econergy

Re: Entering into a €160 million investment agreement with the Phoenix Group

Further to the Company's previous reports regarding the engagement of Econergy International Limited, a company controlled by the Company ("**Econergy UK**"), in a cooperation agreement, convertible loan agreements and additional loans with Phoenix Insurance Company Ltd. and Phoenix Pension and Provident Fund Ltd. (together: "**Phoenix**")[1], the Company is pleased to update that on 6 September 2026, an agreement was signed between Phoenix, the Company, Econergy UK, a new English company established by Econergy UK and wholly owned by Econergy UK ("**HoldCo**"), and an additional subsidiary of Econergy UK. Under the agreement, Phoenix will invest in HoldCo an amount of up to €160 million, in exchange for (a) the allotment of redeemable preferred shares of HoldCo, which carry no voting rights but only economic rights (the **"Preferred Shares**"), and (b) the receipt of non-tradable options to purchase ordinary shares of the Company, as detailed below (the "**Agreement**"). To implement the investment, the parties agreed on the following principal steps:

1. Transfer of holdings to HoldCo. Econergy UK will transfer to HoldCo its full holdings in the Romanian portfolio companies[2], such that, following completion of this step, HoldCo will hold the entire share capital of the Romanian portfolio companies previously held by Econergy UK[3].

2. Phoenix's investment in HoldCo against Preferred Shares. Phoenix will invest in HoldCo an amount of up to €160 million, in exchange for the allotment of Preferred Redeemable Shares of HoldCo. Of this amount, HoldCo is required to withdraw an amount of up to €130 million (the "**Initial Investment Amount**") during the 12 months from the relevant completion date. Following completion of the Initial Investment amount, HoldCo will have the right to withdraw a further amount of up to an additional €30 million (the "**Additional Investment Amount**") during the 18 months from the relevant completion date, all subject to customary transaction terms and fees for transactions of this type.

The Preferred Shares to be allotted to Phoenix carry an annual coupon of 8.5% on the investment amount in euros. A coupon not paid at the end of each 12-month period from the date of allotment of the relevant Preferred Shares will accrue and be capitalised to principal. HoldCo has no obligation to pay the coupon; if it chooses to pay it, it will act to do so in accordance with the terms of the Agreement.

HoldCo has the right, at its discretion, to redeem the Preferred Shares in accordance with the redemption mechanisms set out in the transaction documents and subject to applicable law. It is further noted that, to the extent the Preferred Shares are not redeemed in full by the end of the 54th, 78th and 120th month from the date of investment of the Initial Investment Amount, the coupon rate will increase in stages to 9.5%, 10.5% and 11.5%, respectively.

If HoldCo enters into liquidation, the Preferred Shares carry priority rights over the ordinary shares.

Phoenix and Econergy UK will enter into a shareholders' agreement in HoldCo setting out reserved matters of HoldCo that require the consent of the holders of the Preferred Shares.

3. Allotment of options to purchase Company shares. Under the Agreement, the Company granted Phoenix 1,392,000 non-tradable options to purchase 1,392,000 ordinary shares of the Company, with each option exercisable into one ordinary share of the Company. The options are exercisable from the date of their allotment until the end of 24 months from this date.

The exercise price of each option is set at an amount equal to the product of €22.13 and the representative exchange rate of the Euro against the NIS to be published by the Bank of Israel on the exercise date, and will be subject to customary adjustments, among other things, in the event of a bonus share distribution, rights issue, dividend distribution, share split or consolidation, and certain structural changes, all in accordance with the terms of the option deed. Exercise of the options and the allotment of shares thereunder are subject to receipt of the corporate, regulatory and other approvals required by law, including, to the extent required, Stock Exchange approval for the listing for trading of the shares to be allotted following exercise.

Completion of the transaction, including the execution of Phoenix's investment in HoldCo and the allotment of the Preferred Shares and the options, is subject, among other things, to the fulfilment of additional conditions precedent customary in transactions of this type.

It is further noted that, in addition, Phoenix will complete its investment under the Framework Agreement, under which it undertook to invest €225 million[4], and will thereby complete its investment in a total amount of approximately €43 million, of which approximately €38 million is earmarked for the integration of storage systems in existing photovoltaic projects of the Company in Romania or projects currently under construction.

The Company views the transaction as a significant step in deepening its cooperation with Phoenix and in structuring the holding and financing arrangements of its activity in Romania, in a manner intended to support the continued development of projects and the expansion of the Group's activity in this market.

It is clarified that the Company's assessments regarding completion of the transaction, the fulfilment of the conditions precedent – including the adjustment of the holding and financing structure – the execution of the investment in HoldCo, the allotment of the Preferred Shares and *the options, their exercise, and the implications of the transaction for the Company's activity, constitute forward-looking information, as that term is defined in the Israeli Securities Law, 1968. Such information is based on the Company's assessments as of this date, and may not materialise, in whole or in part, or may materialise in a manner materially different from that described above, among other things due to the non-fulfilment of the conditions precedent, the non-receipt of required approvals, changes in market conditions, or the materialisation of risk factors not within the Company's control.*

[1] Further to the Company's reports of 9 February 2025, 10 February 2025 and 30 March 2025 (Ref: 2025-01-009366, 2025-01-009689, 2025-01-021904, respectively) and Section 17.8 of the Company's Board of Directors' Report in the periodic report for 2025, as published on 4 March 2026 (Ref: 2026-01-019414) ("the 2025 Periodic Report").
[2] Subsidiaries of the Company holding, directly or indirectly, interests in the following projects: Oradea, Scurtu Mare, Bobicesti, Melinesti, Ovidiu, Mircea Voda, Rosiori, Baneasa, Parau, Ratesti, Crisbav, Mihailesti, Iancu Jianu, Vanatori, Salbatica, Enpower Wind.
[3] Except with respect to the Oradea project, in which HoldCo will hold 51% of the share capital (on a fully diluted basis) of the relevant holding company, and Phoenix will continue to hold the remaining 49%.
[4] For further details, see the Company's immediate report of 30 March 2025 (Ref: 2025-01-021904).