaer Israel, which had held them up to that date. On the same date, the Company gained control of Himin 2, which holds the project.

b. Aliza sun Project

On September 18, 2018, the Company engaged in a joint venture agreement with Himin Solar for establishing the Aliza sun Project with a capacity of 50 MW in Zaragoza, Spain Pursuant to the joint venture agreement, on April 30, 2019, an agreement was signed between Himin 2, which is indirectly held by the Company at a rate of 55.9% and Avic International Corporation (UK) limited (hereinafter: "Avic" for full(100%) acquisition of the shares of Aliza sun, which had developed and constructed the Aliza sun project for a total consideration of €3,100 thousand. Furthermore, Himin 2 paid Himin Solar, which holds 49% of the rights in Himin 2, a sum of €700,000 for covering Avic's debt vis-à-vis Himin Solar for the services agreement for developing the Aliza sun project. At the beginning of 2022, the system was connected to the electricity grid. Pursuant to the PPA agreement dated February 17, 2020 with a third party, 70% of the electricity output produced in the installation will be sold at a fixed price of €34 per kWh for 10 years. On March 15, 2022, an additional PPA agreement was signed with the same third party pursuant to which and an additional 25% installation's output would be sold at a price of €83 per kWh up to the end of 2024. Furthermore, a one-time sum of €1,269 thousand was paid to the acquirer as compensation for loss of revenues prior to the date of connecting the installation to the electricity grid. This sum will be deducted from the revenues from the sale of electricity from the acquirer for a period of 10 years. The balance of the installation's output will be sold at market prices. Financing for acquiring the project was received from a number of third parties and owners loans. See Notes 15(c)2 and 15(c)3 for details regarding the loans for financing the project.

Simultaneously, Himin 2 and Avic signed a services agreement, in the framework of which Himin 2 undertook to pay Avic a sum of €300,000 if authorization for connection to the grid is obtained for the Aliza sun 2 project, which constitutes potential for an increase of 6 MW for the Aliza sun project.

c. Additional Projects in Spain:

Up to the report date, the Group had engaged in master agreements with a local entrepreneur for acquiring the construction rights of photovoltaic projects in Spain with a total capacity of 962 MW (the Company's share, 47.4%). Pursuant to the aforementioned master agreements, the project companies hire the entrepreneur's services, which, inter alia, include the following services: Tracing suitable land for

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constructing photovoltaic systems in Spain; providing all the necessary materials in order to examine the suitability of the land (from a technical, environmental and legal aspect) for constructing the project; making contact with the relevant land owners for the purposes of engaging in suitable agreements; submitting an initial request for connecting the installation to be constructed on the land to the electricity grid; preparing engineering designs; and obtaining all the mandatory authorizations, permits and licenses for the purposes of the project reaching a ready to build status (when the projects' company bears all the costs of the aforementioned proceedings, including extending guarantees, should any be required).

The Group's companies, as aforementioned, engage in option agreements that arrange the acquisition conditions or leasing the land that is the subject of the projects that were acquired (for periods of 30 to 40 years). As a rule, the Memorandums of Understanding establish conditions precedent for exercising the option, which include removing the restrictions imposed on the projects lands and receiving various authorizations relating to the projects that were acquired, up to reaching the ready to build stage (however, the Group's companies are entitled to waive the existence of the aforementioned conditions).

In relation to each project in relation to which a master agreement will be signed with the project companies, as aforementioned, the entrepreneurs shall be entitled to a sum of between €60, and €109 for each megawatt to be included in the project, which must be paid in installments pursuant to the milestones established in the agreements. As a rule, the project companies' shares will be transferred to the disposal of the Company when the project reaches the ready to build stage.

In this framework, the Group engaged in agreements during 2021 – 2024 for acquiring holdings in projects(by acquiring the relevant project companies) as follows:

Project's Name	Acquisition year	Holdings rate	Megawatts
Valdemoro V 1-Torrejon IV Valdemoro IV 1-Torrejon I	2022	47.4%	200
Bierzo, Bierzo 1, Bierzo 2 1-Bierzo 3	2021	47.4%	200
Mequinenza	2021	47.4%	125
Villena	2021	47.4%	19,6
Cisne	2022	47.4%	200
Toledo	2021	47.4%	133
Cacin	2023	11.9%	25
Fargue	2024	11.9%	25
Espartales 1-Tarazona	2024	11.9%	43

d. Villena Project

- On December 13, 2022 an agreement for financial closure of the Villena project with a total capacity of 18.5 KW was signed for a period of 18 years at an interest rate of EURIBOR + 2.5%. Furthermore, as a part of the agreement, the bank extended a loan of €2.3 million for the Vienna Project for a period

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of 18 months for financing VAT payments against invoices during the construction period bearing EURIBOR interest for a period of three months (that shall not be less than 0%) with the addition of 1.9%.

e. Cacin, Fargue, Espartales and Tarazona Projects

1. On January 04, 2023, through Re-Solar, the Group signed a binding investment agreement with a leading European investment fund in the energy and utilities field in relation to the Company's projects in Spain with a total capacity of 300 MW. The investment agreement established that the investment fund would invest a sum valued at €30-40 million, subject to the projects reaching the ready to build stage. Some of the project's assets were classified as assets held for sale. On December 22, 2023, through Re-Solar, the Group signed a Shareholders' contract with a subsidiary of the investment fund relating to the holdings in a holding company, Solsticio S.a.r.l, Incorporated in Luxembourg. The agreement established that the fund would acquire 75% of Solsticio S.a.r.l's, rights that would hold in the project companies in Spain while, Re-Solar would remain with a 25% holding. The agreement also established future sales mechanisms, participation rights and additional extended instruction. Pursuant to the provisions in the Shareholders' agreement, the aforementioned projects were acquired by Solsticio. S.a.r.l
2. See Section "f: below for an expansion on the relevant PPA agreements for some of the projects.
3. EPC Agreements: The Spanish project companies, held by Solsticio S.a.r.l (which, as aforementioned, is held by the Company in concatenation at a rate of 11.85%), engaged in a number of EPC agreements with Energy Intersol S.L. (which, as aforementioned, is held by the company in concatenation at the rate of 51%), which serves as the construction contractor, for planning purposes, engineering procurement mad construction, construction and initial activation of the projects held by the project companies. The agreements arrange all the contractor's responsibility for executing each construction stage up to delivering the installations for commercial activation purposes. The contractor is also obligated to provide operating and maintenance services during the initial period, after delivering the project.
 - 3.1 In the framework of the Cacin project, the project company, Fotovoltaica Puerto Cruz II, S.L engaged in an EPC agreement with Energy Intersol S.L., on April 17, 2024, for the purposes of constructing the Cacin, project for consideration of €15.9 million. The agreement was first amended on November 27, 2024 and then on December 23, 2024.
 - 3.2 On December 14, 2024, in the framework of the Tarazona Project, an EPC agreement was signed between San Valentín Solar, S.L and Energy Intersol S.L., for constructing the project, in consideration for €20 million for all services, including construction, inspections, acceptance and O&M services for a defined period.
 - 3.3 On December 14, 2024, for the purposes of constructing the Los Espartales Project, an EPC agreement was signed between Larbesa Solar, S.L and Energy Intersol S.L. The agreement includes all the construction components, including operating initial operating and maintenance services up to the date of giving the final acceptance authorization, pursuant to time schedules and technical specification schedules that were attached to the agreement, in consideration for €14.9 million.

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3.4 On August 13, 2024, for the purposes of the Fargue, Project, an EPC agreement was signed between Fotovoltaica Brazatortas, S.L and Energy Intersol S.L., for a consideration of €14.9 million. The agreement was updated in the framework of an amendment on January 21, 2025.

All the agreements are similar in their structure and main components. As a rule, the agreements include instructions regarding adaptation mechanisms for the price of the agreement in view of agreed-upon changes, liabilities for insurance, responsibility for defects, instructions for delaying work and reasons for termination of the agreement and instructions regarding equipment, regulations, acceptance inspections and performance commitments. The agreements also include and accompanying file of procedures, technical specification schedules, performance program and. Reports that the construction contractor must submit.

4. PPA Agreements:

1. On December 23, 2022, through subsidiaries, in Spain, the Group engaged in five (Virtual Power Purchase Agreements – VPPA) with a leading American company in relation to the photovoltaic solar project portfolio owned by the Group. Each of the agreements was signed with a designated company for a specific project and included an almost identical commercial structure. Following regulatory delays in the original projects, after the report date, on March 21, 2025, amendment, updating and replacement agreements was signed for each of the agreements. As a part of these amendments: Contingent conditions were removed, the commercial dates were updated (including the guaranteed commercial operation date (Guaranteed COD), the original projects, Bierzo Cisne were replaced with alternative projects and changes were made to the identity of the parties and each of the agreements.

Following are the project companies (and the projects held by them) under the amended agreements as of March 21, 2025: Libienergy Horizontes, S.L.U. (Calasparra Project); Larbesa Solar, S.L. + San Valentin Solar, S.L. (San Valentin and Larbesa Projects); Fotovoltaica Brazatortas S.L. (Fargue Project); Fotovoltaica Puerto Cruz II, S.L. (Cacin Project); and Camanal Energías, S.L (Bierzo Project).

The agreement period is for 15 years from the date of commercial activation of each project; the acquirer undertook to acquire 100% of the Index the from the agreed-upon output under the agreement by the projects and the environmental certificates; the pricing mechanism is according to a fixed price of €46 per megawatt hour for each of the aforementioned projects, against the local electricity market price, when accounting is made between the parties on the basis of the difference; the price is linked once a year with a limitation of +1% per year with an additional update every three years. The following agreed upon compensations were established: For a delay in commencing commercial operations of the projects agreed-upon compensation of €125 per day for each megawatt was established; for deficient capacity, agreed-upon compensation of €150,000 was established for each MW; and agreed-upon sanctions were agreed-upon in the event of lower than the minimum availability (€6,000 for each availability percentage below the guaranteed availability); and additional standard sections to this type of agreements. Date, which arranges between December 31, 2025 and June 30, 2026 was set for the commercial operation of each project and, a final activation date, commencing six months thereafter was also set. If the activation date is not achieved by the guaranteed commercial operation date, the acquirer will be paid the

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aforementioned agreed-upon compensations. Should the installation not be activated by the final operational dates, the acquirer shall have the right to annul the agreement without any additional compensation payment, without derogating from the debts that accumulated up to that date. The dates can be deferred up to 12 accumulated months for force majeure events or delays in connection to the grid.

2. On June 20, 2023, the consolidated companies in Spain, which hold the Mequinenza and Vienna projects and are held in a concatenation at a rate of 47.4% by the Company, signed a binding agreement with an international company with an A credit rating for the sale of electricity with a total capacity of 144 MW, which will be generated as a part of the Company's projects in Spain. The agreements are for a 10-year period as of the dates of connecting to the grid. Electricity will be sold at an estimated tariff of €47-49 per megawatt, linked to the Spanish Consumer Price Index as at September 10, 2024 (and thereafter linkage of the tariff to the Index as aforementioned will be stopped). This in relation to 70% of the electricity output to be generated by the projects.

3. On October 22, 2024, amendment agreements for each of the agreements were signed, pursuant to which the guaranteed commercial activation date was updated to June 13, 2026 and it was established that, as of January 1, 2025 until the actual activation date or the guaranteed activation date (whichever was the earlier), the seller will supply the acquirers with alternative environmental certificates for the full anticipates capacity of the projects.

The established price is linked to the Spanish Consumer Price Index via an annual update mechanism. Agreements also include agreed compensation mechanisms for delays in commercial activation of between €100 and €150 per day per megawatt, for each arrears day in commercial activation beyond the dates established in the agreement; agreed compensation of €250,000 per megawatt in the event in which the installation's capacity is lower than the capacity established in the agreement; agreed-upon compensation of €6000 for every percentage decrease in availability below the minimum annual availability established in the agreement; placing mutual guarantees; and a commitment to furnish environmental certificates to the acquirer's. The agreements all subject to Spanish law and the engagement period in them is for 10 years from the commercial activation date of each project. A guaranteed commercial activation date for June 30, 2026 was established in the agreements. This date can be postponed up to another 180 days in the event of a force majeure or do they on the part of the electricity grid and, over all there is a final activation date up to in December 2026, subject to the permitted delays according to the agreement. Should the project not be activated by the guaranteed activation date, agreed compensation has been established as aforementioned. Failure to meet the final activation date imparts the acquirer with the right to annul the agreement within 60 days from the aforementioned date, without any additional debt except for accrued liabilities up to the annulment date.

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5. Chile

a. Projects in Chile:

During 2022-2023, the Company engaged in agreements for acquiring the rights in photovoltaic projects in Chile (most through the acquisition of shares of the companies holding the projects at the stage in which the project reaches ready to build) with a capacity of 137 MW, that are in the advanced development stage. The acquisition consideration for the is paid on a project reaching a ready to build status. The acquisition will be executed through a subsidiary controlled by Energy Intersol 8 (S.L.) in which 47.43% of its equity is held in concatenation by the Company. In the framework of the rights acquisition agreements, the sellers undertook to provide development services to the Company for the benefit of developing the project, which includes obtaining all the mandatory permits, licenses, rights and agreements for constructing the project, up to its reaching a ready to build status, this in consideration for the payment specified in the agreement. In this framework, the Company engaged in agreements for acquiring the following projects:

Project's Name	Acquisition year	Holdings rate	Megawatts
Qanquina	2022	47.4%	84
Cachiyuyo	2022	47.4%	51
Calbuco	2022	47.4%	48
ESMERALDA & Hortensia	2023	47.4%	6

a1. PPA Agreements:

- I. On May 29, 2024, through consolidated subsidiaries in Chile, held in concatenation at a rate of 47.4%, the Company signed a non-binding Memorandum of Understanding with one of the largest energy companies in the world for the sale of electricity to be produced in the Cachiyuyo and Qanquina Projects in a total capacity of 130 MW and with the addition of storage of 780 MWh. Pursuant to the agreement, the sellers and buyer will engage in a PPA for a 13-year period commencing from the dates of connecting the projects to the grid and no later than January 1, 2026, subject to their compliance with the conditions established in the agreement.
- II. On December 19, 2024, through Intersol Energy Calbuco SpA, the Company signed a binding electricity purchase price allocation agreement (PPA) with one of the leading Chilean energy companies. The agreement, which was signed for a period of 11 years, relates to the Calbuco wind Project, with a capacity of 48 MW and which is expected to come into force on connecting the project to the grid during H2/26 and no later than May 1, 2027. In the framework of the agreement, the buyer undertook to acquire 80% of the electricity generated in the project, with an option to increase the quantity to 100%. The Company believes that total revenues from the sale in the framework of the agreement will amount to \$6.6 per year and \$72.5 million for each engagement period. Furthermore, taking the revenues from electricity sales in the free market and availability

Notes to the Consolidated Financial Statements

payments into account the total receipts for each engagement period is expected to reach \$101 million. The electricity payments to be paid to the buyer on a semiannual basis will be linked to the US Consumer Price Index. The agreement includes conventional sections for this type of agreements, including grounds for terminating the agreement and compensation in the event of delays in connecting the project to the grid or failure to meet the capacity conditions.

- a2. On August 10, 2023, Parque Solar Cachiyuyo SPA (held by the Company in concatenation at the rate of 47.4%, and which holds the Cachiyuyo Project in Chile) engaged in an agreement to acquire land on an area of 95 ha, in consideration for €597,69595. The land is designated for agricultural use, and, pursuant to the appraisal made for tax purposes, as at December 31, 2024 that is exempt from lands tax payment.

b. Ofek Project

1. On August 13, 2024, through Agua-Sol, the Company engaged in an amendment to the agreement for acquiring rights in the Anpac Project in Chile. In the framework of the amendment, the date for transferring the rights to Agua-Sol was established as the date of signing the amendment to the agreement instead of their holding in trust by a trustee throughout the agreement period. The total payment remains unchanged in essence and will be paid in three installments instead of to as established in the original agreement;
 - (i) An amount of \$900 thousand (about NIS 3,357 thousand) was paid on the date of signing the amendment to the agreement, against transferring shares of the project companies to Agua-Sol; (ii) an amount of \$2.4 million will be paid within 10 business days from the date of receiving all the mandatory permits for constructing the project, i.e., the project reaching the full ready to build stage; (iii) An amount of \$12 million will be paid within 10 business days from the date of signing the financial closure in relation to the project and executing the first withdrawal under it.

Furthermore, if the project is not reach financial closure by December 1, 2025 (with an Agua-Sol's option to extend the period by an additional year), Agua-Sol shall be entitled to annul the agreement and return the shares to the seller and to a refund of the money that was paid to the seller (excluding approved development expenses), or, alternatively, to choose to continue developing the project.

2. EPC + O&M Agreement: On February 12, 2023, through Agua-Sol, the Company signed a non-binding Memorandum of Understanding with a global infrastructure company with the purposes of engaging in EPC and - O&M agreements and providing construction and engineering services for the purposes of constructing the Anpac project, subject to examining the suitability and signing a detailed agreement between the parties. Furthermore, on January 26, 2024, through Agua-Sol, the Company signed with an international investments bank, which will be exclusively responsible for raising capital, debt and hedges in a total sum estimated at \$1.5 billion in the Anpac Project.
3. Raising Capital and Debt for the Project: On January 26, 2024, through Agua Sol, the Company signed with an international investments bank (hereinafter: "the investments bank"), which will be solely responsible in the Anpac project for raising capital, the debt and hedges (should any be necessary for the project) in a total sum of \$1.5 billion. The investment bank has been given exclusivity for attaining funding for the project, when the exclusivity period shall be the earlier between 24 months from the date of signing the agreement or from the date on which the project companies sign an engagement document or acquisition agreement, a loan agreement and/or other express documents, apart from the content relating to funding

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the project (hereinafter: "The exclusivity period"). The consideration to be paid to the investment bank will be on the basis of "success" only, as dependent on raising equity and debt for the project and it is expected to amount to immaterial sums in relation to the entire cost of the project. Furthermore, the investments bank is entitled to a refund of various expenses as is conventional in this type of agreements. In addition, there are additional sections in the agreement, which, inter alia, include references to confidentiality, indemnification, increasing responsibility and additional and various protections, as is conventional in this type of agreements.

6. Projects in Italy:

As at the report date, the Group had engaged in master agreements with a local entrepreneur for acquiring the construction rights of photovoltaic projects in Italy with a total capacity of 1,723 MW (the Company's share, 47.4%). Pursuant to the aforementioned master agreements, the project companies will hire the entrepreneur's services, which include, inter alia, the following services: Tracing suitable land for constructing photovoltaic systems in Italy; providing all the necessary materials in order to examine the suitability of the land (from a technical, environmental and legal aspect) for constructing the project; making contact with the relevant land owners for the purposes of engaging in suitable agreement; submitting an initial request for connecting the installation to be constructed on the land to the electricity grid; preparing engineering designs; and obtaining all the mandatory authorizations, permits and licenses for the purposes of the project reaching a ready to build status (when the projects' company bears all the costs of the aforementioned proceedings, including extending guarantees, should any be required).

The project companies, as aforementioned, engage in option agreements that arrange the acquisition conditions or leasing the land that is the subject of the projects that were acquired (for periods of 30 to 40 years). The Memorandums of Understanding establish conditions precedent for exercising the option, which include removing the restrictions imposed on the project lands and receiving various mandatory authorizations relating to the projects (however, the lessees are entitled to waive the existence of the aforementioned conditions).

In relation to each project in relation to which a master agreement will be signed with the project companies, as aforementioned, the entrepreneurs shall be entitled to a sum of €40,000 for each megawatt to be included in the project, which must be paid in installments pursuant to the milestones established in the agreements.

On September 27, 2023, an agreement for the sale of the project in Italy with a capacity of 140 MW was signed, subject to the existence of conditions precedent, which, inter alia, include the project reaching the ready to build stage (RTB), receipt of all the mandatory regulatory permits for the purposes of its construction and the Boards of Directors of both parties approval by December 31, 2023. On December 29, 2023, the Buyer's Board of Directors approval was received and on December 31, 2023, the approval of the Board of Directors of the subsidiary that holds the project was received. The date for fulfilling the mandatory conditions precedent for exercising the agreement, is up to June 30, 2024, when, each of the Parties has a one-time right to extend the aforementioned date by six additional months. The total consideration for the project comprises an amount of €230 thousand per megawatt, with an adjustment to the aforementioned consideration as established in the agreement. On July 2, 2024 and, further to the

Notes to the Consolidated Financial Statements

Garvina sales agreement, the Company had exercised its rights to extend “the date for completing the conditions precedent” by an additional six months, i.e. until December 30, 2024. On December 30, 2024, an amendment to the sales agreement, pursuant to which the date for competing the conditions precedent was extended to June 30, 2025 was signed and the sales price was reduced by 5% to €218,500 per megawatt instead of €230,000 per megawatt. Furthermore, pursuant to the amendment to the agreement, the parties have an option to extend the date for competing the conditions precedent by additional six months once only, when in the event in which the seller requests extending the date for competing the conditions precedent, the sales price will be reduced by an additional 5% similarity to the aforementioned. As aforementioned, the project has been classified to assets held for sale.

On July 2, 2024 and, further to the Garvina sales agreement, the Company had exercised its rights to extend “the date for completing the conditions precedent” by an additional six months, i.e. until December 31, 2024.

7. Agreement regarding renewable energy ventures in Poland:

On April 7, 2021, the Company engaged in a Shareholders agreement with a venture Company in Israel (hereinafter: “T.D.A.”), which is experienced in developing renewable energy ventures in Poland for creating a Partnership, which will promote and develop, construct and operate renewable energy projects in Poland. In the framework of the engagement and for the purposes of managing the Partnership, the parties established a limited Partnership and management company that are held by the Company and T.D.A. at rates of 70% and 30% respectively (hereinafter: “Solaer – T.D.A. Partnership”). T.D.A. will be responsible for tracing projects in Poland, on the basis of the right of first refusal for the Partnership (hereinafter: “The selected projects”). Should any of the selected project reached the ready to build stage (i.e., after financial closure; hereinafter: “The construction stage”), the Partnership will engage with T.D.A. in a construction management agreement, by virtue of which T.D.A. will provide the Partnership with construction management services in relation to the relevant project, when, in consideration for this, T.D.A. shall be entitled to an additional consideration for each megawatt, which is immaterial in relation to the total project volume. The founders’ agreement includes the possibilities of early termination of the aforementioned construction management agreement and the right of each of the parties (by giving preference to the Company in this method) to acquire, in this event, the share of the second party in the project which will be in joint development at that time. The Partnership will be financed through owners’ loans, when the Company undertook to extend T.D.A.’s share in the owners’ loans to T.D.A., when, in this event, the aforementioned loans will bear annual interest rates of 9% until the financial closure stage and 6.5% thereafter and must be paid from the Partnership’s available flows.

Up to the report date, the Solaer - T.D.A. Partnership had engaged in agreements for acquiring rights in photovoltaic projects in Poland with a capacity of 150 MW.

Notes to the Consolidated Financial Statements

b. Contingent Liabilities

1. On December 15, 2022, in the Magistrates Court in Tel Aviv -Jaffa, Solproject 11 Ltd. ("Solproject"), the Company's subsidiary submitted a claim against Eli and Michal Tsubari (hereinafter: "Tsubari") for compensation of NIS 312,220 and for giving a declarative remedy establishing that Solproject is entitled to all the money that the Electric Corporation had at paid and will pay in the future relating to the systems as well as for a permanent mandatory injunction instructing Tsubari to transfer all the money that was received and that will be received in the future from the Electric Corporation for the systems to Solproject. On February 16, 2023, Tsubari submitted a Statement of Defense. Together with the Statement of Defense, Tsubari submitted a counter Statement of Claim, in which Tsubari requested an injunction instructing Solproject to remove the systems from the henhouse roofs and, alternatively, to transfer the systems from Tsubari's consumer region two Solproject's region and to remove the system from the area that it be removed from that that had been leased to Solproject. Compensation was also claimed for repairing the roofs after full or partial dismantlement of the roofs and compensation for mental anguish, the two to give the in an amount of NIS 679,150. On May 24, 2023, a Statement of Defense to the counterclaim was submitted. There were unsuccessful mediation proceedings between the parties. On January 23, 2025 the first pretrial hearing in the case was held. The case was set for an additional pretrial hearing June 4, 2025. Company Management believes that based on its legal advisors, at this early stage, it is impossible to assess the chances of the claim.
2. On April 19, 2024 Energy Intersol 8 S.L. ("EI8") was sued by Enerbiz Corporation Ltd. ("Enerbiz"), based on an agreement for providing development services that the parties had signed on May 3, 2022, relating to the solar energy project Qanqiña in Chile. Enerbiz claims that, the conditions for payment pursuant to the agreement have occurred and, therefore, EI8 must pay Enerbiz an amount of USD 3,375,600 E1 with the addition of interest, court costs and additional damages the amounts of which will be established in separate proceedings. on September 17, 2024 EI8 submitted a Statement of Defense and a counter Statement of Claim. In the counterclaim EI8 is claiming payment of USD 69,244, with the addition of interest, court costs and additional damages the amounts of which are to be established in separate proceedings. On October 8, 2024, Enerbiz submitted a reply statement and Statement of Defense to the counterclaim. On October 24, 2024, EI8 submitted an additional ply statement to Enerbiz claim and a reply statement to Enerbiz' Statement of Defense in the counterclaim. On November 13, 2024, Enerbiz submitted its reply to the counterclaim. On January 10, 2025 and January 29, 2025 unsuccessful compromise hearings were conducted. At this stage, no dates for hearing evidence in the proceedings have been set Company Management believes that based on its legal advisors, at this early stage, it is impossible to assess the chances of the claim.
3. On September 26, 2024, Arie Frishta submitted a claim the Tel Aviv Magistrates Court, against Sol Neto Roofs Ltd. Relating to an agreement that the parties had signed, in the framework of which a solar system had been installed on the roofs of the henhouse building under the Plaintiff's ownership at Moshav Klahim. In the framework of the claim, the Plaintiff is demanding compensation of NIS 1,160,000 for damages caused to the roofs of the head houses, which were caused, according to the Plaintiff, after installation of

Notes to the Consolidated Financial Statements

the solar system which, the Plaintiff claims was extensively executed negligently and caused a partial collapse of one of the roofs. Company Management believes that based on its legal advisors, at this early stage, it is impossible to assess the chances of the claim.

c. Encumbrances

1. The Company has a fixed or floating lien, in favor of an Israeli insurance company, on all the existing and future assets and rights of the borrowing project companies, including all the rights and profits deriving from them; and a lien on all the borrowing project companies shares, including all the rights and profits deriving by virtue of them, which are held by Sol Neto 1 and Solaer Net Metering Ltd., corporations under the full ownership of Solaer. Collateral for the liabilities of all the borrowing project companies loans are cross collateralization. The amounts of encumbered assets as at December 31, 2024 and December 31, 2025 are NIS 191,293 thousand and NIS 205,120 thousand, respectively
2. Furthermore, the Aliza sun project has a lien on the shares, a lien on accounts and a fixed lien on all the assets and rights in favor of the Austrian bank. The amounts of encumbered assets as at December 30, 2024 and December 31, 2025 are NIS 153,680 thousand and NIS 201,272 thousand, respectively
3. Regarding the development loan, Re-Solar has pledged all its rights in the companies and partnerships that hold the project in Spain for which funds were withdrawn. Furthermore, the Company has encumbered its rights in the owners' loan extended to Re-Solar.

Regarding the mezzanine loans, Re-Solar Funding S.a.r.l also encumbered all its rights relating to the companies and partnerships holding projects for which funds were withdrawn by pledging its rights under the loans that were extended to the holding companies and partnerships. A lien on all Re-Rolar Funding S.a.r.l's shares and accounts was also given to the lender.

The amounts of encumbered assets as at December 31, 2024 and December 31, 2025 are NIS 363,310 thousand and NIS 280,534 thousand, respectively

d. Collateral

From time to time, in its normal course of business, the Company extends collateral to the Electricity Authorities. In addition, the Company extends performance and quality guarantees to corporations under its control in favor of various third parties and collateral for the lease contracts with the land owners and roof owners.

The Company has bank guarantees in the sum of NIS 2 million relating to the operations in Israel and guarantees of €32 million relating to operations in Spain out of which €30.5 million were extended by a Spanish insurance company in consideration for a commission.

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Note 20 - Share Capital

a. Composition

	Number of Shares		Sum	
	Registered	Issued and paid up	Registered	Issued and paid up
	December 31, 2024			
	Quantity		in NIS thousands	
Ordinary Shares each without a par value	16,412,102	10,000,000	(*)-	(*)-

	Number of Shares		Sum	
	Registered	Issued and paid up	Registered	Issued and paid up
	December 31, 2023			
	Quantity		in NIS thousands	
Ordinary Shares each without a par value	16,412,102	10,000,000	(*)-	(*)-

(*) Represents a sum lower than NIS 1

b. Conciliation Between the Existing Number of Shares in the Cycle at the Beginning of the Year and the Existing Number of Shares in the Cycle at the End of the Year

	Note	2024	2023	2022
		Ordinary Shares each without a par value		
		Number of shares		
Balance as at January 1		16,412,102	13,814,602	13,945,800
Public share issue		-	-	-
Private issue	20(c)(3)	-	2,597,500	-
Dormant shares	29(c)(3)	-	-	(131,198)
Balance as at December 31		16,412,102	16,412,102	13,814,602

c. Additional Details

- On June 23, 2021, a private issue of the Company's shares was completed. As a part of the capital raising, 1,470,800 Ordinary Shares were allocated without a par value, as a price of NIS 40.92 per share. The proceeds of the capital raising amounted to NIS 60,185 thousand gross and NIS 59,513 thousand net. The proceeds from the capital raising amounted to NIS -60,185 thousand and NIS 59,513 thousand net. Furthermore, on the private allocation data, 735,401 option warrants, not listed for trading, were allocated, which, can be exercised from the issue date until the end of a 18 months from the date of allocating the

Notes to the Consolidated Financial Statements

- options. The strike price of the proposed options will be NIS 48 for each option, which constitutes the Company's share price on the date of this initial public offer. Give these options expired on December 23, 2022.
2. On December 26, 2023, a private issue of the Company's shares was completed. As a part of raising the capital, 2,597,500 Ordinary Shares without a nominal value were issued at a price of NIS 30.8 per share. The proceeds from the capital raising amounted NIS 80,003 thousand gross and NIS 78,648 thousand net of the issue expenses. Furthermore, on the private allocation date, 909,125 Series A Option Warrants and 909,125 Series B Option Warrants unlisted for trading were allocated. The Series A Option Warrants can be exercised by December 25, 2025 at a strike price of NIS 39.11 for each option. The Series B Option Warrants can be exercised by December 25, 2027 at a strike price of NIS 45.63 for each option.

Note 21 - Share-Based Transaction Payment

On February 6, 2022, options, which had been approved by the Board of Directors on December 14, 2021 were allocated. The options are non-negotiable and were allocated to 16 employees in the Company. The strike price of each option for each Ordinary Share of the Company is NIS 38.784. Subject to the conditions of the options program, at the end of each year in the first three years from the date of the Board of Directors' decision, one third of the options will mature. In 2024 and 2023, the labor rates for the share-based payment amounted to NIS 365 thousand and NIS 3,428 thousand, respectively. The options are exercisable by the offerees up to the termination of five years from the approval date of the allocation, subject to the provisions in the allocation agreement and subject to expiry of the options on the termination of the employee's employment, pursuant to the manner of terminating the employment and as detailed in the options program, the options are non-transferable.

Following are the parameters that are used for measuring the fair value pursuant to the Black & Scholes model on the allocation date of the share-based payment program:

	The Option Warrants Program for Shares
Fair value on the allocation date	NIS 5,964 thousands
The parameters that introduced in the fair value calculation	
Strike price (on the allocation date)	NIS 35.21 Per share
Strike Price	NIS 38.784 per option
Standard Deviation	41.35%
The anticipated lifespan (average weighted)	5 Years
The riskless interest rate	0.687%
The anticipated dividends rate	0%

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Note 22– Revenues

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Revenue from construction services	63,654	484	406
Revenues from electricity sales	41,856	46,605	37,789
Revenues from a venture	-	-	303
Revenues from maintenance and other	210	582	196
	105,720	47,671	38,694

Note 23- Construction, Maintenance and Incidentals

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Costs for construction work in process	62,184	412	286
Systems maintenance and others	11,423	10,192	11,066
	73,607	10,604	11,352

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Note 24- Administration, Head Office and Others

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Professional services	11,894	8,549	11,039
Rentals and office	1,015	550	378
Levies and institutions	3,095	451	485
Advertising	75	54	217
Vehicle	920	794	512
Communications and computerization	428	388	351
Insurance and others	2,288	1,906	1,898
	19,715	12,692	14,880

Note 25 - Project Development Expenses

	For the year ending		
	December 31		
	2024	2023	2022
	NIS thousands		
Examination of suitability for acquiring a project	160	653	1,895
Economically unfeasible projects	220	1,129	-
	380	1,782	1,895

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Note 26 – Finance Expenses

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Interest on loans from banks and financial institutions	17,526	23,725	25,085
Interest on bonds	22,101	20,652	18,469
Interest expenses for loans received from partners (*)	1,933	1,486	552
Interest expenses for a leasing liability	4,982	5,239	4,029
Credit loss expenses	123	428	243
Commissions and others	1,263	710	591
Rate differentials	34,471	-	-
Loss from a change of conditions	20,321	-	-
	102,720	52,240	48,969
Less costs that will be capitalized to qualifying assets	(23,938)	(22,923)	(22,947)
	78,782	29,317	26,022

(*) See Note 2h above.

Note 27 – Finance Revenues

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Interest Income for loans extended to partners (*)	22,665	16,641	11,614
Gains from changing the conditions of loans	3,815	5,930	8,144
Revenues from maintenance and other	6,842	3,384	1,638
Rate differentials	-	19,377	15,283
Hedging transactions	-	-	201
	33,322	45,332	36,880

(*) See Note 2h above.

Notes to the Consolidated Financial Statements

Note 28 - Loss Per Share

Basic earnings (loss) per share

The basic loss per share is calculated by dividing the profit or loss attributed to the Shareholders of the Company by the weighted average of the number of issued Ordinary Shares, apart from the Ordinary Shares that were acquired by the Company/subsidiary and which are held as treasury stock after bonus shares that were distributed or approved for distribution/composition of the benefit in the issue of the shares by way of rights, were taken into account.

	As at December 31		
	2024	2023	2022
	NIS		
Loss attributed to the owners of the Company	(52,432)	10,181	(11,148)
The weighted average of the number of issued Ordinary Shares	16,412,102	13,850,184	13,883,616
Basic and diluted earnings (loss) per share In NIS	(3.19)	0,74	(0.8)

Note 29 - Transactions and Balances with Stakeholders and Related Parties:

"Stakeholder"- In the sense of Clause 1 of the definition of a stakeholder in a corporation in Section 1 of the Securities Law, 5728 – 1968.

- c. Key management personnel in the Company, who are included, together with other entities, in the definition of "related parties include the members of the Board of Directors and senior members of the executive.

a. Balances with stakeholders and associated parties

		As at December 31	
	Referral to Note	2024	2023
		NIS thousands	
Solaer Israel		226	178
Solento Roofs		53	(81)
Loans extended to Solsticio	8b	20,313	-
Current balance for Solsticio	8b	1,918	-
Loans to Solaer Israel	29(d)(2)	7,652	6,935
Accounts Receivable for affiliates	193n	17,330	-
Accounts Payable for affiliates	193n	19,712	-

Notes to the Consolidated Financial Statements

b. Transactions with Stakeholder, Key Managerial Personnel and related parties

	Referral to Note	For the year ending December 31		
		2024	2023	2022
		NIS thousands		
Salary and social benefits to an related party employed in the Company or on its behalf	29(c)1 and 29(c)2	2,608	2,147	1,950
The number of people to whom the benefit relates	29(c)1 and 29(c)2	2	2	2
Total benefits for Directors who are not employed		320	253	258
The number of people to whom the benefit relates		4	4	4
Revenues from initiation and management fees from an affiliate		-	272	303
Interest income from a sister company	29(d)(2)	717	643	640
Management fee revenues from the sister company	29(d)(3)	60	60	60
Interest revenues from the loans extended to Solsticio	8b	495	-	-
Revenues from construction for affiliates	19e3	63,653		

Notes to the Consolidated Financial Statements

c. Emoluments for stakeholders and to senior officers

1. Ms, Paula Vilin Segev is among the Controlling Shareholders (together with her husband, Mr. Alon Segev, who, due to his tenure as the Chairperson of the Board of Directors is active in the Company. In consideration for her tenure, as a full-time job, as of October 1, 2020, Ms Segev is entitled to a monthly remuneration (including a gross salary of NIS 60,000, social benefits, study fund, company car from the licensing group 7, a mobile telephone and parking) at a total monthly cost of NIS 83,400. Furthermore, Ms Segev is entitled to 30 days leave and 30 days sick leave per annum, to an advance notice period of 90 days (apart from instances that have been removed), to an adaptation grant to be paid to her on her retirement from the function in the sum of 4 monthly salaries and to a refund of expenses expended by her by virtue of her function in the Company (against the suitable receipts pursuant to the Company's procedures). Furthermore, Ms Segev is entitled to a bonus at a rate of 2.5% of the Company's cumulative FFO as of October 1, 2020 on the basis of the multi-annual bonus mechanism and provided that the average annual bonus paid to her over the agreement period shall not exceed NIS 500 thousand. Furthermore, Ms Segev has been given exemption and indemnification letters on behalf of the Company and she is included in the Company's Directors and Officers Liability Insurance Policy.
2. Mr. Alon Segev is a Controlling Shareholder in the Company (together with his wife, Ms Paula Vilin Segev), who serves as a Director and CEO of the Company. In consideration for his tenure as CEO in a 90% job, as of October 1, 2020 Mr. Segev is entitled to the identical employment conditions to those paid to his wife, Paula and which are described in Note 1 above.
3. In Q1/24, salary expenses for redemption of accumulated leave days for the previous periods for the Company's Controlling Shareholders, in a total sum of NIS 500 thousand, were recorded.
4. On May 29, 2022, the Company signed a compromise agreement with Mr. Oded Ein Dor, who had been a stakeholder until the end of 2021. The compromise agreement was signed in view of deeds that Mr. Oded Ein Dor had executed against the Company. Pursuant to the compromise agreement: (a) On the agreement coming into force, 131,198 shares of the Company will expire. Alternatively should expiry of the shares not be possible, the shares, as aforementioned, will be converted into dormant shares of the Company, without any payment whatsoever to Mr. Ein Dor; (b) 449,820 Ordinary Shares of the Company must be sold to a third party in an extra exchange transaction, when the proceeds received for the aforementioned sale will be deposited in trust until giving the force of a verdict to the compromise agreement; and (c) 168,682 shares (reflecting 22.5% of the shares held by the trustee services will remain at the trustee for a period of two years from the date of giving force of a verdict to the compromise agreement and will be used as a guarantee to secure Mr. Ein Dor's liabilities as aforementioned in the compromise agreement. Furthermore, pursuant to the agreement, the parties were given options as follows: (a) A PUT Option in the framework of which Mr. Ein Dor shall be entitled to sell the shares at the disposal of the trustee to the Company at the average closing price of the Company's shares on the Exchange during 30 trading days that preceded giving the sale instruction by him, with the addition of NIS 400,000, provided that. Mr. Ein Dor gave written notice of his wish to exercise the PUT option from November 30, 2023 until May 29, 2024, the Company must acquire the secured shares) itself or cause the fact that a third party shall acquire the shares);and (b) A CALL, option in the framework of which the Company is entitled to acquire the secured shares at any time up to May 29, 2024 either itself or through someone on its behalf (including a third party), by giving written notice on its behalf to Mr. Ein Dor pursuant to the higher price between: (i) The average closing price of the Company positive shares on the Exchange in the 30 trading days preceding giving the notice of exercising the-CALL option; and NIS 29.86. Pursuant to the provisions in the compromise agreement, on July 11, 2022, Mr. Ein Dor transferred 131,198

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Ordinary Shares of the Company that were under his ownership without consideration and, on June 6, 2022, Mr. Ein Dor sold 449,820 of the Company's shares, which were under his ownership, to a third party, so that, after the sale of the shares, Mr. Ein Dor ceased being a Stakeholder in the Company. In the opinion of the Company, Mr. Ein Dor violated his commitments in the compromise agreement and, therefore, the safe stock has expired or has become dormant. On November 28, 2023, the Company served notice to Mr. Ein Dor that the safe stock had expired pursuant to the compromise agreement. After conducting a primary Arbitration meeting, dates was set for submitting Statements of Claim. The Company submitted a Statement of Claim on January 28, 2024. Mr. Ein Dor submitted his Statement of Defense on March 21, 2024. The parties submitted initial evidence affidavits and the Arbitrator set the evidence hearing for July and September 2025.

5. The balance of the liability for employee benefits for stakeholders t as at December 31, 2024 and December 31, 2023 is NIS 195 thousand and NIS 182 thousand, respectively.

d. Agreements with Solaer Israel

1. The Offices Lease Agreement:

As of November 2018, the Company leases its offices on 27 Eli Hurwitz Street in Rehovot from Solaer Israel in a sublease at an identical cost in the lease agreement with a third party. The monthly rentals amount to NIS 25 thousand. During 2021, Solaer Israel acquired the offices and it should be noted that the lease conditions remained unchanged.

The Company also engaged with Solaer Israel in a sublease for additional office areas. The monthly rentals are identical to that paid by Solaer to a third party in an amount to NIS 16,000 per month with the addition of linkage to the Index in the month. See Note 11(1)b for additional details.

2. Loans between the Company and Solaer Israel:

On December 24, 2020, the Company engaged in an agreement for extending a loan of NIS 7 million to Solaer Israel. The loan bears annual interest of 6.5% which will be added to the loan principal. The loan and accrued interest shall be linked to the Consumer Price Index. The loan principal with addition of interest and linkage must be paid by Solaer Israel on December 23, 2025. Despite the aforementioned, Solaer can settle all or part of the loan at any time, by early settlement without any sanctions. Solaer Israel repaid a sum of NIS 4 million after the 2021 issue. In addition to this loan, on December 31, 2020, the Company lent Solaer Israel NIS 2.2 million against the loan from the Austrian bank. As at the fine financial statements date, the loan balance is NIS 7,652 thousand

3. Management services agreement

On December 24, 2020, the Company engaged with Solaer Israel in an agreement for providing management and consultation services such as professional counseling, financial management, legal advice and bookkeeping etc. In consideration for these services, Solaer Israel must pay the Company a monthly payment of NIS 5,000. The management fee sum will be linked to the Consumer Price Index. The agreement came into force as of the split date, September 30, 2020 and is for a 5-year period.

- e. On December 29, 2023, the Company, engaged in a management agreement with Re-Solar and with its other Shareholders for providing development and construction services in projects in Spain, Italy and Chile. The essence of the services that the Company provides by virtue of the aforementioned agreements, that are provided through the Company's employees, both prior to acquiring the projects and afterwards, are, inter alia, in the development stage, the Company executes an examination of the feasibility of acquiring the project, a market survey, evaluation of the relevant projects for investment, detailed analyses on the regulatory, environmental and technical situation of the projects, evaluation of the costs and financing sources, tracing

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risks, negotiations for acquiring the project, suitable examinations etc. until receipt of an environmental survey, if not received as such prior to the acquisition date (hereinafter: "management services") After receipt of the environmental survey (if not received prior to the acquisition) the Company provides development services for the purposes of promoting the project, which, inter alia, include engineering planning, negotiations regarding purchase agreements vis-à-vis contractors and equipment suppliers, managing the acquisition process and preparation of a technical specifications schedule / tender for the construction an agreement with the construction company, managing the long-term electricity sales closure agreement process (PPA), promoting and managing the financial closure process, regular inspection of the developers working at attaining all the mandatory authorizations and licenses and their compliance with the regulatory requirements, monitoring and controlling all the land agreements of the projects in order to ensure their validity, legality, the project's compliance with all the taxation and legal requirements etc. (hereinafter: "Management Services")

During 2024 and 2023, the Company debited a number of projects that had matured and received an environmental survey with NIS 19,041 thousand and 18,243 thousand respectively. Furthermore, in 2024, the Company recognized construction management fee income of NIS 4,371 thousand.

The Company's share in the aforementioned revenues reflects a proportionate share of 73% of the total services provided for the project by the partners vis-à-vis its holding in Re-Solar at a rate of 47.4%, as aforementioned The reports include a commitment to pay the partners for their share in charging the aforementioned management fees.

The terms of the agreement for providing the services, as aforementioned, was established pursuant to market conditions for this type of services.

- f. in 2023 period, a subsidiary extended €5 million (about NIS 19.6 million) to Himin Solar in order enable completion of transferring the rights in the Mequinenza projects This amount will be returned to the subsidiary on releasing the guarantees that it had extended.

Note 30– Sectors

The Group's operational sectors are presented based on data that was surveyed by the Group's main operational decision-maker (the Group's CEO) for the purposes of allocating resources to the sectors and assessing their performances.

As at the date of approving the financial statements, the Group has three reportable sectors as detailed below, which constitute the Company's strategic business units. These business units include operational fields and are examined separately for the purposes of allocating resources and assessing performances.

a. The Photovoltaic Operational Sector in Israel

Either itself or through its investee corporations, the Company promotes, develops, plans, licenses, manages financing procedures, construction, management, activation and maintenance of electricity generating systems from renewable energy sources in Israel. The Company's major operations in Israel are developing and constructing yielding projects of rooftop or ground-based photovoltaic systems in public buildings, factories etc. and, which are used for the purposes of the electricity current to the national distribution and conduction lines and for self-use of private consumers, pursuant to the Electricity Authority's various regulations The sector's results are based on the operating income on neutralizing depreciation and amortization expenses of

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the system and an impairment of the systems

b. The Operational Field of the Photo Voltaic Systems in Spain and Italy

The Company operates, itself or through its investee corporations, in Spain and Italy through joint ventures with third parties in the field of promoting, developing and constructing photovoltaic systems. The sector's results are based on the operating income on neutralizing depreciation and amortization expenses of the system and an impairment of the systems

c. Management and Construction

As of the report period, the Group's revenues from providing management services to projects in the development, construction or operating stages and from providing construction and maintenance services to projects under partial or full ownership of the Company surveyed by the chief operational decision-maker. The results of the sector are based on the earnings from development, management and construction services that are provided to both the Group's projects and to the projects of third parties, the sectorial earnings constitute the gross profit for the period, including recording salary expenses (that were capitalized during the report period for the projects under development) as a part of operating expenses. Adjustments for the consolidated financial statements include canceling revenues and expenses for affiliates and investees and sundry expenses that will be capitalized for the systems in construction and development.

d. Another sector – includes the Company's activity fields in projects in Poland and electricity sales by and electricity trading company in Poland.

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The sectorial data for the reporting sectors is as follows:

	For the year ending, December 31, 2024					
	Israel – photovoltaic	Spain and Italy – photovoltaic	Management and construction	Other	Adjustments for consolidated	Total consolidated
	NIS thousands					
Revenues from external entities	27,052	14,108	84,873	834	(21,147)	105,720
Inter-sectorial revenues	-	-	129,307	-	(129,307)	-
Total revenues of the sector	27,052	14,108	214,180	834	(150,454)	105,720
Costs for construction work in process	-	-	62,184	-	-	62,184
Systems maintenance and others	5,749	4,021	3,285	248	-	11,423
Sectorial Results	15,130	9,673	20,813	(135)	(22,482)	22,999
Items that were not allocated to sectors:						
Expenses that were not allocated to sectors						(28,199)
Depreciation, amortization and systems impairments						(21,780)
Finance expenses, net						(45,460)
Losses of an affiliate						(455)
Pre-tax loss						(72,895)

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	For the year ending, December 31, 2023					
	Israel – photovoltaic	Spain and Italy – photovoltaic	Management and construction	Other	Adjustments for consolidated	Total consolidated
	NIS thousands					
Revenues from external entities	28,980	15,737	-	2,954	-	47,671
Inter-sectorial revenues	-	-	34,046	-	(34,046)	-
Total revenues of the sector	28,980	15,737	34,046	2,954	(34,046)	47,671
Costs for construction work in process			412			412
Systems maintenance and others	4,913	2,297	312	2,670		10,192
Sectorial Results	16,480	12,649	12,701	(303)	(15,286)	26,241
Items that were not allocated to sectors:						
Expenses that were not allocated to sectors						(18,992)
Depreciation, amortization and systems impairments						(18,806)
Finance income, net						16,015
Profits of an affiliated company						102
Pre-tax earnings						4,560

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	For the year ending, December 31, 2022					
	Israel – photovoltaic	Spain and Italy – photovoltaic	Management and construction	Other	Adjustments for consolidated	Total consolidated
	NIS thousands					
Revenues from external entities	20,776	16,355	-	1,563	-	38,694
Inter-sectorial revenues	-	-	19,724	-	(19,724)	-
Total revenues of the sector	20,776	16,355	19,724	1,563	(19,724)	38,694
Costs for construction work in process						286
Systems maintenance and others	3,259	3,752	2,614	1,441		11,066
Sectorial Results	11,474	12,603	(3,086)	(286)	(1,870)	18,835
Items that were not allocated to sectors:						
Expenses that were not allocated to sectors						(21,667)
Depreciation, amortization and systems impairments						(16,229)
Finance income, net						10,858
Profits of an affiliated company						71
Pre-tax loss						(8,132)

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Data based on geographic regions

The Company's domestic country is Israel and the Group's promotion, development, construction, management, activation and maintenance operations are concentrated primarily in Israel, Spain, Italy., Poland and Chile. When presenting the information on a geographical sectorial basis, the sector revenues are based on the geographic location of the customers.

	For the year ending December 31		
	2024	2023	2022
	NIS thousands		
Revenues from external entities			
Israel	27,052	28,980	20,776
Spain	78,668	18,691	17,918
Consolidated	105,720	47,671	38,694

Major Customers

The Group's revenues from the Alpac customer that are attributed to the photovoltaic sector in Spain in 2024, 2023 and 2022 are NIS 14,108, 15, 737 and 12,9717 thousand, respectively.

Note 31- Events After the Balance Sheet Date

- a. On February 13, 2025, together with EDF Renewables Israel Ltd., the Company received notice of succeeding in Competitive Procedure No 1 for establishing the availability tariff for storage installations that are connected or integrated with the upper current grid. For the purposes of developing the project, the Company engaged in a cooperation agreement with the partner, EDF Renewables Israel and, with a number of Kibbutzim, in the framework of which and electricity storage installation would be constructed with a capacity of 120 MW and a storage capacity estimated at 480 MWh. The project will be constructed at the site in the Neve Harif region and will be connected to the upper current grid act and availability tariff of 3.83 agorot per kilowatt hour.
- b. On February 23, 2025, the Company completed an issue of bonds (Series B) of NIS143,226,000 thousand face value, by way of expending the existing bonds series. As a part of the issue, bonds were issued with option warrants (Series 1) that can be exercised into the Company's shares without consideration. See Note 15 d.(5) above for additional details.

