Powering Renewables.

Board of Directors' Report

On the State of Affairs of Econergy Renewable Energies Ltd.

The Board of Directors of Econergy Renewable Energies Ltd. (hereinafter – the "Company") is honored to present the Company's Board of Directors' Report as of December 31, 2023, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter – the "Report Regulations")

As of December 31, 2023

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Part One

The Board of Directors' Explanations regarding the State of the Company's Business

1. General - The Company's activities and significant events during and subsequent to the reporting period

The Company was incorporated and registered in Israel on February 9, 2021 as a private company limited by shares, in accordance with the Companies Law, 1999 (hereinafter - the "**Companies Law**"). The Company was established for the purpose of raising capital from the public in Israel through the issuance of Company shares on the Tel Aviv Stock Exchange, and it operates in the field of renewable energy in Europe by itself and through corporations under its control (hereinafter - the “Group”).

On July 7, 2021, the Company published a supplementary prospectus and a shelf prospectus (dated July 8, 2021, Ref: 2021-01-049951), and on July 9, 2021, the Company published a supplementary notice (Ref: 2021-01-050950) (hereinafter collectively - the "**Prospectus**"). The Company's shares are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter - the “**TASE**") since July 13, 2021 under the symbol ECNR.

1.1 Areas of Activity

The Company has six business activity segments divided by geographical location, which are described as areas of activity in the Description of the Corporation's Business, as follows:

1.1.1. Area of activity - Italy;
1.1.2. Area of activity - UK;
1.1.3. Area of activity - Romania;
1.1.4. Area of activity - Poland;
1.1.5. Area of activity - Spain;
1.1.6. Area of activity - Greece;

1.2 Holding structure

For information regarding the structure of the Company's holdings, see Section 1.3.5 of Chapter A – Description of the Corporation’s Business, attached to the 2023 Annual Report, in which this Board of Directors’ Report is a chapter (hereinafter - “**Chapter A**”).

1.3 Business environment

For information regarding the Company's business environment, see Sections 1.7, 1.8.1, 1.9.1, 1.10.1, 1.11.1 and 1.12.1 of Chapter A and Section 1.5 below.

1.4 Significant events in the reporting period and until the publication of the Report - status of project development and forecast of the Company's business results

1.4.1 Significant events in the reporting period and until the publication of the report

A. Completion of investment and financing received from the French Infragreen Fund in the amount of approx. EUR 87.5 million

On November 17, 2022 (in this section - the "**Closing Date**") Econergy signed binding agreements with several companies from the Rgreen Invest Group, a leading investment fund in renewable energy in France incorporated as a company in France (hereinafter collectively - "**RG**"), regarding RG's investment of EUR 87.5 million in the capital of Econergy UK, and also regarding the entry into an equity partnership and the provision of financing for the Company's projects in Europe in an additional total amount of approx. EUR 163.3 million (in this section - the “**agreements**”).
On March 5, 2023, the Company reported that the parties to the agreements had signed an amendment according to which the bulk of the additional capital investment by the RG Group’s 5IG Fund, in the amount of EUR 30 million, according to the terms of the agreements, will be brought forward and carried out on March 2, 2023 (in consideration for the allocation of Econergy UK shares which will constitute 6.1% of Econergy UK’s issued share capital on the closing date), and that this investment was carried out and received by the Company. On May 3, 2023, the Company reported that the balance of the additional capital investment in the amount of EUR 7.5 million (in consideration for the allocation of Econergy UK shares, which will constitute 1.4% of Econergy UK’s issued share capital on the closing date) was completed.
As of December 31, 2023, RG transferred the amount of EUR 12.8 million to the project company that holds the rights to the Parau project in Romania, in respect of the allocation of 50% of the project company's shares, and after the balance sheet date most of the proceeds were transferred from the special purpose company (SPC) to the project company. In addition, RG transferred EUR 42.2 million to a wholly owned subsidiary of Econergy UK (an SPC for the projects’ financing by RG under the cooperation agreement).
It should be noted that as of this date, companies from the Company’s group have additional cooperation agreements with RG. For additional information regarding agreements, including regarding the cooperation and financing principles, see Section 1.20.7 of Chapter A and the Company's immediate reports dated January 20, 2022, June 26, 2022, November 17, 2022, March 5, 2023, and May 3, 2023 (Refs: 2022-01-027184, 2022-01-064605, 2022-01-110790, and 2023 -01-019789 and 2023-01-047520, respectively).

B. Binding agreement with the Phoenix Insurance Company Ltd. regarding the entry into a cooperation, investment and provision of financing for the Company's projects in Romania and Poland in a total amount of approx. EUR 150 million and receipt of financing under this agreement

On January 4, 2023 (in this section - the "**Closing Date**"), Econergy UK signed a cooperation agreement, a convertible loan and fixed loan agreements, and a shareholders' agreement with the Phoenix Insurance Company Ltd. and entities related thereto (hereinafter collectively - the "**Phoenix**") with respect to the entry into a cooperation and the provision of loans by the Phoenix for the financing of part of the construction costs of the Company's photovoltaic projects in Romania and Poland (in this section - the “**Project/s**") in the total amount of approx. EUR 150 million (in this section - the "**Agreements**" and the "**Loans**", respectively).
For information regarding the terms of the agreements and loans, including the loan terms, repayment dates, interest, financial covenants, collateral, grounds for immediate repayment, and additional limitations and provisions, see Section 1.20.8 of Chapter A of the 2023 Annual Report and immediate reports dated January 5, 2023 and May 16, 2023 (Refs: 2023-01-002413 and 2023-01-044518, respectively).

In accordance with the agreements, on May 15, 2023, the Company signed, through Econergy UK and other companies held by the Company, the following binding agreements:

1. A binding agreement with the Phoenix regarding the provision of financing for the Company's Oradea project in Romania, which is in "project under construction" status, in a total amount of approx. EUR 46.6 million, in accordance with the investment principles detailed in the previous report in relation to the cooperation agreement, the convertible loan and fixed loan agreements, and the shareholders' agreement with the Phoenix. The financing will be provided from time to time in accordance with the project's development needs after meeting the conditions customary for this type of loan, including completion of the recording of collateral, etc. The following are details regarding the financing of the Oradea project - the Phoenix financing (66.67% of the project financing) - approx. EUR 46.6 million, which includes:

- A convertible loan (49% of the project financing): approx. EUR 34.3 million. First payment of approx. 18.1 million received on May 15, 2023. On October 4, 2023, the balance of the loan in the amount of approx. EUR 16.2 million was received;

- A fixed loan (17.67 % of the project financing): approx. EUR 12.3 million. First payment of approx. 6.5 million received on May 15, 2023. On October 4, 2023, the balance of the loan in the amount of approx. EUR 5.8 million was received;

2. A binding agreement with the Phoenix regarding an entry into the provision of financing for the Company's Resko project in Poland, which is in "project under construction" status, in a total amount of approx. EUR 30 million, in accordance with the investment principles detailed in the previous report in relation to the cooperation agreement, the convertible loan and fixed loan agreements, and the shareholders' agreement with the Phoenix. The financing will be provided from time to time in accordance with the project's development needs after meeting the conditions customary for this type of loan, including completion of the recording of collateral, etc. The company received the first payment from the financing in the amount of approx. EUR 30 million on May 15, 2023. The following are details regarding the financing of the Resko project - Phoenix financing (66.67% of the project financing) - approx. EUR 30 million, which includes:

- A convertible loan (49% of the project financing): approx. EUR 22 million. The first payment of approx. EUR 22 million (which includes an additional loan for VAT and unexpected expenses for the project's development) was received on May 15, 2023;

- A fixed loan (17.67 % of the project financing): approx. EUR 8 million. The first payment of approx. EUR 8 million was received on May 16, 2023.

The Company's assessments regarding its expected revenue from the agreements and the projects are forward-looking information, as this term is defined in the Securities Law, 1968, the realization of which is uncertain and not under the sole control of the Company. The above assessments are based, among other things, on the Company's plans and estimates, and may not materialize due to factors beyond the Company's control, as well as due to the materialization of any of the risk factors described in Section 1.29 of Chapter A.

C. On March 4, 2024, the Company acquired the Dalmarnock project - a BESS project in Scotland with a capacity of 40 MW, at a total cost of approx. EUR 5 million, which was paid in full on the acquisition date.

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D. Commercial operation of the Ratesti project in Romania and engagement in an agreement for its financing in the amount of approx. EUR 60 million

The Ratesti project is the largest photovoltaic project in Romania (in this section - the "**Project**"), and on November 23, the project commenced commercial operation, when the project was connected to the electricity grid and a gradual flow of electricity into the grid began, with full electricity being gradually supplied in the weeks following the connection. This is the Company's first project reaching commercial operation, and the largest photovoltaic project in Romania connected to the electricity grid.

In addition, on November 21, 2023, Ratesti Solar Plant (the "**Project Company**"), a corporation held (50%) by Econergy UK, signed a financing agreement for the provision of financing for the project with Raiffeisen Bank International AG, one of the leading banks in Austria and Central Europe, and with its subsidiary, Raiffeisen Bank S.A. (the "**Raiffeisen Group**") together - in a total amount of approx. EUR 60 million by the Raiffeisen Group (in this section - the "Financing Agreement"). The financing agreement includes the following main conditions:

- Subject to the conditions stipulated in the financing agreement, the financing will be through the establishment of a credit facility until January 31, 2024 in a total amount of approx. EUR 60 million, and the loan will be withdrawn in one payment to the project company's account. The financing is provided based on the sale of electricity in the market without the requirement of closing a PPA agreement. The principal and the loan will be repaid by December 31, 2033, in quarterly payments (the principal, starting from September 30, 2024; the interest starting from December 31, 2023), and in addition, a cash sweep will be carried out in a total amount of approx. EUR 8.5 million under the conditions stipulated in the financing agreement. The interest that will be paid is annual interest according to "Eurobori - three months" plus a margin between 3%-4%.

- As part of the financing agreement, accepted financial benchmarks were established which include a debt coverage ratio not exceeding 1.2, an undertaking that the value of the project company's assets will be higher than the value of its liabilities, and that the value of the project company's net assets will be at least 50% higher than the allocated capital.

- A lien on all project company assets, including land rights and real estate, receipts, bank account, a lien on the project company's shares by the shareholders of the project company, inferiority of loans provided by the shareholders and/or on their behalf and a lien on receipts due to the shareholders of the project company and/or someone on their behalf from the project company, prohibition of negative pledges in the project company, and the provision of deposits.

- In the financing agreement, accepted grounds for immediate repayment were established, additional representations and obligations, including in connection with the COD date of the project.

On December 22, 2023, the conditions for financial closure of the financing agreement were met and the full amount of the loan funds were transferred to the project company. For additional information regarding the project status, costs and the expected revenue, see Section 1.4.2 below. For additional information regarding the financing agreement, see Section 1.20.10 of Chapter A, and immediate reports published by the Company on November 22, 2023 and November 26, 2023 (Refs: 2023-01-126582 and 2023-01-127749, respectively), which are included in this report in full by way of reference.

E. **Win in tenders for the supply of electricity at a guaranteed rate from the Company's storage facilities in the UK**

On February 21, 2023, Econergy UK won two government tenders for the supply of electricity from storage facilities for a period of 15 years, at a rate of GBP 63 per hour, linked to the index, due to the Company's win in the tenders for the Swangate and Immingham projects. The Company, as the winner of the tenders, will be required to be available with 4 hours' notice in any case where there is a fear of disconnections in the electricity system in order for the Company's storage systems to be used as an alternative to the flow of electricity. The Company estimates that during the winning period (starting in 2027) the Company is expected to receive revenue in respect of the win in the tenders in the aggregate amount of approx. GBP 8.21 million, before linkage to the Consumer Price Index. To clarify, this revenue constitutes a relatively small portion of the total expected revenue from the projects, noting that according to the regulation in the UK, the Company will be able to enter into market contracts for the sale of electricity and additional electricity network services. For additional information, see the Company's report dated February 26, 2023 (Ref: 2023-01-020727).

F. **Allocation of options to employees, to the Chairman of the Board of Directors and as a reserve of options for future allocations**

- In accordance with the decision of the Company's Board of Directors dated March 27, 2023, on March 28, 2023 the Company published an outline and report of a private allocation to employees, for the allocation of 144,500 options convertible into 144,500 ordinary Company shares, to 8 of the Company's employees, as well as 735,000 options convertible into 735,000 ordinary Company shares to Altschuler Benefits Ltd. (the "**Trustee**") which will be used as a pool for future granting of options to employees. On May 14, 2023, the allocation of the aforementioned options was concluded.
  For additional information, see immediate reports dated March 28, 2023, May 7, 2023 and May 14, 2023 (Refs: 2023-01-029845, 2023-01-048603 and 2023-01-051291, respectively).

- In accordance with the decision of the Company's Board of Directors on March 27, 2023, and further to the approval of the Company's general meeting on May 2, 2023, on May 15, 2023, an allocation of 150,000 options convertible into 150,000 ordinary Company shares was completed to Mr. Shlomo Zohar, Chairman of the Company's Board of Directors.
  For additional information, see immediate reports dated March 28, 2023, March 30, 2023, April 20, 2023 and May 14, 2023 (Refs: 2023-01-029845, 2023-01-031024, 2023-01-037786 and 2023-01-051291, respectively).

- On August 17, 2023, the Company's Board of Directors approved the granting of 141,000 additional options from the Company's option pool, with an exercise price set at NIS 12.321, and the options were issued to the offerees.

- On November 27, 2023, the Company's Board of Directors approved the granting of 135,000 additional options to 6 offerees from the Company's option pool for Company employees, with an exercise price set at NIS 10.179.

- On March 20, 2024, the Company's Board of Directors approved the granting of 30,500 additional options to 5 offerees from the Company's option pool for Company employees, with an exercise price set at NIS 15.92.

G. Acquisition of a wind project in Romania – Salbatica

On May 19, the acquisition of the Salbatica project, a wind project in Romania, was completed with a capacity of approx. 35 MW, for a consideration of approx. EUR 6.3 million, which was paid during the reporting period. As part of the project acquisition, the Company's Board of Directors approved the provision of a parent company guarantee of up to EUR 4 million in order to guarantee payment for part of a European grant which is expected to be received from the authorities in Romania and is dependent on the grant amount to be received.

H. Preliminary agreement with Ebury Partners UK Limited

Further to Econergy UK's engagement with Ebury Partners UK Limited ("**Ebury**") in a forward agreement for hedging the risk of changes in foreign exchange rates relating to payment of the Company's bonds (Series A), which was signed in 2021, on July 20, 2023 the Company signed an unlimited guarantee and indemnification in favor of Ebury regarding Econergy UK's undertakings towards it.

I. Entry into the annual ranking of the corporate responsibility organization Maala

During 2023, the Company was audited by Maala, an umbrella organization of approx. 120 leading companies in the Israeli economy, which seeks to promote issues of corporate responsibility and develop standards of responsible management in Israel. In July, an upgraded rating for 2023 was published in which the Company participated for the first time and was awarded a platinum rating, and an ESG rating of A.

J. Engagement in a binding agreement with Rivage Investment funds for the provision of a loan to the subsidiary in the UK for the development, construction and acquisition of the Company's projects in Europe and the UK in a total amount of up to EUR 150 million

On February 7, 2024, Econergy UK signed a binding agreement with the Rivage Investment[1] ("**Rivage**") funds, for the provision of a loan to Econergy UK for the development, construction and acquisition of the Company's projects in Europe and the UK (mainly in Italy, England and Romania) in a total amount of approx. EUR 150 million (in this section - the "**loan**", and the "**loan agreement**", respectively).

The loan amount is expected to be used by Econergy UK to continue the development and construction of the Company's pipeline of projects in the target markets in the short term, mainly in Italy, England and Romania according to the Company's investment plan detailed in Section 1.4.3 below. According to the loan agreement, the loan will be provided in two facilities:

- EUR 100 million will be made available starting from the date of financial closure of the loan agreement for a period of up to 24 months, according to pre-conditions for withdrawal specified in the loan agreement, in accordance with the needs of the development and construction of projects and/or the acquisition of projects in Europe and in the UK that will be presented by Econergy UK to the lenders, in accordance with the provisions of the loan agreement (the "**first facility**");
- An additional EUR 50 million after the fulfillment of the conditions detailed in the loan agreement (the "**second facility**").

For information regarding the terms of the loan agreement and the loan, including the conditions for provision of the second facility, repayment dates, interest, financial covenants, collateral, grounds for immediate repayment, and additional limitations and provisions, see Section 1.20.11 of Chapter A and the Company's immediate report dated February 8, 2024 (Ref: 2024-01-014511).

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[1] Rivage Private Debt Fund – Fund for Infrastructure Climate Solutions (Rivage PD-FIC; Rivage Euro Debt Infrastructure High Return

K. Engagement in a binding agreement for the acquisition of UBS holdings in Econergy Archmore by Econergy UK

On February 7, 2024, a binding agreement was signed between companies owned by UBS and Econergy UK, according to which Econergy UK will acquire all of UBS's holdings in Econergy Archmore in consideration for a total of approx. EUR 8 million, so that after the transaction is completed, Econergy UK will hold 90% of the shares of Econergy Archmore.
According to accounting principles, upon acquisition of control the Company is required to present the profit, if generated, from the gap between the market value reflected in the consideration for the acquisition of control and the holding value that existed on the transaction date.
As a result of the above, during the first quarter of 2024, the Company is expected to record a profit in the amount of approx. EUR 38.5 thousand which will be presented in the financial statements under "Profit from the realization of an initiative", which will be reflected in the increase in equity in that amount.
The Company's assessments regarding the expected profit from the realization of an initiative following the agreement to purchase the UBS holdings in Econergy Archmore constitute forward-looking information, as this term is defined in the Securities Law, 1968, the realization of which is uncertain and not under the sole control of the Company. The above assessments are based, among other things, on the Company's estimates, and may not materialize due to factors beyond the Company's control, as well as due to the materialization of any of the risk factors described in Section 1.29 of Chapter A.
For additional information, see Section 1.8.2.2 of Chapter A and the Immediate report dated February 8, 2024 (Ref: 2024-01-014517).

L. Engagement in a binding agreement for the acquisition of the holdings of the limited partners in Econergy Development 1 Limited Partnership

On February 8, 2024 and March 18, 2024, the Company signed binding agreements with its subsidiary Econergy Management Italia Ltd. and the remaining limited partners, according to which the Company will acquire the full holdings of the limited partners in the Econergy Development 1 partnership, a partnership held by the Company, in consideration for a total of approx. EUR 4 million, so that after the transaction is completed, the Company will hold 100% of all the rights in the Econergy Development 1 partnership.
For additional information, see Section 1.8.2.2 of Chapter A.

M. Assets held for sale

In view of the fact that the Company has significant project development activity in Romania with a pipeline of projects of over 2.2 GW and it estimates that it will be able to establish projects in Romania according to its work plan, the Company's management has commenced advanced negotiation procedures for the sale of four projects in "pre-construction" status with a total capacity of approx. 309 MW. The Company anticipates that the sale price will range between EUR 120-140 thousand per MW, compared to a significantly lower development cost of approx. EUR 15 thousand per MW. The Company is expected to record revenue from the realization of an initiative accordingly and the closing of the transactions is expected between the second and third quarters of 2024.

The Company's assessments regarding the completion of the sale of assets in Romania, their scope, the consideration that will be paid for them, the date of the sale and the profit that will be recorded for them are forward-looking information, as this term is defined in the Securities Law, 1968, the realization of which is uncertain and not under the sole control of the Company. The above assessments are based, among other things, on the Company's estimates, and may not materialize due to factors beyond the Company's control, as well as due to the materialization of any of the risk factors described in Section 1.29 of Chapter A.

1.4.2 Status of project development

It should be noted that the Company's forecasts are based on the Company's existing project pipeline and the Company's existing work plan for the implementation of projects as detailed in Section 1.4.4 below and in Section 1.3.4 of Chapter A of the 2023 Annual Report, which does not take into account further initiation and development of additional projects.

The development status of the projects is determined according to the following principles:

- "Early development systems" - Systems in the early development stages, which have not yet matured for licensing and for which feasibility tests for connection to the grid are being performed; comprehensive examination of land type restrictions and licensing; mandatory engagement with relevant landowners; economic feasibility tests; preparation of a comprehensive internal report;

- "Systems under license" - Systems for which there is a connection to the land and grid connection approval (except in Poland where grid connection approval is obtained at the final stage of project development) and which are in the process of obtaining a building permit.

- "Pre-construction systems" - Systems that have received all the required approvals for starting construction or systems for which there is approval for connection to the grid and for which all significant approvals have been received (including approval for an environmental survey) in order to obtain final licensing permits.

- "Systems under construction" - Systems whose construction process has begun.

- "Systems in 'ready to connect' stage" - Systems whose physical construction stage has been fully completed or for which a connection request has been submitted, but have not yet been connected to the electricity grid.

- "Systems in commercial operation stage" ("in operation") - Systems whose construction has been completed and the electricity produced in them is fed into the relevant electricity grid.

- It should be noted that the Company's projects are presented below with a separation between the installed capacity (MWp) of photovoltaic and wind projects and the nominal storage volume (MWh) of battery storage projects.

    A. It should be noted that the Company's pipeline of projects includes projects in early development status, whose expected connection dates to the electricity grid are up to 2036. Despite the above, this report will include data regarding all projects in early development status whose expected connection year is up to 2028 (inclusive). As of the date of this Report, the Company has projects with a total capacity of approx. 1,354 MW of PV and wind, and approx. 5,804 MWh of storage in early development status whose expected connection year is from 2029 onwards, for which development expenses over the coming years are expected to be negligible, and which are not presented as part of the data included in the tables below.

B. The following is a summary of the status of photovoltaic and wind projects in development, and the predicted capacities, in the countries in which the Company operates, as of the date of publication (data presented in MW):

Status	Italy	UK	Romania	Spain	Poland	Greece	Total
In operation	4	-	155		-	-	159
Ready to connect	17	-	92	-	51	-	160
Under construction	-	-	198	-	-	-	198
Pre-construction	262	201	591	50	-	-	1,104
Under license	1,526	22	1,251	-	488	460	3,746
Early development	513	-	-	221	429	500	1,663
Total MW in development	**2,322**	**222**	**2,286**	**271**	**968**	**960**	7,030
Number of PV and wind projects	**139**	**6**	**22**	**3**	**29**	**3**	202
Of which PV projects with combined storage		**4**					4

C. The following is a summary of the status of storage projects in development and the predicted capacities, as of the date of publication of the report (data presented in MWh):

Storage projects in the UK	BESS stand-alone as of December 31, 2023	BESS co-located as of December 31, 2023	Total as of December 31, 2023
In operation	-	-	-
Ready to connect	-	-	-
Under construction	102	-	102
Pre-construction	245	239	484
Under license	143	61	204
Early development	153	-	153
Total MWh storage	**643**	300	**943**
Number of storage projects	**5**	**4**	**9**

D. The following is a summary of the projects by project type (for PV and wind projects the data is presented in MW, for storage projects the data is in MWh), as of the date of publication of the report:

Type of Project	Italy	UK	Romania	Spain	Poland	Greece	Total
PV	1,711	222	2,125	271	968	960	**6,258**
Wind	611	-	161	-	-	-	**772**
Total projects under development	**2,322**	**222**	**2,286**	**271**	**968**	**960**	**7,030**

Type of Project	Italy	UK	Romania	Spain	Poland	Greece	Total
BESS (co-located)		300					300
BESS (stand-alone)		643					643
Total projects under development		**943**					**943**

Regarding storage projects, it should be noted that apart from the projects that are already in the development process in the UK, as detailed in the table above, the Company is also examining and promoting entry into the field of storage in the other markets in which it operates.
The Company conducts a regular assessment of the development status and the expected connection dates in each country, which are derived from the expected duration of the development process in each country and the expected duration of construction subsequent to the Ready to Build (RTB) stage and up to the connection to the electricity grid. Following delays in the equipment supply chain resulting from macroeconomic effects (as detailed in Section 1.7 of Chapter A), the Company expects certain temporary delays in the coming period, during the construction period of some of the projects, which are not expected to have a material impact on the Company's activities, as detailed below:

- The licensing process in Italy, up to the RTB stage, is expected, according to the Company's assessment, to take a period of 24 to 36 months for PV projects depending on the project capacity, and a period of 36-48 months for wind projects. For details regarding the licensing and regulation process in Italy, see Section 1.8.1.5 of Chapter A. The Company is making progress in the development procedures of the projects but is experiencing delays, mainly due to the development of new network infrastructure by the electricity network operators, longer than expected waiting times in the local authorities and objections from environmental organizations and others on the local level.

- The licensing process in the UK, up to the RTB stage, is expected, according to the Company's assessment, to take a period of 18 to 24 months for PV projects, depending on the project capacity, and a period of 24 months for storage projects. For details regarding the licensing and regulation process in the UK, see Section 1.9.1.3 of Chapter A.

On November 13, 2023, several new rules were approved by the British electricity regulator[2] (Ofgem) granting new powers to National Grid ESO (ESO) 3to proactively manage the process of connecting renewable energy projects to the electricity grid and even cancel projects that cause a delay in the grid connection queue. All this as part of the Five-Point Plan[4], one of whose goals is to speed up the connection of clean energy projects to the electricity grid and cancel projects that do not meet the established milestones.

The new principles and milestones for queue management will be in effect for all projects with electricity grid connection contracts after November 2025 and all new connection applications received by the National Grid ESO.

Regarding projects with contractual connection dates preceding the end of 2025, the ESO announced that it classified 144 projects with an installed capacity of 29 GW (out of 232 projects with an installed capacity of 45 GW) as at a "high risk" of failing to meet their contractual connection date and even hired an independent engineering consulting firm to review the projects and provide a view of their ability to meet their connection date.

- The Company estimates that the licensing process in Romania, up to the RTB stage, is expected to take 24 months for PV projects, depending on the project capacity, and 24 to 36 months for wind projects. For information regarding the licensing and regulation process in Romania, see Section 1.10.1.3 of Chapter A.

- The Company estimates that the licensing process in Poland, up to the RTB stage, is expected to take approx. 36 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in Poland, see Section 1.11.1.3 of Chapter A of the Company's 2023 Annual Report. Further to the Company's reports regarding the adoption of legislation in Poland to establish a temporary ceiling for the prices of electricity produced, among other things, from photovoltaic installations, until the end of 2023, in July 2023, an amendment to the legislation was approved which, subject to the approval of the President of Poland (which to date is yet to be received), expanded the applicability of the law so that electricity producers are obliged to deposit into a dedicated fund established by the regulator, 97% of the revenue they receive from the sale of GOOs certificates and from financial transactions for the sale of electricity.

  In view of the fact that the Company is expected to start connecting PV projects to the electricity grid in Poland in the second half of 2024, and bearing in mind the electricity forecasts used by the Company according to its market consultants, the Company does not anticipate any damage to its operations and revenues compared to its forecasts.

- The Company estimates that the licensing process in Spain, up to the RTB stage, is expected to take 36 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in Spain, see Section 1.12.1.3 of Chapter A.

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[2] https://www.ofgem.gov.uk/publications/cmp376-inclusion-queue-management-process-within-cusc
[3] The UK electricity system operator
[4] https://www.nationalgrideso.com/news/eso-leads-way-major-initiative-accelerate-connections-electricity-transmission-grid

- The Company estimates that the licensing process in Greece, up to the RTB stage, is expected to take 36 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in Greece, see Section 1.13.1.3 of Chapter A.

  Moreover, the duration of the project construction period, in all countries, from the RTB stage up to the project's connection to the electricity grid and commercial operation, is expected, according to the Company's estimate, to take 9 to 18 months for PV projects, depending on the project capacity, 15 to 18 months for wind projects, depending on the project capacity, and 12 to 21 months for storage projects, depending on the project capacity.

  The Company's connection forecasts, both in the UK and in the other territories, are based, among other things, on connection dates according to the applications submitted and connection approvals actually received.

E. As part of an ongoing assessment of development processes and of the conditions required for the classification of the development stages, the Company's management has changed some of the definitions of the development stages and as a result there was a decrease in projects in pre-construction and projects under licensing as will be detailed in Section FJ below.

F. The following is an analysis of the projects' development in the various territories where the Company operates since the 2022 Annual Report (with the exception of storage, the data is presented in MW):

Country	Development status	December 31, 2022	Date of publication of the report - December 31, 2023	Change between Dec. 31, 2022 and date of publication of the report - Dec. 31, 2023
Italy	In operation	-	4	-
	Ready to connect	-	17	-
	Under construction	22	-	-100%
	Pre-construction	393	262	-33%
	Licensing	997	1,526	53%
	Early development	289	513	77%
	Total Italy	**1,701**	**2,322**	**37%**
UK	In operation	-	-	**-**
	Ready to connect	-	-	
	Under construction	-	-	-
	Pre-construction	112	201	80%
	Under license	172	22	-87%
	Early development	48	-	-100%
	Total UK	**332**	**222**	**-33%**

Country	Development status	December 31, 2022	Date of publication of the report - December 31, 2023	Change between Dec. 31, 2022 and date of publication of the report - Dec. 31, 2023
Romania	In operation	**-**	155	-
	Ready to connect	155	92	-41%
	Under construction	222	198	-11%
	Pre-construction	181	591	226%
	Under license	327	1,251	282%
	Early development	801	-	-100%
	Total Romania	**1,686**	**2,286**	**36%**
Spain	In operation	-	-	**-**
	Ready to connect	-	-	
	Under construction	-	-	
	Pre-construction	50	50	-
	Under license	52	-	-100%
	Early development	234	221	-5%
	Total Spain	**336**	**271**	**-19%**
Poland	In operation	-	-	-
	Ready to connect	-	51	-
	Under construction	51	-	-100%
	Pre-construction	13	-	-100%
	Under license	530	488	-8%
	Early development	1,054	429	-59%
	Total Poland	**1,649**	**968**	**-41%**
Greece	In operation	-	-	**-**
	Ready to connect	-	-	
	Under construction	-	-	
	Pre-construction	-	-	
	Under license	460	460	
	Early development	500	500	
	Total Greece	**960**	**960**	

Country	Development status	December 31, 2022	Date of publication of the report - December 31, 2023	Change between Dec. 31, 2022 and date of publication of the report - Dec. 31, 2023
Total	In operation		159	-
	Ready to connect	155	160	3%
	Under construction	295	198	-33%
	Pre-construction	749	1,104	47%
	Under license	2,538	3,746	48%
	Early development	2,926	1,663	-43%
Total under development and construction		**6,663**	**7,030**	**6%**
Total storage under development		**2,160**	**943**	**-56%**

Italy - The Company continued to promote new projects and under-development projects since the last report, a total increase of 37% is observed in the under-development project pipeline in Italy compared to the publication date of the 2022 Annual Report. The Company's management redefined the meanings of the various statuses, resulting in the decrease in projects classified as pre-construction and the increase in the under license projects. In addition, as of the publication date, a 4.4 MW project has been connected to the electricity grid.

UK - The Company has continued to expand and deepen its development activities in the UK. However, due to a shortage of professional personnel at the distribution network operators and the issue of electricity network overload in the UK, as detailed in Section 1.4.2(D) above, a decrease was recorded in photovoltaic and combined projects in early development, pre-construction and under license stages. Overall, there has been a 33% decrease in the pipeline of photovoltaic projects under development. For additional information, see Subsection F below. Also, the main decrease in photovoltaic projects in early development status between the publication date of the 2022 Annual Report and the date of the report stems, as stated in Section 1.4.2(A) above, from the fact that projects in early development status whose expected connection year is from 2029 are not presented in this report.

Romania - The Ratesti project with a capacity of 155 MW is connected to the electricity grid. The Parau project with a capacity of 91.5 MW is ready to connect and is expected to be connected to the electricity grid in the second quarter of 2024. The Company is continuing the construction of the Oradea project and the Scurtu Mare project with a capacity of 86.5 and 55 MW, respectively. During the period, there was an increase of approx. 36% in the pipeline of projects under development, and the Company anticipates that the scope of projects that will reach RTB status will increase significantly during the next 12 months. For additional information, see Subsection F below. It should be noted that as of the date of publication, two PV projects, Bobicesti and Melinesti, have commenced construction, with a capacity of 25 MW and 31 MW, respectively.

Spain - The Company continues to develop the existing pipeline of projects in the country. During 2023, due to the cessation of the development of one project in the early development stage, a decrease of approx. 19% was recorded in the pipeline of projects under development in the country. In addition, following an examination of the development status of one project under license, the Company's management decided to change the status to early development.

Poland - Following the realization of development risks in the early development stage, a decrease in the number of projects was recorded. Due to an examination and change of classification requirements for construction and licensing, a decrease was recorded in projects classified as pre-construction and under license.

Storage projects in England - Compared to the date of publication of the 2022 Annual Report, the number of storage projects under development decreased by approx. 56%. The main reason for the decrease, as detailed in Section 1.4.2(D), is the load issue on the UK's electricity grid. In addition, it should be taken into account that the Company does not present projects in these summaries that the Company expects to be in pre-construction status after 2029 (long-term development).

G. The Company's management anticipates that not all projects in the various stages of development will reach maturity and RTB status, and therefore the Company conducts regular assessments regarding the chances of success and the date of completion of development. According to the Company's assessment, the expected investment, construction and connection of projects is lower than the number of projects under development and the projected capacity of projects under development.

The probabilities of successful completion of the development processes according to their status vary from country to country depending on different regulatory procedures, and on the basis of its experience, the Company assesses them as follows:
Systems in pre-construction – 85-95%.
Systems under license – 60-80%.
Systems in early development – 35-40%.

H. The following are the expected PV and wind project connections, based on the Company's existing project pipeline:

Expected connection (MW)	Italy	UK	Romania	Spain	Poland	Greece	Total	Cumulative
Projects connected until 2024	-	-	155	-	-	-	155	155
2024	22	-	258	-	51	-	331	486
2025	188	24	368	-	29	-	610	1,096
2026	396	41	640	45	363	-	1,485	2,580
2027	691	48	225	21	118	545	1,648	4,228
Total connections expected by 2027	**1,297**	**113**	**1,646**	**66**	**561**	**545**	**4,228**	**4,228**

I. The following are the expected storage project connections based on the Company's existing project pipeline:

Expected connections (MWh)	Italy	UK	Romania	Spain	Poland	Greece	Total	Cumulative
Projects connected until 2024	-	-	-	-	-	-	-	-
2024	-	102	-	-	-	-	102	102
2025	-	245	-	-	-	-	245	347
2026	-	55	-	-	-	-	55	402
2027	-	68	-	-	-	-	68	470
Total connections expected by 2027	**-**	**470**	**-**	**-**	**-**	**-**	**470**	**470**

As stated, the numbers in the table above assume the probabilities of success in completing the project development process in the various countries and at the various stages of the project, according to the Company's estimate as of the date of this report.

Based on the table above, in accordance with the Company's expected holding rate in the various projects, and based on the assumptions regarding the realization of the projects as presented in Subsection 1.4.2(F) above, the expected connection, including only the Company's share in the project pipeline, according to the development stages as of the date of the report, is as follows:

Development status	Segment	Projects connected until 2024	2024	2025	2026	2027	Total by 2027
In operation	Italy	-	4	-	-	-	4
	UK	-	-	-	-	-	-
	Romania	78	-	-	-	-	78
	Spain	-	-	-	-	-	-
	Poland	-	-	-	-	-	-
	Greece	-	-	-	-	-	-
	Total in operation	**78**	**4**	**-**	**-**	**-**	**82**
Ready to connect	Italy	-	9	-	-	-	9
	UK	-	-	-	-	-	-
	Romania	-	46	-	-	-	46
	Spain	-	-	-	-	-	-
	Poland	-	26	-	-	-	26
	Greece	-	-	-	-	-	-
	Total ready to connect	**-**	**81**	**-**	**-**	**-**	**81**
Under construction	Italy	-	-	-	-	-	-
	UK	-	-	-	-	-	-
	Romania	-	85	16	-	-	101
	Spain	-	-	-	-	-	-
	Poland	-	-	-	-	-	-
	Greece	-	-	-	-	-	-
	Total under construction	**-**	**85**	**16**	**-**	**-**	**101**
Pre-construction	Italy	-	-	112	25	9	145
	UK	-	-	12	20	48	80
	Romania	-	-	178	-	-	178
	Spain	-	-	-	22	-	22
	Poland	-	-	-	-	-	-
	Greece	-	-	-	-	-	-
	Total pre-construction	**-**	**-**	**302**	**67**	**56**	**426**

Development status	Segment	Projects connected until 2024	2024	2025	2026	2027	Total by 2027
Under license	Italy	-	-	4	286	398	687
	UK	-	-	-	-	-	-
	Romania	-	-	37	462	113	611
	Spain	-	-	-	-	-	-
	Poland	-	-	25	317	15	357
	Greece	-	-	-	-	169	169
	Total under license	**-**	**-**	**65**	**1,066**	**694**	**1,824**
Early development	Italy	-	-	-	18	141	159
	UK	-	-	-	-	-	-
	Romania	-	-	-	-	-	-
	Spain	-	-	-	-	21	21
	Poland	-	-	-	41	103	144
	Greece	-	-	-	-	200	200
	Total early development	**-**	**-**	**-**	**59**	**465**	**524**
Total under development	Italy	-	13	115	329	547	1,005
	UK	-	-	12	20	48	80
	Romania	78	131	231	462	113	1,014
	Spain	-	-	-	22	21	43
	Poland	-	26	25	359	118	527
	Greece	-	-	-	-	369	369
	Total PV and wind (MWp)	**78**	**170**	**383**	**1,193**	**1,215**	**3,038**

In addition, the following are the expected connections (total MWh) which includes only the storage projects according to the Company's share of the project pipeline according to development stages and based on the assumptions of the realization of the projects as presented in Section 1.4.2(F) above as of the date of the report:

Estimated storage connection (MWh)	Projects connected until 2024	2024	2025	2026	2027	Total
Early development	-	-	-	-	-	-
Under license	-	-	-	-	-	**-**
Pre-construction	-	-	245	28	68	**340**
Under construction	-	102	-	-	-	**102**
Ready to connect	-	-	-	-	-	**-**
Total	-	**102**	**245**	**28**	**68**	**442**

J. Details of the projects with “in operation” status (amounts in EUR thousands):

Country	Name of project	Technology	Installed capacity MWp	Company share[1]	First full year of operations	Leverage rate[2]	Construction costs	KWh/ KWp/ Year	Projected revenue[3,4]	EBITDA[3]
Italy	Cumiana	PV	4	100%	2025	60%	2,956	1,542	506	415
Romania	Ratesti	PV	155	50%	2024	60%	102,403	1,416	20,571	18,060
		Total	**159**				**105,359**		**21,078**	**18,476**
		Company’s share	**82**						**10,792**	**9,445**

(1) The Company’s share - actual.
(2) Leverage rate Ratesti - actual; Cumiana - expected.
(3) Average revenue and projected EBITDA for the first full five years of operation.
(4) The revenues are calculated based the assumption of transactions for the purchase of electricity closing at a fixed price (PPA) for a period of 10 years in Romania starting from the second half of 2025, and for 70% of the output, and the rest at expected market prices according to the Company's market consultants. The PPA prices in the various markets are based on the estimates of the Company and its consultants.

K. Details of the projects with the "under construction" status (amounts in EUR thousands):

Country	Name of project	Technology	Installed capacity MWp	BESS MWh capacity	Company share[1]	Year of construction start	Expected Year of Connection	First full year of operations	Total projected construction costs [2]	KWh/ KWp/ Year	Projected revenue[2,3,4]	EBITDA[2,3]	Invested construction costs[5]
Italy	Indovina	PV	1		50%	2022	2024	2025	763	2,008	151	130	718
Italy	Baldacchino Benedetto	PV	1		50%	2022	2024	2025	763	1,841	138	118	744
Italy	Gallo Assunta	PV	1		50%	2022	2024	2025	808	2,044	153	132	384
Italy	Agricola Verde	PV	1		50%	2022	2024	2025	794	2,054	154	133	754
Italy	Palmeri	PV	1		50%	2022	2024	2025	1,097	2,024	149	128	1,097
Italy	Rivarolo Canavese	PV	11		50%	2022	2024	2025	8,774	1,587	1,344	1,110	7,966
Italy	Favari	PV	1		50%	2022	2024	2025	825	1,977	147	126	651
Poland	Resko	PV	51		51%	2022	2024	2025	41,080	1,143	4,579	3,742	35,951
Romania	Parau	PV	92		50%	2022	2024	2025	64,600	1,434	11,480	9,485	58,541
Romania	Melinesti	PV	31		51%	2024	2025	2026	21,369	1,507	3,858	3,330	-
Romania	Bobicesti	PV	25		51%	2024	2024	2025	14,668	1,528	3,386	2,967	-
Romania	Scurtu Mare	PV	55		51%	2023	2025	2025	32,305	1,480	7,133	6,222	4,057
Romania	Oradea	PV	87		51%	2022	2024	2025	62,325	1,264	9,562	7,865	53,473
UK	West Melton	BESS	-	102	100%	2022	2024	2025	41,332	-	7,978	6,349	15,140
	Total		**358**	**102**					**291,502**		**50,213**	**41,839**	**179,474**
	Total Company share		**181**	**102**							**29,381**	**24,335**	

(1) The Company's share in the table above reflects its management's estimates in relation to existing partnerships.

(2) Construction costs, projected revenue and EBITDA are presented in the above table at 100%, and not according to the Company's share (except in relation to the total Company share included in the table).

(3) Average revenue and projected EBITDA for the first full five years of operation.

(4) The revenues are calculated based the assumption of transactions for the purchase of electricity closing at a fixed price (PPA) for a period of 10 years starting from the first year of full operations (in Romania, from the second half of 2025) and for 70% of the output, and the rest at expected market prices according to the Company's market consultants. The PPA prices in the various markets are based on the estimates of the Company and its consultants.

(5) Total invested construction costs as of December 31, 2023. As of the date of the report, the Company has invested all of its expected share in the projects, with the exception of Melinesti, Bobicesti, which commenced construction in the first quarter of 2024.

The following is the development status of the connection to the electricity grid of projects under construction as of the date of publication of the report:

- Parau project (photovoltaic project in Romania, installed capacity 91.5 MW): The project is in the ready to connect stage and is expected to connect to the electricity grid during the second quarter of 2024.
- Oradea project (photovoltaic project in Romania, installed capacity 87 MW): The project is in an advanced stage of construction and is expected to connect to the electricity grid during the second quarter of 2024.
- Scurtu Mare project (photovoltaic project in Romania, installed capacity 55 MW): The project is in the construction stage and is expected to connect to the electricity grid in the fourth quarter of 2024.
- Resko project (photovoltaic project in Poland, installed capacity 51 MW): The project has completed construction of the facility and the substation and is in ready to connect status. The project is eligible for registration as an electricity distributor in Poland (DNOn), which means the possibility of selling electricity under more favorable conditions and connection rights for additional facilities to the substation owned by the Company, which reduces the development risks of additional Company projects in the same area. The Company estimates that the expected bureaucratic process to complete the Company's registration as an electricity distributor is expected to take approx. six months. Therefore, the Company expects that the electricity flow from the facility will start at the beginning of the third quarter of 2024.
- West Melton (Swangate) project (storage project in the UK, installed capacity 102 MWh): The project is in construction stages and is expected to connect to the electricity grid at the end of the second quarter of 2024.
- Seven photovoltaic projects in Italy (installed capacity of 17 MW): As of the date of publication of the report, construction has been completed and the projects are in ready to connect status.
- The Company’s management estimates that the leverage rate of the above projects will be in the range of 55% to 65%.

L. Details of the projects with "pre-construction" status (amounts in EUR thousands):

Country	Project	Technology	Installed capacity MWp	BESS MWh capacity[7]	Company share[1]	Year of construction start	Expected year of connection	First full year of operations	Total projected construction costs[2]	KWh/ KWp/ Year	Projected revenue[2, 3, 4]	EBITDA [2, 3]
Italy	Pipeline of 33 projects up to 10 MWp	PV	120		50%-100%	2024-2028	2025-2028	2025-2029	89,914	1,541-2,106	15,490	12,927
Italy	Lombardore San Benigno	PV	19		50%	2025	2025	2026	13,771	1,520	2,082	1,682
Italy	Guarini	PV	99		50%	2024	2025	2026	75,545	1,816	13,042	10,949
Italy	Garessio	Wind	10		100%	2025	2025	2026	12,895	1,738	1,423	1,156
Italy	San Bernardo	Wind	14		100%	2024	2025	2026	24,203	2,294	2,816	2,416
Romania	Ovidiu	PV	60		50%	2024	2025	2026	38,803	1,572	7,774	6,757
Romania	Mihailesti	PV	54		50%	2025	2025	2026	35,935	1,524	6,808	5,889
Romania	Iancu Jianu	PV	58		100%	2024	2025	2025	33,316	1,545	7,895	6,930
Romania	Salbatica	Wind	35		100%	2024	2025	2026	61,044	3,025	9,258	8,277
Romania	Crizbav	PV	74		50%	2024	2025	2026	47,644	1,400	8,579	7,319
Spain	Marbrumau	PV	50		50%	2026	2026	2027	35,265	1,831	4,364	3,343
UK	Exton	PV + BESS	45	61	50%	2025	2026	2027	45,148	1,129	9,594	7,516
UK	Immingham	BESS	-	163	100%	2024	2025	2026	65,307	-	12,765	10,103
UK	Woolpots Farm	PV + BESS	53	76	100%	2026	2027	2027	50,972	1,100	11,436	8,933
UK	Dalmarnock	BESS	-	82	100%	2024	2025	2025	37,700	-	6,383	5,079
UK	Berrington	PV	27		50%	2024	2025	2026	17,809	1,131	2,893	2,271
		Total	**719**	**382**					**685,271**		**122,600**	**101,548**
		Total Company share	**460**	**351**							**89,440**	**74,042**

(1) The Company's share in the above tables reflects estimates by the Company's management, regarding existing and future partnerships, published by the Company, and not the actual holding rate as of the date of publication of the report.
(2) Construction costs, projected revenue and EBITDA are presented in the above table at 100%, and not according to the Company's share (except in relation to the total Company share included in the table).
(3) Average revenue and projected EBITDA for the first full five years of operation.
(4) The revenues are calculated based the assumption of transactions for the purchase of electricity closing at a fixed price (PPA) for 10 years starting from the first year of full operations (in Romania, from the second half of 2025) and for 70% of the output, and the rest at expected market prices according to the Company's market consultants. The PPA prices in the various markets are based on the estimates of the Company and its consultants.
(5) Invested construction costs as of December 31, 2023.
(6) The Company's management estimates that the leverage rate of the above projects will be in the range of 55% to 80%.
(7) In integrated projects the capacity from the BESS component is in addition to the installed capacity of the PV component.

1.4.3 Investment plan

The Company's investment plan includes the cost of initiation, development and construction of the projects. The Company started building projects through EPC contractors who build the projects under the management and control of the Company. The construction cost taken into account includes: engineering, procurement and construction with an EPC contractor and grid connection costs. Following delays in the equipment supply chain resulting from macroeconomic effects, as detailed in Section 1.7 of Chapter A, and a significant increase in the price of some raw materials, the Company has expected a significant increase in the total construction cost of its projects. However, 2023 was characterized by a sharp price drop for the main raw materials in the production process of solar panels and storage batteries when the price of lithium, which is the main raw material in the production of lithium-ion batteries, dropped by approx. 80%[5], and the price of polysilicon, which is one of the main components in the solar panel production process, decreased by approx. 68% from a level of approx. USD 25 per ton at the beginning of 2023 to approx. USD 8 per ton at the end of 2023.[6]

Accordingly, as of the date of the report, in the short and medium term, the Company expects, among other things, based on its market consultants' estimates, stability in its projects' total construction cost, and in the long term a gradual decrease in the cost. For additional information, see Section 1.6 above.

Moreover, the Company assumes that the projects will be financed by senior debt at market-accepted leverage rates between 55% and 80%. However, it should be noted that within the framework of agreements with RG and Phoenix, the Company establishes projects that are financed with debt at a rate of approx. 50% and 34.5%, respectively. It should be noted that projects financed during the construction stage at a lower rate than is customary in the market will undergo a refinancing process at a later stage.

Based on these assumptions, the Company expects the following investments in the various countries in the coming years (the Company's leveraged share, in EUR millions):

Expected Investment	Italy	UK	Romania	Spain	Poland	Greece	Total
2024	51	19	132	1	6	7	216
2025	76	14	129	2	78	29	328
2026	214	21	2	16	30	51	334
2027	146	12	-	10	9	-	176
Total expected investment by 2027	**487**	**67**	**263**	**28**	**123**	**87**	**1,055**

The table above includes investments in projects during all the years of the forecast, some of which will be connected after 2027. In this regard, it should be clarified that the investments required between 2024 and 2027 in order to meet the connection expectations by the end of 2027 alone amount to approx. EUR 876 million.

It should be noted that the table does not include investments in four projects in Romania with a capacity of approx. 309 MW in the pre-construction stage that are designated for sale. For additional information, see Section 1.4.1(M) above.

It should also be noted that in the Company's investment expectations forecast, there was an increase compared to the forecast included in the Company's 2022 Annual Report due to progress in the development of existing projects, the addition of new projects to the forecast and the purchase of the share of UBS Group funds in a joint venture for the development of renewable energy projects in Italy by the subsidiary in the UK.

[5] https://tradingeconomics.com/commodity/lithium
[6]: Rethink Energy Research

The Company's future investment plan, on the basis of which, among other things, the Company's business forecasts regarding its projects are provided as set forth in this Report, assumes that the Company will need capital for investment exceeding the Company's current sources of capital. The Company estimates that as of the date of publication of the report, it has or will receive during 2024 the sources of capital required to implement the investment plan in 2024. However, the Company estimates that it will be required to raise additional capital already during the first half of 2025 in order to provide its share in the equity necessary to implement the investment plan between the years 2025 and 2027. In order to comply with the investment plan, the Company is examining various options for financing alternatives that include raising capital or debt from the public, and/or raising private capital or debt for the Company's subsidiaries, as well as bringing in partners for projects developed by the Company or the sale of projects in the RTB stage.

The Company's forecasts are based on the assumption of an entry of partners in all projects for which the Company has reached agreements (the Phoenix and RGREEN agreements), while in all other projects the Company will maintain full ownership (100%), with the exception of several projects in Romania and the UK, for which the Company is evaluating the entry of partners.

As of the date of the report, there is no certainty that the raising of capital will be completed in full according to the Company's forecasts. The failure to raise sufficient capital sources for implementing the Company's future investment plan described above is expected to have a substantial impact on the Company's forecasts detailed in the report, including regarding the projected annual revenue estimates, the projected EBITDA estimates, and the projected FFO estimates, as detailed in this report. However, the Company estimates that to the extent that it does not meet future capital raising plans, it has alternatives to the implementation of its investment plans, including the sale of projects, or some of them, at the RTB stage in anticipation of increased value for the Company and/or debt raising in the capital market.

1.4.4 Revenue forecast

In relation to each project, the Company has an assessment based on planning tools (which enable planning of the expected facility layout according to the terrain and planning constraints, until the expected facility size and efficiency rate are reached) and multi-year databases of expected solar radiation or wind speed, as relevant. Based on the estimated installed capacity and the solar radiation or wind speed, the Company performs its estimates regarding the expected electricity output from the facility.

The Company usually uses current forecasts from leading external market consultants regarding the expected sales prices in each region or country, according to the facility’s technology, in the coming years. The external consultants' forecast is based on electricity demand and supply forecasts in the region or country, on alternative energy prices and multi-year models. The market consultants' forecasts, which assist the Company, are accepted by lending banks in the countries of operation.

For the purpose of calculating the Company's revenues and the profitability of its operations in the coming years, and based on estimates from external market consultants, the Company assumed projected electricity prices in the countries of operation, according to the technology in the coming years, as follows[10,7]:

			Expected price 2024	Market prices over the first 10 years	
				Min	**Max**
Italy	Wind	EUR/MWh	93	76	117
Italy	PV	EUR/MWh	84	54	109
UK	PV	EUR/MWh	89	54	95
UK	BESS	€/kW/year	134	113	137
Romania	Wind	EUR/MWh	94	83	126
Romania	PV	EUR/MWh	85	60	119
Spain	PV	EUR/MWh	57	38	74
Poland	PV	EUR/MWh	87	48	105
Greece	PV	EUR/MWh	80	48	108

Comments:

- The prices indicated in the table above are in EUR. Prices in the UK are translated from GBP to EUR according to the exchange rate forecast obtained from a market consultant.
- The electricity prices expected during 2024 are calculated based the assumption of transactions for the purchase of electricity closing at a fixed price (PPA) for a period of 10 years and for 70% of the output, and the rest (30%) at expected market prices according to the Company's market consultants. The PPA prices in the various markets are based on estimates of the Company and its consultants. In addition, the price forecast for storage systems includes rates won by the Company in government tenders in the UK for the supply of electricity starting in 2027.
- It should be noted that for storage projects there is no assumption regarding the closing of transactions for the sale of electricity at a fixed price.
- It should also be noted that the maximum and minimum prices in the table represent prices in 2024 and 2033 respectively, meaning that the period of convergence from maximum to minimum price is ten years.
- Price of certificates of origin (Guarantee of Origin, "GoOs") - In view of the difficulty in predicting the price of certificates of origin (GoOs are not traded in the market as part of trade that includes the publication of transaction results), the Company does not include the GoOs component in its revenue forecast. The Company estimates that it is a negligible part compared to the other revenue streams. The operating expenses assumed by the Company for estimating future revenue and profitability are based on price quotes from suppliers and existing agreements in facilities managed by the Company in ongoing operations, inflation assumptions obtained by market consultants, as well as its management's knowledge from many years of operating facilities.

According to the estimates of the Company's market consultant,[8] there is a forecast for a decrease in electricity prices in Europe in the next decade mainly due to an expected continued decrease in gas and coal prices and a significant penetration of renewable energies.

[7] The prices are presented at their real rate, without linkage.
[8] Baringa Quarterly Update 4, 2023 ı- Baringa European Projections-Briefing on final results Q4/2023

The Company estimates that as of the date of publication of the report, the expectation of a decrease in electricity prices in the markets of activity is already reflected in the Company's revenue and profitability forecast. In addition, the Company estimates that as of the date of the report, the combination of the drop in equipment prices (for additional information, see Section 1.4.3 below) and expectations of a decrease in financing costs over time (for additional information, see Section 1.4.8 below) will improve the projects' returns and profitability.
The following is an analysis of the Company's revenue forecast based on the Company's investment plan, presented by project with the current development status as of the date of publication of the report (the Company's share, in EUR millions)[9]:

Revenue forecast	2024	2025	2026	2027	Total
Net revenue from realization of project initiation and development[10]	87.1	22.3	3.6	-	112.9
Revenue from the sale of electricity[11,12]	32.2	87.7	188.0	365.8	673.7
Revenue from the sale of services	2.0	5.3	6.5	5.8	19.5
Total	**121.3**	**115.2**	**198.1**	**371.6**	**806.2**

Comments:

- The revenue forecast includes, among other things, revenue from the realization of an initiative in the amount of approx. EUR 35 million expected from the sale of four projects in the pre-construction stage in Romania with a capacity of approx. 309 MW. For additional information, see Section 1.4.1(M) above.
- Net income from the realization of an initiative between 2025 and 2027 does not assume the sale of additional projects.
- The Company's forecasts refer to the existing project pipeline on the date of publication and therefore the net income forecast from the realization of project initiation and development decreases over the years.
- In addition, the forecast includes an estimate of revenues from the realization of an initiative in the amount of approx. EUR 38.5 million expected to be recorded following the purchase of the share of the UBS Group funds in a joint venture for the development of renewable energy projects in Italy by the subsidiary in the UK. For additional information, see Section 1.4.1(J) above.
- As mentioned above, electricity prices for the revenue forecasting are calculated based on the assumption of transactions for the purchase of electricity closed at a fixed price (PPA) for a period of 10 years starting from the first full year of operation and for 70% of the output, and the rest at the expected market prices according to the estimates of the Company's market consultants and the PPA prices in the various markets.

It should be noted that the revenue forecast, with all its components, is a non-GAAP forecast, that is, it was not constructed according to accepted accounting principles. Accordingly, revenues to be recognized in the Company's financial statements in accordance with accounting principles and standards may differ from the forecast both in terms of timing and scope.

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[9] The forecasts reflect the share of the subsidiary in the UK, in which the Company holds 80%.
[10] Net revenue from realization of project initiation and development are calculated based on the value of the initiated asset, less development costs.
[11] Assuming a sales volume of 70% according to the expected PPA rate for 10 years starting from the first year of full operation, in Romania from the second half of 2025, and 30% market price.
[12] Not including projects held for sale.

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1.4.5 Business results forecast

The Company estimates the development of the business results (from the realization of an initiative, from the sale of electricity and services) in the coming years, as follows (the Company's share, in EUR millions):

Business results forecast	2024	2025	2026	2027	Total
Revenues	121.3	115.2	198.1	371.6	806.2
Consolidated EBITDA	117.6	104.1	171.1	315.8	708.6
FFO	104.1	89.3	137.1	243.0	573.5

According to the Company's forecasts, the consolidated equity as of December 31, 2024 is expected to increase by an estimated amount of approx. EUR 143 million compared to the balance as of December 31, 2023 (the shareholders' share of the increase is approx. EUR 50 million). The projected increase is expected to result from the conversion of loans to capital in the amount of approx. EUR 56 million (loans that were provided by the strategic partner "Phoenix" to finance the Resko and Oradea projects), an expected profit estimated from control achieved in Econergy Archmore in the amount of approx. EUR 38 million due to the purchase of UBS's share in projects in Italy, an estimated expected profit from the sale of 4 projects amounting to approx. 309 MW in Romania in the amount of approx. EUR 35 million and an estimated expected net profit from the sale of electricity and the provision of services in the amount of approx. EUR 14 million.

Revenue - The metric includes all revenue streams as presented in Section 1.4.4 above.

Consolidated EBITDA - The consolidated EBITDA metric in the above table includes all of the Company's business revenue streams, such as revenue from electricity production, revenue from the realization of initiatives and revenue from services, and is calculated by deducting all operating and maintenance expenses and neutralizing depreciation from the total revenue.

FFO - The metric is calculated based on the EBITDA metric, taking into account the expected tax and financing expenses.

It should be noted that revenues and FFO and EBITDA metrics are non-GAAP indicators, i.e. they are not accounting metrics, and accordingly they were not constructed according to accepted principles and accounting standards.

1.4.6 Breakdown of revenue forecast, not including revenue from realization of initiative,[13] for 2024 and 2025, according to development stages:

1.4.6.1 2024 (EUR millions)

Total Revenue	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	-	-	9	-	-	-	9
Pre-construction	0	1	4	-	-	-	5
Under construction	0	3	7	-	-	-	11
Ready to connect	1	-	6	-	1	-	8
In commercial operation	1	-	14	-	-	-	14
Total	**2**	**5**	**40**	**-**	**1**	**-**	**48**

Net revenues from project initiation and development	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	-	-	9	-	-	-	9
Pre-construction	-	1	4	-	-	-	5
Under construction	-	-	-	-	-	-	-
Ready to connect	-	-	-	-	-	-	-
In commercial operation	-	-	-	-	-	-	-
Total	**-**	**1**	**12**	**-**	**-**	**-**	**14**

Revenue from the sale of electricity	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	-	-	-	-	-	-	-
Pre-construction	-	-	-	-	-	-	-
Under construction	0	3	7	-	-	-	11
Ready to connect	1	-	6	-	1	-	8
In commercial operation	1	-	13	-	-	-	14
Total	**2**	**3**	**26**	**-**	**1**	**-**	**32**

[13] Not including revenue from realization of an initiative from the sale of projects and not including revenue from an initiative from the transaction for the purchase of the share of the UBS Group funds in a joint venture for the development of renewable energy projects in Italy by the subsidiary in the UK.

Revenue from the sale of services	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	-	-	[(1)]0	-	-	-	[(1)]0
Pre-construction	[(1)]0	[(1)]0	[(1)]0	-	-	-	[(1)]0
Under construction	-	-	1	-	-	-	1
Ready to connect	[(1)]0	-	[(1)]0	-	[(1)]0	-	[(1)]0
In commercial operation	-	-	1	-	-	-	1
Total	**[(1)]0**	**[(1)]0**	**2**	**-**	**[(1)]0**	**-**	**2**

(1) Revenues less than EUR 1 million.

1.4.6.2 2025 (EUR millions)

Total Revenue	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	0	-	20	-	1	-	21
Pre-construction	11	13	27	-	-	-	50
Under construction	1	7	14	-	-	-	22
Ready to connect	1	-	7	-	3	-	10
In commercial operation	1	-	11	-	-	-	12
Total	**13**	**20**	**79**	**-**	**3**	**-**	**115**

Net revenues from project initiation and development	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	-	-	16	-	-	-	16
Pre-construction	-	3	3	-	-	-	6
Under construction	-	-	-	-	-	-	-
Ready to connect	-	-	-	-	-	-	-
In commercial operation	-	-	-	-	-	-	-
Total	**-**	**3**	**19**	**-**	**-**	**-**	**22**

Revenue from the sale of electricity	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	0	-	2	-	1	-	3
Pre-construction	10	10	22	-	-	-	42
Under construction	0	7	14	-	-	-	21
Ready to connect	1	-	7	-	2	-	10
In commercial operation	1	-	11	-	-	-	12
Total	**12**	**17**	**56**	**-**	**3**	**-**	**88**

Revenue from the sale of services	Italy	UK	Romania	Spain	Poland	Greece	Total
Early development	-	-	-	-	-	-	-
Under license	(1)0	-	2	-	(1)0	-	2
Pre-construction	1	(1)0	(1)0	-	-	-	2
Under construction	-	-	(1)0	-	-	-	(1)0
Ready to connect	(1)0	-	(1)0	-	(1)0	-	(1)0
In commercial operation	-	-	1	-	-	-	1
Total	**1**	**(1)0**	**4**	**-**	**(1)0**	**-**	**5**

(1) Revenues less than EUR 1 million.

1.4.7 Business results forecast only from electricity sales according to development stages:

Forecast of business results only from the sale of electricity is used by the Company's management to examine the profitability of the project's core activity and is a basis, among other things, for managerial decision making. The following is the development of the project business results stemming from the sale of electricity according to the development stage (the Company's share, in EUR millions):

Revenue from the sale of electricity	2024	2025	2026	2027	Total	%
Early development	-	-	2	35	**37**	6%
Under license	-	3	79	215	**297**	44%
Pre-construction	-	42	69	78	**189**	28%
Under construction	10	21	20	19	**70**	11%
Ready to connect	8	10	9	9	**36**	5%
In commercial operation	14	12	10	10	**45**	7%
Total	**32**	**88**	**188**	**366**	**674**	100%

EBITDA from the sale of electricity	2024	2025	2026	2027	Total	%
Early development	-	-	2	30	**31**	5%
Under license	-	3	69	184	**256**	44%
Pre-construction	-	37	58	65	**161**	28%
Under construction	9	18	17	16	**60**	10%
Ready to connect	7	8	7	7	**29**	5%
In commercial operation	12	10	9	8	**39**	7%
Total	**28**	**77**	**161**	**310**	**576**	100%

FFO from the sale of electricity	2024	2025	2026	2027	Total	%
Early development	-	-	2	26	**28**	6%
Under license	-	3	59	142	**204**	45%
Pre-construction	-	32	42	46	**121**	27%
Under construction	8	14	12	11	**46**	10%
Ready to connect	6	5.9	5	5	**22**	5%
In commercial operation	9	7.6	6	6	**30**	7%
Total	**24**	**62**	**127**	**237**	**450**	100%

It should be noted that the revenue forecast from the sale of electricity does not include projects designated for sale, as stated in Section 1.4.1 (M) above.

It should also be noted that the revenue forecast from the sale of electricity is a non-GAAP forecast, meaning that it was not constructed according to accepted accounting principles. In addition, EBITDA and FFO metrics are non-GAAP metrics, calculated based on the assumptions underlying the business results forecast.

The EBITDA metric (Earnings Before Interest, Tax, Depreciation and Amortization) from the sale of electricity is an indicator representing the system's operational efficiency, and is used by the Company's decision makers. The metric is calculated as operating profit (revenues from electricity production less operating and maintenance costs) neutralizing the depreciation of the systems (in contrast to the consolidated EBITDA metric, EBITDA from electricity sales does not include all of the Company's business revenue streams, such as revenue from the realization of initiatives and revenue from services).

The FFO metric (Funds from Operations) is calculated based on the EBITDA metric, taking into account the expected tax and financing expenses. This metric is an accepted indicator reflecting the ability to service the debt principal from the receipts generated by the systems.

According to the data in the tables above, more than 50% of the Company's expected revenue and profitability metrics stem from systems under construction, pre-construction, systems ready to connect systems and systems in operation, for which the Company estimates that the probability of realization is very high (85%-100% probability of realization).

1.4.8 The effect of the interest rate increase on the Company and sensitivity analysis

As of the date of publication of this report, inflation in the Eurozone has moderated, but it is still outside its target and fears of another inflationary outbreak are high. This is due, among other things, to the high dependence on energy originating from Russia. Inflation in the last 12 months in the UK was 4%, and in the Eurozone it was 3.2%[14]. The monetary policy of the UK's Central Bank works to ensure that the inflation rate in the country in the medium and long term will be approx. 2%, and a similar trend is reflected in the forecasts of the European Central Bank.[15]

In order to curb the continued rise in inflation and to cool demand, as well as in response to similar moves in the US, central banks in the UK and in Europe began raising interest rates in mid-2022, while moderating the rates of increase during the second half of 2023.[16] The interest rate increases carried out and the inflation expected to remain above the target in the short term are expected to lead to an increase in the Company's financing cost in future fund raising.

According to the forecasts of the Company's Market Consultant[17], in 2024 and 2025 there will be a moderation in inflation in the countries of activity: annual inflation in the Eurozone is expected to drop to 2.1% in 2025 compared to an estimate of 3.2% in 2024, and annual inflation in the UK is expected to drop to 2% in 2025 compared to an estimate of 2.6% in 2024. In addition, in view of the lowering of inflation expectations for the rest of the year by the European Central Bank from a level of 2.3% (compared to 2.7% previously), a move that strengthened the estimates in the markets that the Bank will start lowering interest rates in the Eurozone as early as June 2024.[18]

The Company has fixed interest financing agreements with strategic partners (the "Infragreen Fund" "The Phoenix") for the financing of projects whose construction has begun and/or is expected to begin in the next 12 months, and a financing agreement was signed in relation to the Ratesti project, which was connected to the electricity grid (in addition to hedging for the interest rate). The agreements allow the Company flexibility if it wishes to refinance these projects when market conditions will improve its situation compared to the existing loan agreements.

The Company does not have financing agreements or material liabilities that are linked to inflationary changes. On the other hand, the electricity prices in the countries of activity are affected by the rising inflation and therefore, the Company estimates that in the short-to-medium term it might even enjoy the rising inflation.

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[14] Office for National Statistics, Consumer price inflation, UK: February 2024 and Eurostat.
[15] https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/february-2024, https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp240125~f738889bde.en.html.
[16] Monetary policy decisions, European Central Bank, 26 October 2023.
[17] Baringa Wholesale Market Report Q4/2023.
[18] https://www.reuters.com/markets/europe/ecb-rate-cut-coming-not-just-yet-says-governing-councils-kazimir-2024-03-11/

In view of the expected increase in market interest rates in the short term, the following is a sensitivity analysis for the Company's FFO forecast based on an interest rate increase of 0.5%, 1% and 1.5% compared to the existing interest rate as of the date of the report.

Analysis of FFO sensitivity to changes in interest rates	2024	2025	2026	2027
Change in FFO following a 0.5% change in interest on debt	-0.03%	-0.77%	-1.44%	-1.86%
Change in FFO following a 1.0% change in interest on debt	-0.07%	-1.55%	-2.89%	-3.79%
Change in FFO following a 1.5% change in interest on debt	-0.12%	-2.34%	-4.35%	-5.75%

1.4.9 Effects of the geopolitical situation in Europe and Israel and the effect of the Iron Swords War

On October 7, 2023, the terrorist organization Hamas attacked the State of Israel. As a result of the attack, the Israeli government declared as of that date, that the State of Israel is in a state of war (hereinafter - the "**War**"). The measures taken due to the state of war, including the extensive recruitment of reserves, the absence of workers from workplaces, and the reduction of activity in educational institutions, affected the Israeli economy, and this trend may continue depending on the extent and duration of the fighting. Macroeconomic effects are expected in Israel, including an effect on spending, the deficit, the rate of inflation and growth. In addition, since the beginning of the War, credit rating agencies have made decisions to downgrade Israel's credit rating and/or place it on a watch list.

Nevertheless, as of the date of approval of the report, the War and its consequences are not expected to have a material impact on the Company's activities, bearing in mind that all of the Company's projects are located in Europe and the UK, as is most of the Company's personnel. That said, changes in foreign exchange rates and the availability and cost of the Company's funding sources related to the Israeli economy, may affect the Company's activities, but in light of the fact that all of the Company's activities are concentrated in Europe and a significant part of the Company's funding sources are from Europe, the company anticipates that the said impact will, at most, be restricted.

The geopolitical situation in Europe, and in particular in the countries where the Company operates, may have an impact on the economy in Europe, on the prices of goods, transportation and energy, and as a result - on the Company's activities. During 2022, Russia's military attack on Ukraine and the rise in inflation created great pressure in the energy market which resulted in a very substantial increase in the gas, oil, and carbon markets which led to a considerable increase in electricity prices in Europe. However, in the fourth quarter of 2022, there was a new drop in gas prices in particular and in energy in general, among other things following a series of measures taken by the European Commission to diversify the gas supply, reducing energy consumption in the Eurozone and preventing a sharp increase in energy prices, as part of the comprehensive RepowerEU program, including limits on the price of electricity.
In December 2023, the Commission approved a 12-month extension of three emergency regulations to improve the security of the gas supply and strengthen market resilience, which included the temporary regulation limiting the price of electricity that extended until January 2025, the temporary regulation for coordinating gas purchases and cross-border exchanges in the event of a shortage that was extended until December 2024, and the regulation for the acceleration of renewable energy sources that was extended until the end of June 2025. In addition, in 2023 several additional plans were published promoting renewable energy and increasing the energy independence of the European Union. For additional information on this matter and the effects on the Company's activities and forecasts, see Section 1.3 above and Sections 1.7.4 and 1.7.5 of Chapter A.

For information regarding changes and the possibility of promoting substantial changes in the legal system in Israel and their effects, see Section 1.4.9 of the Board of Directors' Report for the second quarter of 2023, published by the Company on August 20, 2023 (Ref.: 2023-01-095472).

The Company's estimates regarding predicted capacities, projected connection dates, probabilities for connecting facilities, investment plan forecast, revenue forecast, business results forecast (including revenue, EBITDA and FFO) of the Company for the years 2024-2026,expected growth in the Company's equity, expected recording of capital gains from the sale of four pre-construction projects in Romania with a capacity of approx. 309 MW, and the expected recording of accounting profit following the acquisition of the shares of the UBS Group funds in a joint venture for the development of renewable energy projects in Italy by the subsidiary in the UK, as well as macro-economic effects on the Company's activity, are forward-looking information, as defined in the Securities Law, based on the Company's plans as of the date of the report, under the assumptions as detailed above, the realization of which is uncertain and not under the sole control of the Company. The estimates are based on the Company's plans with regard to each system and its characteristics, which may not materialize due to factors beyond the Company's control, such as delays in obtaining the permits required for the construction of the systems, changes in system construction costs, construction delays, delays in the supply of system parts, changes in exchange rates, regulatory changes, changes in financing costs including failure to raise sufficient capital sources for the implementation of the Company's future investment plan described above, for which, as of the date of the report, there is no certainty that these will be fully completed in accordance with the Company's forecasts, changes in interest rates, system defects, weather effects, changes in the consumer's electricity rates, changes in electricity consumption, changes in tax rates, changes in the electricity economy, geopolitical changes, etc. It should be emphasized that there is no certainty regarding the implementation of projects in pre-construction, among other things, due to the fact that these projects are subject to permits and licenses whose receipt is uncertain, as well as due to concern regarding the existence of any of the risk factors detailed in Section 1.29 of Chapter A.

1.4.10 Impact of global supply chains on the Company's operations

In 2022, there was a downward trend in the transportation costs of products and they returned to their level just prior to the coronavirus outbreak. This was due to a decrease in the volume of trade and rate of growth in China and a gradual decrease in port congestion and increase in the supply of containers. In 2023 the trend of decreasing product costs continued, and as of the date of the report, the costs of the key products required for the Company's operations reached a significantly lower level compared to the pre-pandemic level. The Company adjusted its estimates regarding project construction costs in accordance with these trends. For additional information regarding the macroeconomic effects on the Company's operations, see Section 1.7 of Chapter A.

The Company's assessments regarding trends, forecasts and developments in the Group's macroeconomic environment as detailed above is forward-looking information as defined in the Securities Law, based, among other things, on publications and on expectations and assessments regarding economic or sectoral developments, the realization of which is uncertain and not under the Company's control. Therefore, it is possible that the aforementioned developments and trends will materialize differently, due in part to factors that by their very nature are not under the Company's control or due to the realization of risk factors detailed in Section 1.29 of Chapter A.

2. Financial position

The following table presents the Statement of Financial Position items in accordance with the consolidated financial statements, and the explanations for the main changes that have taken place therein:

Item	As of December 31 2023	As of December 31 2022	Explanations
	(EUR thousands)		
Cash and cash equivalents	52,412	20,017	See details of the change in the liquidity table in Section 4 below.
Customers	-	23	
Debtors and debit balances	18,811	12,559	The increase is mainly due to investments in projects under construction which were carried out during the period and increased the VAT balance receivable in the amount of approx. EUR 2.5 million. In addition, an increase of approx. EUR 2.5 million in interest receivable from associates.
Assets held for sale	5,583	-	
Total current assets	**76,806**	**32,599**	
Restricted cash	5,300	5,036	
Systems under construction and development (including land)	181,325	80,187	The increase is due to continued investment in development projects and the acquisition of "development" assets as part of the acquisition of companies during the period.
Fixed assets	720	527	
Right-of-use assets, net	10,715	9,352	The increase is due to the addition of the offices in the UK, the expansion of the offices in Israel and the expansion of the offices in Italy.
Deferred tax asset	21	877	
Loans to associates	61,646	39,624	See details of the change in the liquidity table in Section 4 below.
Investments in companies accounted for using the equity method	35,605	33,372	The increase is mainly due to investments of approx. EUR 2.7 million in the associate Econergy Archmore.
Total non-current assets	**295,332**	**168,975**	
Total assets	**372,138**	**201,574**	

Item	As of December 31 2023	As of December 31 2022	Explanations
	(EUR thousands)		
Liabilities to vendors and service providers	1,773	6,627	The decrease is due to timing differences in respect of payments to project construction suppliers.
Creditors and credit balances	9,878	2,070	The increase is due to interest payable to related parties for the RG and Phoenix loans received during the year.
Liabilities with respect to contingent consideration	1,359	4,010	The decrease is due to the classification of a long-term liability.
Financial liabilities at fair value through profit or loss	8,454	2,365	The change is due to the revaluation of a forward contract, as a result of the weakening of the NIS.
Total current liabilities	**21,464**	**15,072**	
Lease liabilities	10,517	9,059	The increase is due to the addition of the offices in London, the expansion of the offices in Israel and the expansion of the offices in Italy.
Other long-term liabilities	6,224	3,697	The increase is due to the classification of a liability in respect of a long-term contingent consideration.
Debt component in respect of convertible bonds	74,359	58,317	The increase is mainly due to the expansion of Series A bonds, offset by income from exchange rate differences.
Conversion component at fair value through profit or loss	4,289	1,503	The increase is due to the expansion of the convertible bonds and from an increase of approx. EUR 2 million in respect of the value of the conversion component from the Phoenix loan for the Oradea project in Romania.
Long-term loan from a related party	117,784	964	See details of the change in the liquidity table in Section 4 below.
Deferred tax liability	643	849	
Total non-current liabilities	**213,816**	**74,389**	
Total liabilities	**235,280**	**89,461**	
Equity attributed to Company shareholders	114,114	100,737	
Minority rights	22,744	11,376	
Total Capital	**136,858**	**112,113**	
Total liabilities and capital	**372,138**	**201,574**	

3. Operating results

The following table presents the Statement of Comprehensive Income items in accordance with the financial statements, and explanations for the main changes that have taken place therein (EUR thousands)

Item	For the period ended December 31		Explanations
	2023	2022	
	(EUR thousands)		
Revenues from the provision of services	1,099	1,817	The item includes mainly revenue from asset management, technical support and project management.
Revenue from realization of initiation	-	7,166	In 2022, profit was generated from the realization of the investment and from the revaluation of the balance of the investment (50%) in the Parau project in Romania.
Total Revenue	**1,099**	**8,983**	
Systems maintenance and related expenses	613	36	The change is due to an increase in the asset management service.
Depreciation and amortizations	960	683	
Salaries and related expenses	7,308	6,165	The increase during the period is due to the expansion of activity and an increase in the number of employees.
Administration, headquarters and others	4,870	3,853	The change is due to an increase in professional services.
The Company’s share in losses of a company accounted for using the equity method	537	1,183	
Total Expenses	**14,288**	**11,920**	
Operating loss	**(13,189)**	**(2,937)**	

Item	For the period ended December 31		Explanations
	2023	2022	
	(EUR thousands)		
Financing income	9,480	10,256	- During 2023, interest income from associates was recorded in the amount of approx. EUR 4.7 million (compared to approx. EUR 1 million in 2022). - During 2023, income from exchange rate differences was recorded in the amount of approx. EUR 4.4 million (compared to approx. EUR 1.8 million in 2022). - During 2022, income from revaluation of the conversion component was recorded in the amount of approx. EUR 7.3 million (compared to approx. EUR 57 thousand in 2023).
Financing expenses	8,623	5,025	During 2023, a loss of approx. EUR 6 million was recorded from the revaluation of a forward contract (compared to approx. 2.3 million EUR in 2022).
Profit (loss) before income tax	**(12,332)**	**2,294**	
Income taxes	1,151	27	
Net profit (loss)	**(13,483)**	**2,267**	
Adjustments from translation of financial statements of foreign activities	(85)	(439)	
Total other comprehensive income (loss)	**(13,568)**	**1,828**	

4. Liquidity

Item	As of December 31 2023	2022	Explanations
	(EUR thousands)		
Net cash flow used in operating activities	(14,808)	(13,231)	Most of the cash flow in the period is in respect of salary payments, headquarters, VAT receivable and timing differences in respect of payments to construction suppliers.
Net cash flow used in investing activities	(125,607)	(97,947)	- Provision of loans to the Parau project in the amount of approx. EUR 46.8 million. - Net repayment of loan principal to the associate Ratesti in the amount of approx. EUR 24.8 million. - Acquisitions in the period for the development and construction of projects in the amount of approx. EUR 100 million. - Investment in the associate Econergy Archmore in the amount of EUR 2.7 million.
Net cash flow provided by financing activities	173,905	46,734	- During the year, EUR 37.5 million was transferred to the Company against the issuance of shares amounting to 7.5% of the shares of the subsidiary in the UK. - The Company received a loan from RG of in the amount of approx. EUR 41.2 million for the financing of the Parau project. - The Company received loans from the Phoenix amounting to approx. EUR 76.7 million for the financing of the Resko project in Poland and the Oradea project in Romania.

5. Development of capital

See the consolidated report on the changes in capital in the consolidated financial statements.

6. Working capital

The Company's working capital according to the consolidated financial statements as of December 31, 2023 amounts to approx. EUR 55,342 thousand (compared to EUR 17,527 thousand as of December 31, 2022), and is composed of current assets less current liabilities as detailed below:

A. Current assets amounted to approx. EUR 76,806 thousand and include mainly cash, cash equivalents, accounts receivable and debit balances.

B. Current liabilities amounted to approx. EUR 21,464 thousand and mainly include a liability to accounts payable and credit balances and financial liabilities at fair value through profit or loss.

7. Projected cash flow

In accordance with Regulation 10(b) (14) of the Report Regulations, the Company examined the existence of warning signs.

The Company has a negative cash flow from operating activities in its consolidated financial statements as of December 31, 2023 in the amount of approx. EUR 14,808 thousand, and a negative cash flow from operating activities in its consolidated financial statements as of December 31, 2022 in the amount of approx. EUR 13,231 thousand.

At its meeting on March 20, 2024, the Company's Board of Directors discussed the projected cash flow, reviewed the existing and expected sources and needs of cash, and also reviewed the financing sources and potential amounts of financing available to the Company, including the Company's cash balance.

Based on an examination of these data, the Company's Board of Directors has determined that there is no reasonable concern that during the projected cash flow period the Company will not meet its existing and expected liabilities on their due date, and also determined that the Company does not have a liquidity problem and that the Company expects to be in compliance with the financial covenants to which it has committed, all based on the following reasons:

- The Company is expecting revenue from the sale of electricity in respect of several projects that are expected to be connected to the electricity grid in the coming year.
- The company is expecting a cash flow from the sale of assets in Romania.
- The Company is expecting a cash flow through bank financing for projects that were financed by shareholder loans.
- The Company expects that it can create cash flow from the realization of project initiation that is expected to generate initiation profits for the Company.

For additional information, see also Note 1(E) to the consolidated financial statements as of December 31, 2023.

8. Financing sources

Financing for project initiation and construction activities (Project Finance) for the production of electricity using renewable energy technology is expected to be partially carried out through project-bank financing, through dedicated bank loans that will be taken as senior debt by the project corporations (SPCs) or the Company, and partially through the shareholder loans (provided as equity in the project). As of the date of the report, the Company has not yet taken project finance loans for projects under construction. For additional information, see Section 1.20 of Chapter A.

- In order to comply with the investment plan, the Company is examining various options for financing alternatives, including raising capital from the public, and/or raising private capital for the Company's subsidiaries, as well as introducing partners in projects under its development. In this context, the Company entered into the following agreements and term sheets: On November 17, 2022 Econergy UK signed binding agreements with several companies from the Rgreen Invest Group, a leading investment fund in renewable energy in France incorporated as a company in France (hereafter collectively - "RG"), regarding RG's investment of EUR 87.5 million in Econergy UK's capital and regarding the entry into an equity partnership and provision of financing for the Company's projects in Europe at an additional total amount of approx. EUR 163.3 million. For additional information, see Section 1.4.1(A) above.

- On January 4, 2023, Econergy UK signed a binding agreement with Phoenix Insurance Company Ltd. regarding entering into a cooperation, investment and provision of financing for the Company's projects in Romania and Poland in a total amount of approx. EUR 150 million. For additional information, see Section 1.4.1(B) above.

- On November 21, 2023, Ratesti Solar Plant, (the "**project company**"), a corporation held (50%) by Econergy UK, signed an agreement for the provision of project financing for the project with Raiffeisen Bank International AG, one of the leading banks in Austria and Central Europe and with its subsidiary, Raiffeisen Bank S.A. (collectively - "**Raiffeisen Group**"), at a total amount of approx. EUR 60 million by the Raiffeisen Group. For additional information, see Section 1.4.1(C) above.

- On February 7, 2024, Econergy UK signed a binding agreement with the Rivage Investment ("Rivage") funds, for the provision of a loan to Econergy UK for the development, construction and acquisition of the Company's projects in Europe and the UK (mainly in Italy, England and Romania) in a total amount of approx. EUR 150 million. For additional information, see Section 1.4.1(I) above.

- In addition, on December 9 2022, the Company raised debt in the amount of approx. NIS 242.5 million from the public, through the issuance of bonds convertible into the Company's shares from a new series and listed for trading on the TASE. On January 12, 2023, the Company completed a substantial private offering of convertible bonds (Series A) by way of an expansion of the convertible bond series, in the amount of approx. NIS 70 million (net). For additional information, see Appendix A to this report.

02

Part Two

Corporate Governance Aspects

9. Donations

The Company has not adopted a policy regarding donations, and as of the date of the report, the Company has no commitment to make donations in the future.

10. Minimum number of directors with accounting and financial expertise

According to the provisions of Section 92(A)(12) of the Companies Law, 1999 (the "Companies Law"), the Company's Board of Directors has determined that the minimum number of directors required in the Company who possess accounting and financial expertise will be two (2), including external directors (appointed in accordance with the provisions of the Companies Law, subject to the Company becoming a public company) given the nature of the Company's activities, the complexity of its operations and its size.

11. Independent directors

In its Articles of Association, the Company did not adopt provisions regarding the proportion of independent directors according to the provisions of the First Schedule to the Companies Law. On September 29, 2021, the Company's general meeting approved the appointment of two external directors to the Company, and on August 9, 2021, the Company appointed an additional director who was classified as an independent director by the Company's Audit Committee at its meeting on January 11, 2022.

12. Disclosure regarding the Company's Internal Auditor

Name of internal auditor: Doron Rosenblum
Date of beginning of term of office: November 24, 2022
To the best of the company's knowledge: (1) The Internal Auditor is in compliance with all the conditions set forth in Section 3(a) of the Internal Audit Law of 1999 (hereinafter - the "**Internal Audit Law**"); (2) The Internal Auditor is in compliance with the provisions of Section 146(b) of the Companies Law and with the provisions of Section 8 of the Internal Audit Law; (3) The Internal Auditor does not hold securities of the Company or of an entity related to it; (4) The Internal Auditor has no material business relationships or other material relationships of any kind with the Company or with an entity related to it and does not perform any additional role in the Company.

Manner of appointment: The appointment of Doron Rosenblum as the Company's Internal Auditor was approved by the Company's Board of Directors on November 24, 2022, following the recommendation of the Audit Committee and after the Company's management and Audit Committee held a meeting with him and got a first-hand impression of him. His appointment was approved after examining his education and experience (BA and MA degrees in Business Administration and extensive experience in the conducting of internal audits in various corporations, including public companies). The Internal Auditor is a managing partner in the firm Ezra Yehuda-Rosenblum & Co. of the Kreston group. The appointment of Doron Rosenblum was approved in view of the Audit Committee's impression of CPA Rosenblum's experience and background, and his suitability for the Company's operations.

Identity of the Auditor's supervisor: The Auditor's supervisor is the Chairman of the Board of Directors.

Work plan: The Internal Auditor's work plan is annual and based on a risk survey and a multi-year work plan. The audit plan for 2024 - The Company's Audit Committee and Board of Directors approved the audit plan for 2024, which included the following topics: (1) Supervision of means of payment; (2) Wage agreements and payments and human resource management; and (3) Business continuity.

The Audit Committee discussed the reports submitted thereto close to their submission: The considerations in the determination of the ongoing annual audit plan are mainly proposals from the internal audit for an annual work plan; the proposals of the members of the Audit Committee and the Board of Directors which are based, among other things, on the Internal Auditor's proposals and issues discussed in regular meetings of the Company's Audit Committee and Board of Directors; the size of the Company, its organizational structure, the nature of its business operations and their scope; and consideration of special, complex and substantial transactions and events that have occurred in the Company. It should be noted that the work plan provides the Internal Auditor with the discretion to deviate therefrom.

Conducting the audit: As communicated to the Company by the Internal Auditor, the internal audit work is conducted according to accepted professional standards for internal auditing, as stated in Section 4(b) of the Internal Audit Law, professional guidelines and briefings as approved and published by the Institute of Internal Auditors. According to the assessment of the Company's Board of Directors, based on the Internal Auditor's comments, as stated above, the internal audit work is conducted in accordance with accepted professional standards for an internal audit.

Access to information: The Internal auditor is given freedom of action in carrying out the audit and exercising his discretion, and he and those on his behalf are given constant and unmediated access to all the Company's information systems, including access to the Company's financial data, in accordance with Section 9 of the Internal Audit Law.

Scope of employment and remuneration in the reporting period: Approx. 250 audit hours were invested in the Company's internal audit during the period of the financial statements. The Board of Directors is of the opinion that the remuneration of the Internal Auditor and the amount of hours is reasonable and does not affect the exercise of the Internal Auditor's professional judgment in conducting the audit.

Material transactions: During the reporting period, material transactions were carried out by the Company (as defined in Section 5(f) of the fourth addendum to the Report Regulations). These transactions and/or their approval procedure were not examined by the Internal Auditor.

The Company's Board of Directors' assessment of the Internal Auditor's activity: The Company's Board of Directors are of the opinion that the scope, nature and continuity of the activity and the Internal Auditor's work plan are reasonable under the circumstances and can serve to fulfill the goals of the Company's internal audit.

13. Disclosure regarding the Company's Independent Auditor

The Company's auditors are Kost, Forer, Gabbay and Kasierer, Accountants (E&Y). The Auditor's fee is determined, among other things, based on market conditions, and the Company's management is of the opinion that it is reasonable and acceptable given the nature of the Company and its volume of activity. The following is information regarding the Auditors' fees for auditing services and other services during 2023:

Audit - NIS 600 thousand.

Tax services - NIS 60 thousand.

14. Independent signatory

As of the date of the report, the Company does not have an independent signatory, as defined in the Securities Law.

15. Events during the reporting period and subsequent to the date of the Statement of Financial Position

For information regarding events during the reporting period and subsequent to the balance sheet date, see Note 24 to the consolidated financial statements as of December 31, 2023, as well as Section 1.4 above.

16. Effectiveness of internal control over financial reporting and disclosure

A report on the effectiveness of internal control over financial reporting and disclosure is attached to this report.

03

Part Three

Disclosure Directives regarding the Corporation's Financial Reporting

17. Critical accounting estimates

For information regarding the critical accounting estimates used by the Company in its financial statements, see Note 3 to the annual consolidated financial statements as of December 31, 2023.

18. The Company's liability status according to due dates as of December 31, 2023

For information regarding the status of the Company's liabilities according to due dates, see the Statement of Liabilities that the Company publishes at the same time as the publication of the Report, with the information included therein included in the report by way of reference.

Mr. Eyal Podhorzer, CEO and Director	Mr. Shlomo Zohar, Chairman of the Board of Directors	Mr. Nir Peleg, CFO

Date: March 27, 2024

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

The management, under the supervision of the Board of Directors of Econergy Renewable Energy Ltd. (the "**Company**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Company.

For this matter, the members of management are:

3. Mr. Eyal Podhorzer, Director and CEO;

4. Mr. Nir Peleg, CFO.

Internal control over financial reporting and disclosure includes controls and procedures existing at the Company designed by the CEO and the most senior finance officer or under their supervision or by the person who performs these duties in practice, under the supervision of the Company's Board of Directors and which are designed to provide reasonable security with regard to the reliability of the financial reporting and the preparation of reports according to the provisions of the law, and to ensure that information that the Company is lawfully required to disclose in its published reports is collected, processed, summarized and reported at the time and in the format stipulated by the law.

The internal control includes, among other things, controls and procedures designed to ensure that information disclosed is required of the Company as stated above, is collected and transmitted to the Company's management, including the CEO and the most senior finance officer or to those who perform these duties in practice, in order to enable decision making at the appropriate time, regarding disclosure requirements.

Due to its structural limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misrepresentation or omission of information in reports will be prevented or discovered.

In the annual report regarding the effectiveness of internal control over financial reporting and disclosure, which was attached to the annual report for the period ended December 31, 2023 (the “**Annual Report regarding Internal Control**"), the internal control was found to be effective.

Up to the date of the Report, no event or matter has been brought to the attention of the Board of Directors and the management that could change the evaluation of the effectiveness of the internal control, as noted in the most recent quarterly report regarding internal control;

As of the date of the report, on the basis of statements in the latest quarterly report regarding internal control, and based on information brought to the attention of the management and the Board of Directors as stated above, the internal control is effective.

Executive Statements

CEO Statement

I, Eyal Podhorzer, do hereby declare that:

1. I have studied the Annual Statement of Econergy Renewable Energy Ltd. (hereinafter - the "**Company**") for 2023 (hereinafter - the "**Statements**");
2. Based on my knowledge, the statements do not include any misrepresentation of a material fact and do not lack a representation of a material fact which is necessary so that the representations included therein, in view of the circumstances in which such representations were included, will not be misleading with respect to the reporting period;
3. Based on my knowledge, the financial statements and other financial information included in the statements do properly reflect, in all material respects, the Company's financial position, operating results and cash flows as of the dates and for the periods to which the statements relate;
4. I have disclosed to the Corporation's Auditor, the Board of Directors and the Corporation's Audit and Financial Statement Committees, based on my most recent assessment of the internal control over financial reporting and disclosure:

A. all the significant deficiencies and material weaknesses in the establishment or operation of the internal control over financial reporting and the disclosure that could reasonably have a negative impact on the corporation's ability to collect, process, summarize or report financial information in a way that calls into question the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law; and -

B. Any fraud, whether material or not, involving the CEO or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

5. I, alone or together with others in the corporation:

A. I have established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the consolidated companies, in particular during the period of preparation of the reports; and -

B. I established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, intended to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with accepted accounting rules;

C. I have evaluated the effectiveness of the internal control over the financial reporting and the disclosure, and I have presented in this report the conclusions of the Board of Directors and the management regarding the effectiveness of the internal control as of the date of the reports.

The aforesaid does not derogate from my responsibility or the responsibility of any other person, under any law.

Date: March 27, 2024

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Eyal Podhorzer, CEO

Statement of the Most Senior Finance Officer

I, Nir Peleg, hereby declare that:

1. I have studied the annual financial statements and the other financial information included in the statements of Econergy Renewable Energy Ltd. (hereinafter - the "**Company**") for 2023 (hereinafter - the "**Statements**");
2. Based on my knowledge, the annual financial statements and the other financial information included in the intermediate period statements do not include any misrepresentation of a material fact and do not lack a representation of a material fact which is necessary so that the representations included therein, in view of the circumstances in which such representations were included, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the interim financial statements and other financial information included in the interim financial statements adequately reflect, in all material respects, the Company's financial position, operating results and cash flows for the dates and periods to which the they relate;
4. I have disclosed to the Corporation's Auditor, the Board of Directors and the Corporation's Audit and Financial Statement Committees, based on my current assessment of the internal control over financial reporting and disclosure:

A. all the significant deficiencies and material weaknesses in the establishment or operation of the internal control over financial reporting and the disclosure that could reasonably have a negative impact on the corporation's ability to collect, process, summarize or report financial information in a way that calls into question the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law; and -

B. Any fraud, whether material or not, involving the CEO or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

5. I, alone or together with others in the corporation:

A. I have established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar as it is relevant to the financial statements and other financial information included in the reports, brought to my attention by others in the corporation and the consolidated companies, in particular during the period of preparation of the reports; and -

B. I established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, intended to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with accepted accounting rules;

C. I have assessed the effectiveness of the internal control over the financial reporting and disclosure, insofar as it relates to the financial statements and the other financial information contained in the reports as of the date of the reports, my conclusions regarding my assessment as stated were brought before the Board of Directors and the management and are included in this report.

The aforesaid does not derogate from my responsibility or the responsibility of any other person, under any law.

Date: March 27, 2024

Nir Peleg, CFO

Appendix A - Information regarding bonds issued by the Company

1. The following are the Company's bonds as of December 31, 2023

	Bonds (Series A)
Issue date	December 9, 2021
Par value on the issue date (NIS thousands)	250,000
Par value as of December 31, 2023 (NIS thousands)	334,738.5
Par value CPI-linked as of December 31, 2023 (NIS thousands)	unlinked
Accrued interest as of December 31, 2023 (NIS thousands)	-
Stock market value as of December 31, 2023 (NIS thousands)	282,854
Interest type and rate	Fixed annual interest at a rate of 2.5%
Principal repayment dates	One payment on June 30, 2026
Interest payment dates	Semi-annual payments on June 30 of each of the years 2022 to 2026 and on December 31 of each of the years 2022 to 2025
Linkage base	None
Conversion right	The bonds are convertible into the Company's shares from the date of issue and until June 30, 2026
Main conditions for conversion	Each NIS 35.5 PV of the bonds can be converted into one ordinary share of the Company
Payment guarantee	None
Early redemption	In the event of a decision of the Board of Directors of the Stock Exchange, as detailed in Section 8 of the trust deed.
Materiality[19]	Material series
Liens in favor of bondholders, validity of liens, terms of replacement of liens	None
Restrictions in connection with the creation of additional liens	The Company will not create a general floating lien on all its existing and future assets and rights for the benefit of a third party, unless at the same time as the creation of the floating lien for the benefit of the third party, it will create a lien of the same type and degree, pari passu according to the ratio of the debts to fully secure the Company's commitment to the bondholders (Series A).

[19] A bond series is material if the total liabilities in its respect as of the end of the reporting year as presented in the Company's separate financial statement (according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, constitute 5% or more of the Company's total liabilities as presented in the data.

	Bonds (Series A)
Restrictions on the authority to issue additional bonds	None
Financial covenants	As detailed in Section 2 below.
Was the Company in compliance with all the conditions and obligations under the trust deed during and at the end of the reporting year	Yes
Have the conditions been met for the bonds' immediate repayment or for the exercise of the collateral, and a description of the breaches (if any)	No
Was the Company required by the trustee to perform actions	No
Name of trust company **Name of person in charge of the series** **Address** **Telephone**	Reznik Paz Nevo Trusts Ltd. Hagar Shaul, Adv. 14 Yad Harutsim, Tel Aviv 03-6389200
Bondholders meeting	No bondholders meeting was held
Bond rating	The bonds are not rated

2. Financial covenants and other significant conditions - Bonds (Series A)

The following is information regarding the Company's compliance with the financial covenants of the bonds (Series A).

The Company's compliance with each of the financial covenants will be examined on the date of publication of the financial statements by the Company from the date of their issuance onwards (except for the financial covenant regarding the ratio of financial debt to Adjusted Consolidated EBITDA, which will be examined from the date of publication of the financial statements for the period ended June 30, 2024):

Financial covenants	**Compliance with financial covenants** **As of December 31, 2023**	**Data as of December 31, 2023**
Solo equity will not be less than EUR 35 million over a period of two consecutive quarters.	Yes	EUR 114,114 thousand
Solo financial debt to solo balance sheet, as defined in the trust deed, will not exceed a rate of 75% over a period of two consecutive quarters.	Yes	41%
From the date of publication of the financial statements to the period ended June 30, 2024, the ratio of financial debt to Adjusted Consolidated EBITDA will not exceed 18 over a period of two consecutive quarters[20]	N/R	N/R

"Solo equity", "Financial debt", "Solo financial debt", "Adjusted Consolidated EBITDA" - as defined in the trust deed.
For additional information regarding the financial covenants, see Note 15 to the 2023 Financial Statements.

As of December 31, 2023, and as of the date of approval of the report, the Company is in compliance with all of its commitments to the bondholders (Series A).

[20] In this regard, it should be clarified that the ratio in this section will not be examined during the period prior to the date of publication of the financial statements for the period ended June 30, 2024, and accordingly, if the Company does not meet this ratio in that period, it will not be considered non-compliance with the financial covenant.