



ENERGIX
RENEWABLES

Energix - Renewable Energies Ltd.

Quarterly Report for the Period Ended September 30, 2023

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Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Financial Statements
As of September 30, 2023
(Unaudited)

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Energix - Renewable Energies Ltd. (the "Company")**Board of Directors' Report Concerning the State of the Company's Affairs**

The Company's Board of Directors is pleased to present its report concerning the state of the Company's affairs for the nine months ended September 30, 2023 (the "**Reporting Period**" and the "**Reporting Date**", respectively). The information specified in this report also constitutes an update in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports) 5730-1970 (hereinafter: the "**Regulations**"), and additional information as of November 12, 2023 (the "**Approval Date of the Report**").

Any reference to the "Company" or the "Group" in this report means the Company and/or the Company through its wholly owned subsidiaries and/or partnerships.

The Board of Directors' Report, and the updates included herein, have been prepared based on the assumption that the reader is in possession of the Company's periodic report for 2022, which was published on February 27, 2023 (reference number 2023-01-021090) (the "**Annual Report**") and in particular, Parts A and C of the Annual Report – Financial Statements (the "**Annual Financial Statements**").

Part A - The Board of Directors' Explanation of the Company's Business Situation**1. Summary description of the Company's activity**

Energix - Renewable Energies Ltd. ("**Energix**" or the "**Company**") was incorporated in Israel on December 7, 2006 as a private company. In May 2011, the Company became a public company, and its securities were listed for trading on the Tel Aviv Stock Exchange Ltd. (the "**Stock Exchange**"). Alony Hetz Properties and Investments Ltd. ("**Alony Hetz**") has been the Company's controlling shareholder since it was founded.¹

As of the Reporting Date and as of the Approval Date of the Report, the Company is engaged, independently and through subsidiaries and partnerships which are wholly or jointly under its control (hereinafter, jointly: the "**Group**"), in the initiation, development, financing, construction, management and operation of facilities for the production and storage of clean electricity from renewable energy sources, and in the sale of the electricity which is produced in those facilities, with the intention of holding them over the long term.

As part of the Company's overall activities in Israel, the USA and Poland, the total capacity of its systems in the Photo-voltaic and Wind Energy Segments as of the Approval Date of the Report amounts to 867MW in commercially active projects, 843MW in projects under construction and in pre-construction, and 477MW in projects in advanced stages of initiation. The Company also has initiated projects in the Photo-voltaic Segment and in the Wind Energy Segment with a capacity of 6.3GW, and initiated projects in the Storage Segment with a capacity of 7GWh².

Unless expressly stated otherwise, any reference to the Company and its activities is described on the level of the Group.

For additional details regarding the Company's activity, see Section 1 in Part A of the Annual Report - Description of the Corporation's Business, Section 5 below, and Note 1.a. in Part C of the Annual Financial Statements.

¹To the best of the Company's knowledge, as of the Approval Date of the Report, Alony Hetz is a company without a control core. For additional details, see Regulation 21A in Part D of the Annual Report - Additional Details.

²**Commercially active projects** are projects whose construction has been completed, and where the electricity produced therein is transmitted to the relevant power grid; **Projects under construction or in pre-construction** are projects of the Company which are currently under construction, or whose construction is expected to begin in the near future; **Projects in advanced stages of initiation** include the series of Company projects which the Company estimates can reach a financial closing or readiness for construction within the next 12 months, or projects in initiation stages which have won a guaranteed tariff; **Projects in stages of initiation** include the series of Company projects in various stages of development, which may mature into projects under construction, regarding which the Company has ties to the land, and regarding which the Company is working to obtain, or already has, the permits and authorizations which are required for their construction. **The series of mature projects** includes commercially active projects, projects under construction and in pre-construction, and projects in advanced stages of initiation.

2. Major Events During the Reporting Period and as of the Approval Date of the Report:

2.1 Iron Swords war: After the report date, on October 7, 2023, the Iron Swords war started and is still ongoing. With regard to Company operations, being an essential supplier, and as the Company regards business continuity in the economy to be a national endeavor, the Company continued its operations in Israel, including development, planning and construction – all subject to restrictions and guidance of the Homeland Security Command. Note that through the report approval date, all Company facilities in commercial operation in Israel are generating electricity as per usual.

The Company believes, with regard to its global operations and operating segment, that the war should have negligible effect on its operating results in Q4 2023. However, the war is expected to result in longer schedules for construction of Company projects in Israel, in the wind energy and photo-voltaic energy segment, and consequently – on timing of start of power sales from these facilities. For more information about projects under construction in the wind energy and photo-voltaic energy segment, see section 2.10 and reference to projects under construction and about to start construction in section 5.1 below.

2.2 Results for the Reporting Period: Company revenues during the Reporting Period, including other revenues amounting to NIS 153 million, amounted to NIS 546 million, compared to NIS 332 million in the corresponding period last year. The increase in revenues is due to amendments to the power purchase agreements in Poland during 2022 and during the Reporting Period, and in light of the increase in capacity of projects in commercial operation, compared to the corresponding period last year. It is clarified that NIS 45 million under other revenues was due to compensation which the Company received in Poland in Q1 2023 due to unwinding of fixed price electricity transactions which, had they not been unwound, would have been recorded as revenues in respect of Q4 2023 (“**Future Revenues**”).

After neutralizing the future revenues which would have attributable to Q4 2023, as stated above, the Company's revenues in the Reporting Period amounted to a total of NIS 500 million, reflecting an increase in revenue by 50% compared to the corresponding period last year. Company revenues in Q3 2023, together with the relevant part of other revenues attributable to Q3 2023, amount to NIS 157 million, an increase by 21% compared to the corresponding period last year.

Net profit attributable to Company shareholders in Reporting Period amounted to NIS 230 million, compared to NIS 131 million in the corresponding period last year, and excluding Future Revenues, profit amounted to NIS 193 million, compared to NIS 131 million in the corresponding period last year, increase by 47% compared to the corresponding period last year.

Net profit attributable to Company shareholders in Q3 amounted to NIS 29 million, compared to NIS 48 million in the corresponding period last year, and including the share of other revenues attributed to this quarter, profit amounted to NIS 56 million, compared to NIS 48 million in the corresponding period last year, an increase by 16% compared to the corresponding period last year.

Analysis of the quarterly results relative to the corresponding quarter last year, including an economic analysis of the results which is presented below in section 6.5.

For analysis of operating results for the Reporting Period and for the quarter, see Sections 6.5 and 6.6 below. For additional details regarding the Company's engagement in amendments to the power purchase agreements in Poland, see Section 2.9 below, Sections 6.2(ii) and 6.5 in Part A of the Annual Report, and Section 2.3 of the Board of Directors' Report in the Annual Report.

2.3 Forecasted operating results of the Company in 2023 and 2024: The Company announces that its forecasted revenues for 2023 amount to NIS 700 million, forecast project gross profit amounts to NIS 580 million, and forecast project FFO for 2023 amounts to NIS 460 million³. Furthermore, due to a delay by several months in completion of project construction in 2023 and 2024, the Company has revised its forecast revenues for 2024 to range between NIS 1,000-1,100 million, forecast project gross profit to range between NIS 840-920 million, and forecast project FFO to range between NIS 630-700 million. For more information about Company forecasts and assumptions used by the Company to calculate these forecasts, see section 5.2 below.

2.4 Macro-economic events and major economic trends and influence thereof on Company operations

- a. **Elections in Poland** – After the Reporting Date, elections were held in Poland. The election results indicate that a coalition is in place to establish a liberal government, with policy supportive of renewable energy. Based on statements from the majority parties, such government, should it be established, may bolster the renewable energy market in Poland, and in particular the Company's operations in Poland.
- b. **Foreign currency exchange rates** – In the Reporting Period, the PLN was revalued against NIS and EUR, and the NIS was devalued against the foreign currency basket, including PLN and USD. The stronger PLN and USD have a positive effect on the Company's operating results, as more than half of Company revenues and net profit are in these currencies.
- c. **Interest and inflation** – As of the report approval date, inflation in the USA and in Poland has become more moderate, with interest rates in the USA and in Israel remaining stable, with a first decrease of interest rates in Poland. The more moderate inflation and lower interest rates should have a positive effect on business in territories where the Company operates, including in the Company's operating segments. For more information regarding the impact of inflation on the Company, see Section 6.2 in Part A of the Annual Report - Description of the Corporation's Business.
- d. **More moderate electricity prices in Poland** – In the Reporting Period and through approval of the financial statements, the increase in electricity prices in Poland has been more moderate.
- e. **Continued trend of growth in demand for green energy in the USA:** During the Reporting Period and through the report approval date, the trend of increasing demand for green energy continued. The Company believes that this trend may create opportunities for the Company with regard to significant business collaboration with leading entities, to promote Company operations in the USA, which the Company is considering.

2.5 Momentum in construction and expansion of project backlog under development:

- 2.5.1 **NIS 1.5 billion increase in Company investments in projects under construction and development in the Reporting Period, of which NIS 850 million in Q3 2023:** this is part of the continued momentum in project construction in the USA and in Israel. As of the report approval date, the Company believes that projects with total capacity of 416MW should be in commercial operation or should be completed by end of 2023. For more information see Section 3.1 below.
- 2.5.2 **Advanced negotiations to acquire multiple projects in various development stages:** The Company is acting to promote and increase its project backlog in various development stages, and is in advanced negotiations to acquire projects in various development stages in the USA and in Poland.

³ Which is the lower limit of forecast operating results for 2023, as published on the Company's financial statements for Q2 2023, dated August 9, 2023, reference 2023-01-091500.

2.6 Purchase of panels for the Company's future projects, with a capacity of 5GWp, from First Solar: As part of the expansion of the Company's strategic collaboration with First Solar, one of the world's leading panel suppliers, in the Reporting Period the Company engaged with First Solar in a series of agreements to purchase additional panels in the years 2026-2030, with a total capacity of 5GWp⁴. The transaction is for future projects which the Company intends to build in the photo-voltaic segment, mostly in the USA, and guarantees the Company an orderly supply of panels made in the USA, which will allow the Company, subject to the provisions of the IRA, to receive an increased tax benefit in respect of local production at a rate of at least 40% of the construction cost (instead of 30%).

The cost of purchasing the panels is estimated by the Company at a total of USD 1.5 billion, depending on the final capacity of the panels which will be purchased, and on the territory in which they are manufactured (inside or outside of the USA), mostly payable close to receiving the panels.

For additional details, see the Company's immediate report dated July 16, 2023 (reference number 2023-01-080565), which is included herein, in its entirety, by way of reference, and Note 7 to the Financial Statements.

2.7 Contracting of financing transactions in excess of NIS 3.16 billion:

- (i) In April 2023, the Company contracted, through a wholly owned structure of American companies, with Santander CIB and Morgan Stanley Renewables Inc., both leading global banks, transactions involving financing and investment by the Tax Partner in the amount of NIS 1.9 billion. The transactions were executed to finance the construction costs of projects with a capacity of 416MWp, which the Company is building in Virginia and Pennsylvania. For more information see Section 3.1 below and Note 7 to the financial statements.
- (ii) Additionally, in the Reporting Period, the Company entered into an additional loan agreement with Santander CIB, in respect of commercially active projects in the USA with a capacity of 224MWp, on a non-recourse basis, amounting up to USD 70 million. The entire loan amount is to be used to recover equity which the Company has invested in the projects for which the financing was given. For additional details, see Section 3.2 below and Note 7 to the Financial Statements.
- (iii) In the Reporting Period, the Company signed a binding financing agreement amounting up to NIS 255 million, with optional extension of financing by up to NIS 15 million, with a leading financial institution, to finance the construction of the Julis ultra-high voltage project in Israel with a capacity of 87MWp. The loan is in NIS and is linked to the consumer price index for a period of 23 years, and will be provided on a non-recourse basis, except as determined in the agreement. For additional details regarding the project and the financing transaction, see Note 7 to the Financial Statements and Note 9 to the Annual Financial Statements.
- (iv) After the Reporting Date, soon prior to the report approval date, the Company and a financial institution signed a non-binding MOU for financing construction of Company projects in the photo-voltaic segment, with installed capacity of 141MWp and storage with capacity of 448MWh, amounting up to NIS 740 million. The actual financing is subject to completion of due diligence to the satisfaction of financing providers and to signing of binding agreements.

The financing transactions are in accordance with the Company's long term work plan and goals, such that, according to the Company's estimate, at the end of 2026, the Company's series of connected projects will amount to 4.3GW, with an annual revenue forecast of over NIS 2 billion, with no need for raising additional equity to finance the required investment to build the foregoing projects.

⁴The Company has the right to increase or decrease the supply of panels by an aggregate rate of up to 20%, whereby the total purchase cost of the panels will be updated accordingly.

2.8 Acquisition of the partner's interests in the USA - the Company's entire activity in the USA wholly owned (100%): In April 2023 the Company acquired, through a wholly owned American subsidiary, all of the local partner's interests in the US Joint Venture (42%), such that, during the Reporting Period, the Company's entire activity in the USA is wholly owned.

For additional details, see the Company's immediate report dated April 20, 2023 (reference number 2023-01-043275), which is included herein, in its entirety, by way of reference, and Note 7 to the Financial Statements.

2.9 Amendment to power purchase agreements in Poland with the local broker to which the Company sells electricity: In Q1 2023, the Company signed an amendment to the power purchase agreements in respect of the fixed price transactions in which it had engaged with a local broker in respect of all 5 of the Company's active wind farms in Poland, in a manner which will reduce the Company's exposure to the temporary cap on electricity prices for 2023, and will maximize the Company's revenues during this period. As part of the above, in February 2023, the Company engaged with the local broker in an agreement to unwind some of the transactions in which the Company engaged in respect of fixed price electricity in 2023, for a total consideration of PLN 185 million (NIS 153 million). For additional details, see the Company's immediate reports dated July 3, 2022 and July 7, 2022 (reference numbers 2022-01-082348 and 2022-01-085099), and the report dated February 27, 2023 (reference number 2023-01-021099), which are included herein, in their entirety, by way of reference.

For additional details regarding legislation, as revised, the Company's estimate regarding its impact on its revenue in 2023, and the Company's engagement with the Polish broker, see sections 6.2 and 6.5 in Part A of the Annual Financial Statements, Note 9b(4)(b) to the Financial Statements and section 8.1.1 below.

2.10 Construction work on wind farm in Golan Heights with capacity of 104MW (ARAN project): Further to Company announcement of delay in massive construction work on this project, including transportation of turbines to the site, due to objection by some in the Druze community in Ramat HaGolan and the need for assistance and preparation by the Police, and although the Israeli Government has instructed the Israeli Police to prepare for resumption of construction work on this project, which were suspended in June 2023, the resumption of construction work on this project was delayed due to unavailability of the Israeli Police and Government due to the Iron Swords war. Based on information available to the Company as of the Approval Date of the Report, and according to the Company's assessment, this delay has no material effect on the Company. For more information about the ARAN project, see Note 7(d) to the financial statements.

2.11 Contracting of power purchase agreements with a private provider, instead of competitive process 2 (photo-voltaic facilities with storage): The Company is working to assign the projects it will build by virtue of this competitive process to the market model arrangement, instead of the competitive process. As part of the above, the Company, through wholly owned dedicated corporations, engaged with a private provider in power purchase agreements in respect of five photo-voltaic facilities with integrated storage capacity. Contracting of these agreements with the private provider is expected to allow the Company to sell all of the electricity to be generated by those facilities, at a price which is significantly higher than the winning tariff according to the terms of the competitive process, in exchange for the Company's undertaking to sell to the provider all of the electricity which will be produced at the facility, and the facility's entire storage capacity.

In light of the advantage the Company sees in the market arrangement over the terms of the competitive process, the Company intends to work towards engaging in agreements with private providers in respect of additional facilities, in order to maximize the Company's revenues from those facilities.

3. Additional details regarding the Company's engagement in the financing transactions and the Tax Partner's investment in the USA:

3.1. Further to that stated in section 2.6(i) above, in April 2023 the Company engaged, through a structure of wholly owned American companies, in a series of transactions involving investment in and financing of projects in the photo-voltaic segment, with a total capacity of 416MWp, which are located in Virginia and Pennsylvania, and are currently in the construction stage (the "Projects").

- (i) **Investment of tax equity:** The Company entered into an agreement with Morgan Stanley Renewables Inc., a leading American bank as the Tax Partner for the projects. The Tax Partner undertook to invest, subject to the terms of the agreement, a total of USD 250 million, reflecting a tax benefit at a rate of 30%. In the Reporting Period, the tax partner initially invested USD 1.8 million out of their total investment with respect to completion of construction and commercial operation of one of the Projects.

The Tax Partner's total investment could increase by an additional USD 100 million, up to a total of **USD 350 million**, which reflects the Company's estimate, as of the Approval Date of the Report, the rate of the tax benefit which the projects will be entitled to receive, subject to the publication of regulations pursuant to the Inflation Reduction Act of 2022, which is in effect since August 2022 (the "IRA")⁵, which are expected to be published in 2023. The regulations will establish the criteria for eligibility for the additional tax benefits (ITC) to a rate of 40% and 50%, in accordance with the provisions of the IRA. It is clarified that the Company's estimate regarding the rate of eligibility rate for the ITC is based on:

- ✓ Strategic collaboration with First Solar and guarantee of panels made in the USA
- ✓ Purchase of additional main equipment made in the USA
- ✓ The location of the projects in areas which were defined in advance as eligible for additional tax benefits
- ✓ Guidelines which were published in July 2023, regarding the eligibility for the ITC tax benefit

- (ii) **Financing for the construction period and for the long term:** During the Reporting Period, the Company made withdrawals in the amount of USD 338 million (of which USD 48 million in Q3) out of the construction and bridging loan facility amounting up to USD 510 million, provided by Santander CIB to an American subsidiary of the Company, of which USD 115 million was used to recover equity provided by the Company for the Projects. The facility of construction loans is divided into a back leverage loan in the amount of up to USD 260 million, which, once the construction of the facilities has concluded, will be converted into a long term loan, and an additional loan, in the amount of up to USD 250 million, which is expected to be repaid out of the amount which will be invested by the Tax Partner, as specified above. For additional details regarding the terms of the loans for the construction period in the amount of up to USD 510 million and the long term back leverage loan, see the Company's immediate report dated April 23, 2023 (reference number 2023-01-037927), which is presented herein, in its entirety, by way of reference.

- 3.2. Further to that stated in section 2.6(ii) above, during the Reporting Period, an American subsidiary of the Company contracted an additional agreement with Santander CIB, for the receipt of financing in respect of projects in the USA in commercial operation, amounting up to USD 70 million. An initial withdrawal in the amount of USD 65 million, which was used, in its entirety, to recover equity which the Company has provided for the construction of the foregoing projects, was completed proximate to the signing of the agreement. For additional details, see the immediate report which was published by the Company on August 7, 2023 (reference number 2023-01-091053), which is presented herein, in its entirety, by way of reference.

For details regarding the Company's activity in the USA and the main results, see Section 5 below, Notes 7(a) and 7(c) to the Financial Statements, and Note 9 to the Annual Financial Statements.

Reference to forward-looking information

It is clarified that the provisions of this Board of Directors' Report, above and below, include, from time to time, reference to forecasts, estimates, approximations or other information pertaining to a future event or matter, which are uncertain to materialize, and which are not under the control of the Company and/or the Group, and which therefore constitute Forward-Looking Information, as this term is defined in section 32a of the Securities Law - 1968 ("Forward Looking Information").

Accordingly, any reference in this Board of Directors' Report to "forward-looking information" means any forecast, estimate, approximation, or other information which refers to future events or matters, the

⁵The actual scope of the tax benefits will depend on the actual fulfillment of the criteria that will be published in the regulations.

materialization of which is uncertain and is not under the exclusive control of the Company and/or the Group. This information is based on knowledge which is available to the Company or to the Group as of the Approval Date of the Report, or on information which was published in external sources, and may change, inter alia, depending on and due to the Company's series of projects in the relevant periods, and the Company's ability to build them, as well as the effects of business-economic and regulatory variables, and of the general risk factors which are characteristic of the Company's activity. Accordingly, the actual results in respect of such information may differ significantly from the presented information or from the results which have been estimated on the basis of the information, or are implied by such information, and which are included in this Board of Directors' Report.

4. Dividend

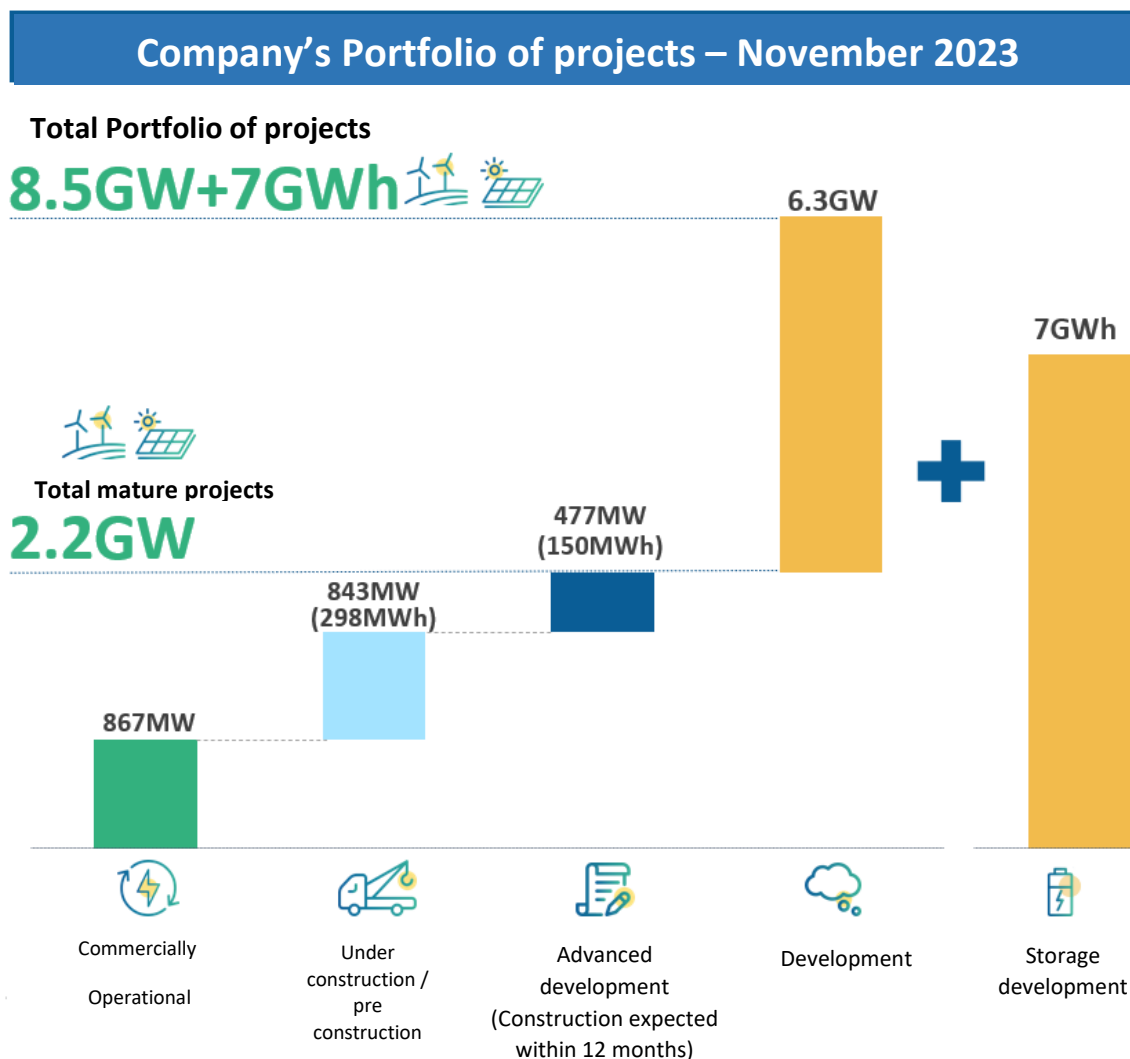
The Company's Board of Directors, in its meeting on March 8, 2021, resolved to adopt a multi-year dividend policy, in consideration of the Company's continued growth, and in accordance with its needs. For additional details regarding the Company's dividend policy, see Section 4 in Part A of the Annual Report - Description of the Corporation's Business.

In accordance with the policy which was adopted, the Board of Directors resolved, on February 26, 2023, that the dividend for 2023 will be in the total amount of 28 agorot per share, in the amount of 7 agorot per share for each quarter, subject to a specific resolution of the Board of Directors in each quarter, depending on the Company's needs and its compliance with the provisions of the law for the performance of distributions. In light of the Company's operating results for 2022, the Board of Directors resolved that the Company will distribute an additional dividend in respect of 2022, in the amount of 18 agorot per share, which will be paid together with the dividend for Q1 of 2023, whereby the total dividend amount for Q1 will amount to a total of 25 agorot per share. In accordance with the foregoing, the Company announced a dividend distribution for Q1 2023 in the amount of 25 agorot per share (NIS 137 million in total), which was paid in March 2023; for Q2 2023 in the amount of 7 agorot per share (NIS 38 million in total), which was paid in June 2023; and for Q3 2023 in the amount of 7 agorot per share (NIS 38 million in total), which was paid in August 2023.

Additionally, on November 12, 2023, after the Reporting Date, the Company announced a dividend distribution for Q4 2023 amounting to 7 agorot per share (NIS 38 million), payable in December 2023.

5. Principal data regarding the Company's activities:

Presented below is the Company's portfolio of projects as of the Approval Date of the Report:



5.1. Principal details regarding the Company's connected systems, systems under construction, systems in pre-construction and systems in initiation stages, as of the Approval Date of the Report:

For the purpose of providing a general overview of the Company's activity, presented below are tables presenting a summary description of projects in commercial operation, under construction, in pre-construction and in initiation stages:

The information presented below on all matters associated with future dates, as well as the Company's forecasts regarding costs, revenues and projected results, constitutes Forward-Looking Information, as defined in this report, which is based, inter alia, on the Company's estimates and the information which was available to it as of the Approval Date of the Report, in respect of the relevant periods.

The figures presented in the tables are in millions of NIS (unless stated otherwise), and the results presented in the tables do not include the impact of IFRS 16 or the impact of the amendment to IAS 23, as specified in Note 3.g to the Annual Financial Statements.

Commercially active projects

Projects whose construction has been completed, and whose produced electricity is being transmitted to the relevant power grid:

| Country | Technology | Capacity (MW) (11) | Revenue source | Original construction cost | Project finance facility | Project results for the nine-month period ended September 30, 2023 (NIS in millions) | | | | Forecasted project results in 2023 (NIS in millions) (10) | | | | Company's share |
|------------------------------------|---------------|--------------------|---|----------------------------|--------------------------|--|--------------|----------------------|--|---|--------------|----------------------|--|---|
| | | | | | | Revenues | Gross profit | Project-specific FFO | Net cash flows after debt service / payment of share of the Tax Partner in the USA | Revenues | Gross profit | Project-specific FFO | Net cash flows after debt service / payment of share of the Tax Partner in the USA | |
| Israel (1,2) | Photo-voltaic | 330MWp | Sale to the Electric Corporation at a fixed, CPI-linked tariff, for a period of 20-23 years after the date of commercial operation | 1,200 | 1,195 | 123 | 97 | 81 | 30 | 148-152 | 114-116 | 70-74 | 27-30 | 199MWp through the Joint Venture (Israel) - the Company's share - 70% (91% in cash flow). All other projects are wholly owned |
| Poland (3,4,5) | Wind | 301MW | Electricity - sale on the power exchange or in accordance with fixed price agreements. Green certificates - sale on the exchange or in long term agreements. | 1,579 | 784 | 382 | 337 | 293 | 283 | 490-500 | 420-430 | 360-365 | 335-340 | 100% |
| Poland (6) | Photo-voltaic | 12MWp | Sale on the market (including fixed price transactions) and/or CPI-linked tender price | 34 | - | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 100% |
| USA (7,8,9) | Photo-voltaic | 224MWp | Electricity - Sale at a fixed price for a period of 12-15 years, or sale to the electric corporation at market prices, in parallel with a 6 and 12 year hedging transaction. Green certificates - sale at a fixed price over a period of 12-15 years. | 586 | 315 | 37 | 26 | 24 | 18 | 50-52 | 35-37 | 24-28 | 10-14 | 100% |
| Total commercially active projects | | 867 | | 3,399 | 2,293 | 545 | 465 | 402 | 335 | Around 700 | Around 580 | Around 460 | Around 380 | |

- 1) The Company provides financing to the Israel Venture at interest of 8%-10% per year. 70% of the venture's distributable cash flows are being paid to the Company for the purpose of repaying the financing, and the remaining 30% is being divided between the partners in accordance with their respective shares, until the aforementioned loans have been repaid in full. Subsequently, the distributable cash flows will be distributed between the partners in accordance with their respective shares.

- 2) During the Reporting Period, revenues from the winning projects in the third and fourth processes amounted to a total of NIS 31 million. The above information includes projects with a capacity of 23 MW from competitive process 4, the construction of which was completed, and which have been connected to the power grid, but are not yet transmitting electricity in practice.
- 3) The wind farms Banie 3 and Sepopol won guaranteed, CPI-linked tenders (as of the Reporting Date - PLN 255-270 per 1MWh), for 15 years, in respect of electricity output at an average rate of 65% of the expected power generated by each of the wind farms. The Company has the option to choose not to enter the tender arrangement, and to waive the guaranteed tariff until March 2024, in respect of the two wind farms. A decision on the matter will be made around the date of the final decision, depending on the state of the power market and the electricity prices at that time, inflation forecasts, etc.
- 4) The wind farm Banie 4 was awarded a guaranteed, CPI-linked tenders (as of the Reporting Date - PLN 275-280 per 1MWh), for 15 years, in respect of electricity output at an average rate of 80% of the expected power generated. The Company has the possibility to choose not to enter into the tender arrangement, and to waive the guaranteed tariff until February 2025. A decision on the matter will be made around the date of the final decision, depending on the state of the power market and the electricity prices at that time, inflation forecasts, etc.
During the Reporting Period, revenues during the testing period of Banie project stage 4 amounted to a total of NIS 38 million. In June, the project fulfilled all of the requirements, and received a permanent electricity production license. Until the date of receipt of the permanent license, the financing expenses in respect of the project loan during the testing period were capitalized to the system's cost, and therefore, FFO during the testing period did not include financing expenses in respect of the project.
- 5) The projected revenues and results in Poland in 2023 include income from compensation due to the unwinding of fixed price transactions. For additional details, see Note 7e(a)a to the Consolidated Financial Statements.
- 6) During the Reporting Period, revenues during the Lubanowo project testing period amounted to a total of NIS 3.6 million. As of the approval date of the report, the project is awaiting the receipt of a permanent production license. Project expenses during the testing phase were capitalized to system cost.
- 7) The agreement vis-à-vis the Tax Partner in the USA (for additional details, see Note 9b(2)(b)b to the Annual Financial Statements) determined, inter alia, the rate of cash distribution between the Company and the Tax Partner during a period of 5 years, after which 95% of the cash flows are expected to be used by the Company. In the above table, the Company's share in cash flows is presented net of the payment of the Tax Partner's share.
- 8) In Virginia Projects 2, the Tax Partner's undertaking applies to 5 of the 6 projects. In the sixth project, the Company is using the tax benefits, in the amount of USD 10 million, for its own use.
- 9) The original construction cost represents cost to third parties, including financing expenses during the construction period, tax payments in respect of initiation and construction profits, less the Tax Partner's investment in respect of the tax benefit (ITC).
- 10) The financial data are based on an exchange rate of NIS 3.90 to USD 1, and on an exchange rate of NIS 0.95 to PLN 1. Actual figures are based on the exchange rates specified in Note 2c.
- 11) Capacity details: wind – in MW; photo-voltaic – in MWp; storage – in MWh .

*** Includes forward looking information, which is based, *inter alia*, on the electricity prices as of the Approval Date of the Report.**

Projects under construction and in pre-construction

Projects of the Company which are under construction or whose actual construction is expected to begin in the near future:

| Country | Project | Technology | Capacity (MW) (4) | Revenue source | Electricity sale tariff per generated 1KWh (in NIS) | Expected construction cost (3) | Project finance facility | Projected date of commercial operation | Cost invested as of the Reporting Date | Projected project results in the first full year of operation (5) | | | | Company's share in the project |
|--|--|--|--------------------------------------|--|---|--------------------------------|--------------------------|--|--|---|--------------|-----------|--|--|
| | | | | | | | | | | Revenues | Gross profit | FFO | Net cash flows after debt service / payment of share of the Tax Partner in the USA | |
| Israel | Clean Wind Energy (2) | Wind | 104MW | Sale to IEC at a fixed, CPI-linked tariff, for 20 years after start of commercial operation | 0.293 | 650-750 | Up to 650 | In 2025 | 486 | 90-98 | 73-78 | 53-61 | 29-33 | 80.5%. Share in results and in net cash flows - 100% |
| | First competitive process for ultra-high voltage systems (7,8) | Photo-voltaic | 87MWp | CPI-linked fixed tariff for 23 years | 0.162 | 240-280 | Up to 255 | First half of 2024 | 189 | 22-26 | 16-20 | 10-14 | 3-7 | 70%. Share in results and in net cash flows - 91% |
| | Photo-voltaic projects including storage capabilities (9) | Photo-voltaic including storage capabilities | 102MWp (Including 298MWh of storage) | In accordance with the power purchase agreements with the providers and sale to the customer at a CPI-linked fixed tariff, for 23 years after start of commercial operation | | 490-550 | Up to 525 (12) | In 2024 | 267 | 51-58 | 41-47 | 19-23 | 6-10 | 100% |
| USA | Projects under construction in Virginia (VA) (1,6,11) | Photo-voltaic | 312MWp | Electricity - Long term agreement for sale, at a fixed price, to the Electric Corporation or to the end consumer. Green certificates - Long term sale agreement at a fixed price | | 900-940 | 820-860 | Q4 2023 | (10) 1,125 | 123-134 | 102-109 | 62-66 | 27-32 | 100% |
| | Project under construction in Pennsylvania (PA) (1,6) | Photo-voltaic | 104MWp | Electricity - Long term agreement for sale, at a fixed price, to the Electric Corporation or to the end consumer. Green certificates - Long term sale agreement at a fixed price | | 315-355 | 300-340 | Q4 2023 | (10) 395 | 44-53 | 35-40 | 22-26 | 10-14 | 100% |
| | Projects under construction in Virginia (VA4) (1,6,10) | Photo-voltaic | 134MWp | Electricity - Long term agreement for sale, at a fixed price, to the Electric Corporation or to the end consumer, or sale to the Electric Corporation at market prices, in parallel with a long term hedging transaction. Green certificates - Long term sale agreement at a fixed price | | 365-405 | Not yet determined | In 2024 | 175 | 49-54 | 40-44 | 40-44 | 40-44 | 100% |
| Total under construction and in pre-construction | | | 843 | | | 2,960 - 3,280 | | | 2,637 | 379 - 423 | 307 - 338 | 206 - 234 | 115 - 140 | |

- 1) The agreement vis-à-vis the Tax Partner in the USA includes the specification of the rate of cash distribution between the Company and the Tax Partner during a period of 5 years, after which 95% of the cash flows are expected to be used by the Company. In the above table, the Company's share in the net cash flows are presented after the payment of the Tax Partner's expected share.
- 2) In accordance with the series of agreements which were signed between the Company and the Clean Wind Energy Project, and the revenue forecast, the Company's share in the cash flows is 100% until the repayment of all of the liabilities to the Company. After all of the liabilities towards the Company have been repaid, the distributable cash flows will be distributed to the owners in accordance with their respective shares.
- 3) The construction cost represents cost to third parties, including financing expenses during the construction period, tax payments in respect of initiation and construction profits, less the Tax Partner's investment in respect of the tax benefit (ITC).
- 4) Capacity details: wind – in MW; photo-voltaic – in MWp; storage – in MWh.
- 5) The financial data are based on an exchange rate of NIS 3.90 to USD 1, and on an exchange rate of NIS 0.95 to PLN 1.
- 6) Projects under construction in Virginia and Pennsylvania with a capacity of 416MWp rely on the assumption that the Tax Partner's investment will amount to 40%-50%, pursuant to the new IRA. In Virginia projects under construction (VA4) with a capacity of 134MWp, assuming that the Tax Partner's investment will amount to a rate of 40%-50%, pursuant to the new IRA. The actual rate of the tax benefit (40/50%) will be determined depending on the fulfillment of the conditions which will be published as part of the provisions of the IRA. For details, see Sections 2.2 and 3.1 above.
- 7) The Company provides financing to the Israel Venture at interest of 8%-10% per year. 70% of the venture's distributable cash flows are being paid to the Company for the purpose of repaying the financing, and the remaining 30% is being divided between the partners in accordance with their respective shares, until the aforementioned loans have been repaid in full. Subsequently, the distributable cash flows will be distributed between the partners in accordance with their respective shares.
- 8) Until the date of commercial operation, the winning tariff was linked to the exchange rate and the CPI. On the award date, the tariff was 15.6 agorot per installed 1KWp.
- 9) The Company's estimate regarding the projected results from these projects is based on the power purchase agreements which have been signed, or on the Company's estimates regarding the range of electricity prices which are expected for the projects, within the framework of power purchase agreements which will be signed in the future.
- 10) The cost which has been invested as of the Reporting Date is before deducting the Tax Partner's investment in respect of the tax benefit (ITC), which had not yet been received as of the approval date of the report.
- 11) Out of this backlog, construction of one project was completed and it was put into commercial operation, with capacity of 15MWp, for which, the tax partner initially invested USD 1.8 million out of their total investment.
- 12) After the Reporting Date, soon prior to the report approval date, the Company and a financial institution signed a non-binding MOU for financing construction of Company projects in the photo-voltaic segment, with installed capacity of 141MWp and storage with capacity of 448MWh, amounting up to NIS 740 million. The actual financing is subject to completion of due diligence to the satisfaction of financing providers and to signing of binding agreements.

* Includes forward looking information, which is based, *inter alia*, on the electricity prices as of the Approval Date of the Report.

Projects in advanced stages of initiation

Projects in advanced stages of initiation include the series of Company projects which the Company estimates can reach a financial closing or readiness for construction within the next 12 months, or projects in initiation stages which have won a guaranteed tariff;

| Country | Project | Technology | Capacity (MW) (4) | Revenue source | Projected date of commercial operation | Status | Projected construction cost | Cost invested as of the Reporting Date | Projected income in first year of full operation | Company's share in the project |
|--------------------------------------|--|--|----------------------------------|---|--|---|-----------------------------|--|--|--------------------------------|
| Israel (1) | Second competitive process for high voltage systems including storage capabilities | Photo-voltaic including storage capabilities | 39 (Including 150MWh of storage) | In accordance with the power purchase agreements with the providers and sale to the customer at a CPI-linked fixed tariff, for 23 years after start of commercial operation | In 2024 | In licensing stages | 200-250 | - | 24-28 | 100% |
| USA (2,3) | Projects in advanced stages of initiation in Virginia (2) (VA) | Photo-voltaic | 340MWp | Electricity - Long term agreement for sale, at a fixed price, to the Electric Corporation or to the end consumer, or sale to the Electric Corporation at market prices, in parallel with a long term hedging transaction. Green certificates - long term sale agreement at a fixed price | In 2024-2025 | In planning and development stages | 950-990 | 165 | 135-145 | 100% |
| Poland | Nowa karczwa project | Wind | 68 MW | Sale on the market (including fixed price transactions) and/or CPI-linked tender price | In 2025 | The site has a building permit. In the grid connection approval process | 375-415 | - | 100-110 | 100% |
| | PV project in Poland 30 MW | Photo-voltaic | 30MWp | Sale on the market (including fixed price transactions) and/or CPI-linked tender price | Second half of 2024 | In planning and development stages | 75-95 | - | 14-18 | 100% |
| Total in advanced initiation: | | | 477 | | | | 1,600 - 1,750 | | 273 - 301 | |

- 1) The Company's estimate regarding the projected results from these projects is based on the power purchase agreements which have been signed, or on the Company's estimates regarding the range of electricity prices which are expected for the projects, within the framework of power purchase agreements which will be signed in the future.
- 2) Assuming that the Tax Partner's investment will amount to a rate of 40%, pursuant to the new IRA. For details, see Section 3.1 above. The actual rate of the tax benefit (40/50%) will be determined depending on the fulfillment of the conditions which will be published as part of the provisions of the IRA.
- 3) The construction cost represents cost to third parties, including financing expenses during the construction period, tax payments in respect of initiation and construction profits, less the Tax Partner's investment in respect of the tax benefit (ITC).
- 4) Capacity details: wind – in MW; photo-voltaic – in MWp ; storage – in MWh.
- 5) The financial data are based on an exchange rate of NIS 3.90 to USD 1, and on an exchange rate of NIS 0.95 to PLN 1.

* Includes forward looking information, which is based, *inter alia*, on the electricity prices as of the Approval Date of the Report.

Initiated projects

Initiated projects include the Company's series of projects in various stages of development, which may mature into projects under construction, in which the Company has ties to the land, and in which the Company is working to obtain, or already has, the permits and authorizations which are required for their construction:

| Country | Technology | Capacity (MW) (1) |
|--|---|----------------------|
| Israel | Photo-voltaic (including storage capabilities) | 565MWp |
| | Wind | 110MW |
| | Storage | 500MWh |
| USA | Photo-voltaic | 5,000MWp |
| | Storage | 6,300MWh |
| Poland | Wind | 450MW |
| | Photo-voltaic | 200MWp |
| | Storage | 100MWh |
| Total photo-voltaic and wind projects in initiation stages | | 6,325 MW |
| Total storage projects in initiation stages | | 6,900MWh |

1) Capacity details: wind – in MW; photo-voltaic – in MWp; storage – in MWh.

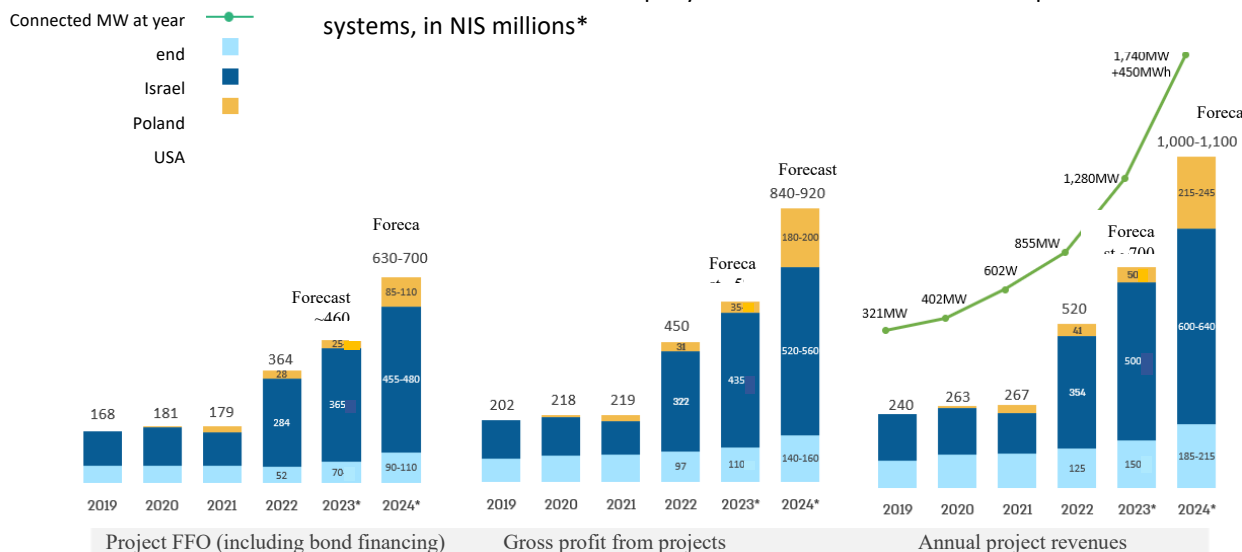
*** Includes Forward-Looking Information**

For additional information regarding the Company's activity and the projects which it owns, see Section 7 in Part A of the Annual Report- "Description of the Company's Business", Section 3 in Part B of the Annual Report - Board of Directors' Report, and Notes 9 and 15 to the Annual Financial Statements.

5.2. Operating results and forecasts as of the Approval Date of the Report:

Development of the Company's operating results

Presented below are the Company's results and forecasts with respect to its owned systems, in NIS millions*



* **Revision of forecasted results:** In view of poor wind conditions in Poland in the Reporting Period, and extension by several months of schedules for construction of projects under construction expected to go online in 2023, the Company believes that its forecasted results for 2023 would be at the low end of the forecast range published by the Company on its financial statements for Q2 2023, and the Company has delayed online capacity of 90MW from end of 2023 to 2024. Furthermore, due to Company assessment with regard to extension by several months of schedules for construction of projects under construction expected to go online in 2024, the Company has delayed online capacity of 420MW from end of 2024 to 2025 ⁶and revised the low end of its forecasted operating results for 2024. For more information see the Company's financial statements for Q2 2023, dated August 9, 2023, reference 2023-01-091500.

- The revenue forecast for 2023 included revenues from projects which, as of the approval date of the Financial Statements for Q3 2023, were in commercial operation.
- The revenue forecast for 2024 included revenues from projects which, as of the approval date of the Financial Statements for Q3 2023, had the following statuses: NIS 800-850 million in commercial operation, NIS 195-235 million under construction / in pre-construction, NIS 5-15 million in advanced development.

The above forecasts in respect of 2023 and 2024 constitute Forward-Looking Information.

Actual results may differ significantly from the results which are estimated or implied based on the above information, entirely or partially, depending on the actual scopes of production and actual electricity prices and there is no certainty that the electricity prices will remain at the price level which served as the basis for calculating the forecasts.

Clarifications:

- Definitions: "Project-specific gross profit" - Profit from projects (excluding general and administrative expenses, and initiation expenses) before financing, taxes, depreciation and amortization; "Project-

⁶ The remaining capacity of 65 MW was converted to storage capacity in 2024

specific FFO” – funds from project-specific current operations. Calculated as project-specific gross profit less cash flow finance expenses during the period of commercial operation, including cash flow finance expenses in respect of bonds (including cross currency swap transactions in respect thereof, less current taxes.

- b. The Company's results are presented according to the Company's share in the cash flow from the projects (effective rate of cash flows, while taking into account senior shareholder's loans which the Company has given to the project entities), while neutralizing the effect of IFRS 16 - Leases.
- c. The projected data for coming years are in accordance with the Company's forecast, as of the Approval Date of the Report, and are based, inter alia, on the following assumptions:
- d. The projected results for 2023 in Poland are after the effect of the temporary legislation to limit electricity prices, and are based on actual date for the Reporting Period and expected revenues from sale of actual electricity, revenues by virtue of fixed price transactions for the relevant periods which are in effect as of the Approval Date of the Report, and compensation which the Company received due to the unwinding of hedge transactions within the framework of amendments to the power purchase agreements. For additional details regarding the legislation in Poland and its possible effects, see Sections 6.2 and 6.5 in Part A of the Annual Report - Description of the Corporation's Business, and Section 2.3(i) in Part B of the Annual Report - Board of Directors' Report, as revised in section 8.1.1 below.
- e. Operating results are based on the Company's commercially active systems, and the Company's estimate regarding the commercial operation date of its systems which, as of the present date, are under construction, in pre-construction and in advanced stages of initiation, and the financing transactions with respect thereto, including cash interest expenses in respect of the bonds (Series A and B):
- f. Exchange rates which were used to calculate the forecast:
 - a) PLN 1 to NIS 0.95
 - b) USD 1 to NIS 3.90

- g. Sensitivity analysis regarding the Company's projected results for 2023:

Different variables, mostly including weather conditions and production ability, market prices of electricity in the USA, and market prices of electricity and green certificates in Poland, as well as changes in the PLN and USD exchange rates, may have a significant impact on the Company's operating results in 2023.

Presented below is a partial sensitivity analysis in respect of these variables (each pertaining to itself only, without cross changes) which the Company made in the Q4 2023 forecast, in light of the fixed price transactions which the Company performed (NIS in millions):

1. Output:
 - A change of 10% in electricity output in Poland would affect the Company's revenues by NIS 5 million.
 - A change of 10% in electricity output in the USA would affect the Company's revenues by NIS 1.5 million.
 - A change of 10% in electricity output in Israel would affect the Company's revenues by NIS 3 million.
2. Prices:
 - A decrease of 10% in the market price of electricity in Poland would affect the Company's revenues by NIS 4 million.
 - A change of 10% in the market price of green certificates in Poland would not significantly affect the Company's revenues.
 - A change of 10% in the market price of electricity in the USA would affect the Company's revenues by NIS 0.5 million.
3. Exchange rates:
 - A change of 10% in the PLN/NIS exchange rate would affect the Company's revenues by NIS 8 million.
 - A change of 10% in the USD/NIS exchange rate would affect the Company's revenues by NIS 1 million.

The projected results are also sensitive to the grid connection dates of projects under construction, in pre-construction and in advanced stages of initiation. These connection dates are not under the Company's exclusive control, and depend, inter alia, on the receipt of various permits and regulatory approvals.

*** Includes Forward-Looking Information**

5.3. Stock exchange indices

The Company's shares are listed for trading on the Tel Aviv Stock Exchange Ltd. As of the Approval Date of the Report, it is one of the companies on the Tel Aviv 35 Index. Additional stock exchange indices on which the Company's securities are listed include TA Cleantech, TA 125, TA 125 - Clean Climate, TA Industry, TA Sector - Balance, TA Global-Blue Tech, TA Tech-Elite, TA Technology, TA - 35 USD, TA Rimon, TA - Energy Infrastructures and TA All-Share.

The Board of Directors' explanation of the Company's business situation, results of operations, shareholders' equity, cash flows and other matters

5.4. Statement of Financial Position

Presented below are the main items in the statement of financial position, in thousands of NIS:

| | As of September 30 | As of |
|---|---------------------------|--------------------|
| | 2023 | December 31 |
| | 2022 | |
| | NIS in thousands | |
| | (Unaudited) | (Audited) |
| Assets | | |
| <u>Current assets</u> | | |
| Cash and cash equivalents | 524,529 | 465,119 |
| Dedicated deposit | 10,918 | 34,435 |
| Trade and other receivables | 224,182 | 178,797 |
| Green certificates | 13,816 | 22,424 |
| Total current assets | 773,445 | 700,775 |
| <u>Non-current assets</u> | | |
| Long term pledged deposit and restricted cash | 8,944 | 57,205 |
| Right-of-use asset and fixed assets | 521,273 | 403,949 |
| Connected electricity production systems | 3,412,651 | 2,910,128 |
| Systems under construction and initiation | 3,369,588 | 1,813,125 |
| Other receivables | 176,229 | 140,114 |
| Deferred tax assets, net | 113,264 | 56,935 |
| Total non-current assets | 7,601,949 | 5,381,456 |
| Total assets | 8,375,394 | 6,082,231 |
| Liabilities and equity | | |
| <u>Current liabilities</u> | | |
| Short term credit from financial institutions | 448,798 | - |
| Current maturities of long term loans | 103,586 | 77,013 |
| Current maturities of lease liabilities | 26,287 | 16,235 |
| Current maturities of bonds | 74,871 | 74,871 |
| Trade and other payables | 526,213 | 306,513 |
| Short term liability in respect of agreement with Tax Partner | 83,421 | 80,032 |
| Total current liabilities | 1,263,176 | 554,664 |
| <u>Non-current liabilities</u> | | |
| Loans from financial institutions | 2,623,630 | 1,267,162 |
| Bonds and convertible bonds | 977,297 | 1,044,267 |
| Lease liability and other long-term liabilities | 847,676 | 630,081 |
| Long term liability in respect of agreement with Tax Partner and others | 130,959 | 164,511 |
| Deferred tax liability, net | 104,892 | 91,258 |
| Total non-current liabilities | 4,684,454 | 3,197,279 |
| <u>Equity</u> | | |
| Total equity attributable to the owners of the Company | 2,426,491 | 2,328,630 |
| Non-controlling interests | 1,273 | 1,658 |
| Total equity | 2,427,764 | 2,330,288 |
| Total liabilities and equity | 8,375,394 | 6,082,231 |

Main explanations regarding the changes in the statement of financial position:

Cash and cash equivalents - As of the Reporting Date, the balance amounted to NIS 525 million, compared to NIS 465 million at the end of 2022, an increase by NIS 60 million. The increase was mostly due to cash inflows from operating activities which arose for the Company amounting to NIS 372 million, and the receipt of short term loans from banking corporations amounting to NIS 1.3 billion, and receipt of short-term loans from banking corporations amounting to NIS 500 million, offset by investments in project construction and development in the USA, Israel and Poland, amounting to NIS 1.5 billion, payment of dividends to shareholders amounting to NIS 214 million, partial bond redemption, long-term loans and financial instruments amounting to NIS 383 million.

Designated deposit - As of the Reporting Date, the balance amounted to NIS 11 million, compared to NIS 34 million at the end of 2022, a decrease by NIS 23 million. The decrease was due to the Company's fulfillment of conditions for the use of the dedicated cash, as determined within the framework of the Tax Partner's investment in Virginia Projects 2, offset by investment of the Tax Partner with respect to a project in Virginia, where construction was completed in Q3.

Green certificates - As of the Reporting Date, the balance amounted to NIS 14 million, as compared with NIS 22 million as of the end of 2022, an increase by NIS 8 million.

Trade and other receivables - As of the Reporting Date, the balance amounted to NIS 224 million, compared to NIS 179 million at the end of 2022, an increase by NIS 45 million. The increase was mostly due to income receivable with respect to compensation which the Company received in Poland due to the unwinding of fixed price electricity transactions.

Connected electricity production systems - As of the Reporting Date, the balance amounted to NIS 3,413 million, compared to NIS 2,910 million as of the end of 2022, an increase by NIS 503 million. The increase was mostly due to revaluation of the PLN, and to revaluation by 9% of the USD, as well as the commercial operation of a wind project in Poland (NIS 306 million), offset by current depreciation amounting to NIS 101 million.

Systems under construction and development – As of the Reporting Date, the balance amounted to NIS 3,370 million, compared to NIS 1,813 million as of the end of 2022, an increase by NIS 1,557 million. The increase was due to investment in project construction and development in the USA (NIS 1,427 million) and in Israel (NIS 400 million), offset by classification of a wind project in Poland under Connected Systems.

Other receivables - As of the Reporting Date, the balance amounted to NIS 176 million, compared to NIS 140 million at the end of 2022, an increase by NIS 36 million. This increase was mostly due to interest hedging transactions in the USA in the Reporting Period, offset by change in value of financial instruments to hedge the PLN and USD exchange rates, due to devaluation of the NIS, and to change in value of CAP options to hedge WIBOR interest rate in Poland.

Short term credit from financial institutions - As of the Reporting Date, the balance amounted to NIS 449 million, due to the receipt of short term loans from banking corporations in Israel and in the USA.

Trade and other payables - As of the Reporting Date, the balance amounted to NIS 526 million, compared to NIS 307 million as of the end of 2022, an increase by NIS 219 million, which was mostly due to increase in liabilities to equipment suppliers and construction contractors.

Liability in respect of agreement with Tax Partner (short and long term) and others – As of the Reporting Date, the balance amounted to NIS 214 million, compared to NIS 244 million at end of 2022, a decrease by NIS 30 million. The decrease is primarily due to current repayments (mostly by way of tax benefits) of liability to the Tax Partner with respects to Virginia Projects 1 and Virginia Projects 2, offset by investment made by the Tax Partner in a project in Virginia where construction was completed in Q3.

Loans from financial institutions and current maturities of loans – As of the Reporting Date, the balance amounted to NIS 2,727 million, compared to NIS 1,344 million at the end of 2022, an increase by NIS 1,383 million. The increase was primarily due to withdrawals from construction loans in respect of the construction projects in Virginia and Pennsylvania in the USA, receipt of long-term loan for projects in operation in the USA, and receipt of loan for construction of high-voltage project in Israel, offset by current loan principal repayments.

Bonds and convertible bonds - As of the Reporting Date, the balance amounted to NIS 1,052 million, compared to NIS 1,119 million as of the end of 2022, a decrease by NIS 67 million. The decrease was mostly due to repayment of principal of bonds (Series A).

Lease liability and other long term liabilities - As of the Reporting Date, the balance amounted to NIS 848 million, compared to NIS 630 million at the end of 2022, an increase by NIS 218 million, mostly due to increase in lease liabilities with respect to new project construction in the USA and in Israel. and with respect to recognition of obligation for contingent proceeds due to acquisition of non-controlling interest in the joint venture in USA.

Equity – As of the Reporting Date, equity attributable to Company shareholders amounted to NIS 2,426 million, compared with NIS 2,329 million as of December 31, 2022. The change in equity was mostly due to profit attributed to the Company's owners amounting to NIS 230 million, increase in capital reserve from translation differences (including hedging of investment in foreign operations) and increase in capital reserve from cash flow hedging amounting to NIS 127 million, partly offset by a dividend payment amounting to NIS 214 million, and recognition of a contingent liability in respect of success fees in acquisition of all of the Tax Partner's interest in the US Joint Venture.

5.5. Operating results

Presented below are the operating results, including attribution of the relevant part of the revenue from the unwinding of fixed price transactions which were recognized in the first quarter, for the nine- and three-month periods ended September 30, 2023:

| | <i>For the Nine Month Period Ending September 30</i> | | <i>For the Three-Month Period Ending September 30</i> | |
|--|--|-----------------------|---|-----------------------|
| | <i>2023</i> | <i>2022</i> | <i>2023</i> | <i>2022</i> |
| | <i>Thousands of NIS</i> | | | |
| <u>Revenues</u> | <i>(Unaudited)</i> | | <i>(Unaudited)</i> | |
| <i>Revenues from the sale of electricity</i> | <i>341,879</i> | <i>288,424</i> | <i>107,101</i> | <i>119,598</i> |
| <i>Revenues from the production of green certificates</i> | <i>49,304</i> | <i>42,455</i> | <i>15,369</i> | <i>9,406</i> |
| <i>Other revenues, including due to the unwinding of fixed price transactions in respect of the period</i> | <i>109,363</i> | <i>1,062</i> | <i>34,139</i> | <i>437</i> |
| <i>Total revenues</i> | <i>500,546</i> | <i>331,941</i> | <i>156,609</i> | <i>129,441</i> |
| <u>Expenses</u> | | | | |
| <i>Operating expenses</i> | <i>57,685</i> | <i>36,894</i> | <i>20,054</i> | <i>15,610</i> |
| <i>Impairment of Green Certificates</i> | <i>8,871</i> | <i>6,639</i> | <i>7,275</i> | <i>1,112</i> |
| <i>Payroll, headquarters and other</i> | <i>75,213</i> | <i>45,581</i> | <i>24,136</i> | <i>16,835</i> |
| | <i>141,769</i> | <i>89,114</i> | <i>51,465</i> | <i>33,557</i> |
| | | | | |
| <i>Profit before financing, taxes, depreciation and amortization (EBITDA)</i> | <i>358,777</i> | <i>242,827</i> | <i>105,144</i> | <i>95,884</i> |
| <i>Capital gains from the sale of investee partnership</i> | <i>-</i> | <i>18,098</i> | <i>-</i> | <i>-</i> |
| <i>Depreciation and amortization</i> | <i>(114,227)</i> | <i>(76,951)</i> | <i>(40,033)</i> | <i>(29,373)</i> |
| <i>Profit before financing and taxes</i> | <i>244,550</i> | <i>183,974</i> | <i>65,111</i> | <i>66,511</i> |
| | | | | |
| <i>Financing expenses, net</i> | <i>(52,720)</i> | <i>(67,929)</i> | <i>(16,205)</i> | <i>(23,536)</i> |
| <i>Profit after financing, net</i> | <i>191,830</i> | <i>116,045</i> | <i>48,907</i> | <i>42,974</i> |
| <i>Profit before taxes on income</i> | <i>191,830</i> | <i>116,045</i> | <i>48,907</i> | <i>42,974</i> |
| <i>Taxes on income</i> | <i>(50,157)</i> | <i>(27,661)</i> | <i>(10,912)</i> | <i>(9,343)</i> |
| <i>Tax income from the Tax Partner</i> | <i>51,750</i> | <i>42,143</i> | <i>17,893</i> | <i>14,653</i> |
| <i>Income for the period</i> | <i>193,423</i> | <i>130,527</i> | <i>55,887</i> | <i>48,284</i> |
| | | | | |
| <i>Profit for the period attributable to the owners of the Company</i> | <i>193,526</i> | <i>131,105</i> | <i>56,218</i> | <i>48,315</i> |
| <i>Loss for the period attributable to non-controlling interests</i> | <i>(103)</i> | <i>(578)</i> | <i>(331)</i> | <i>(31)</i> |
| <i>Total profit for the period</i> | <i>193,423</i> | <i>130,527</i> | <i>55,887</i> | <i>48,284</i> |

Presented below are the main operating results, in thousands of NIS:

| | Nine-month period ended September 30 | | Three-month period ended September 30 | | For the year ended December 31 |
|---|---|----------------|--|----------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| NIS in thousands | | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| Revenues | | | | | |
| Revenues from the sale of electricity | 341,879 | 288,424 | 107,101 | 119,598 | 446,326 |
| Revenues from the production of green certificates | 49,304 | 42,455 | 15,369 | 9,406 | 56,084 |
| Other revenues, net | 154,405 | 1,062 | 858 | 437 | 24,915 |
| Total revenues | 545,588 | 331,941 | 123,328 | 129,441 | 527,325 |
| Expenses | | | | | |
| Operating expenses | 66,556 | 42,726 | 27,329 | 16,101 | 54,688 |
| Payroll, headquarters and other | 75,213 | 46,388 | 24,136 | 17,456 | 66,718 |
| | 141,769 | 89,114 | 51,465 | 33,557 | 121,406 |
| Profit before financing, taxes, depreciation and amortization (EBITDA) | 403,819 | 242,827 | 71,863 | 95,884 | 405,919 |
| Capital gains from sale of investee partnership | - | 18,098 | - | - | 18,098 |
| Depreciation and amortization | (114,227) | (76,951) | (40,033) | (29,374) | (105,797) |
| Profit before financing and taxes | 289,592 | 183,974 | 31,830 | 66,510 | 318,220 |
| Financing expenses, net | (52,720) | (67,929) | (16,204) | (23,536) | (82,359) |
| Profit after financing, net | 236,872 | 116,045 | 15,626 | 42,974 | 235,861 |
| Profit before taxes on income | 236,872 | 116,045 | 15,626 | 42,974 | 235,861 |
| Taxes on income | (58,715) | (27,661) | (4,589) | (9,343) | (57,766) |
| Tax income from the Tax Partner | 51,750 | 42,143 | 17,893 | 14,653 | 57,815 |
| Profit for the period | 229,907 | 130,527 | 28,930 | 48,284 | 235,910 |
| Profit for the period attributable to the owners of the Company | 230,010 | 131,105 | 28,599 | 48,315 | 236,690 |
| Loss for the period attributable to non-controlling interests | (103) | (578) | 331 | (31) | (780) |
| Total profit for the period | 229,907 | 130,527 | 28,930 | 48,284 | 235,910 |

| | Nine-month period ended September 30 | For the year ended December 31 |
|--|---|-----------------------------------|
| | 2023 | 2022 |

Data regarding earnings per share (*)

| | | | |
|--|------|------|------|
| Income per share | 1.00 | 0.63 | 1.00 |
| Profit before financing, taxes, depreciation and amortization (EBITDA) | 0.74 | 0.46 | 0.77 |
| FFO per share | 0.50 | 0.09 | 0.58 |
| Earnings per share - basic | 0.42 | 0.25 | 0.45 |

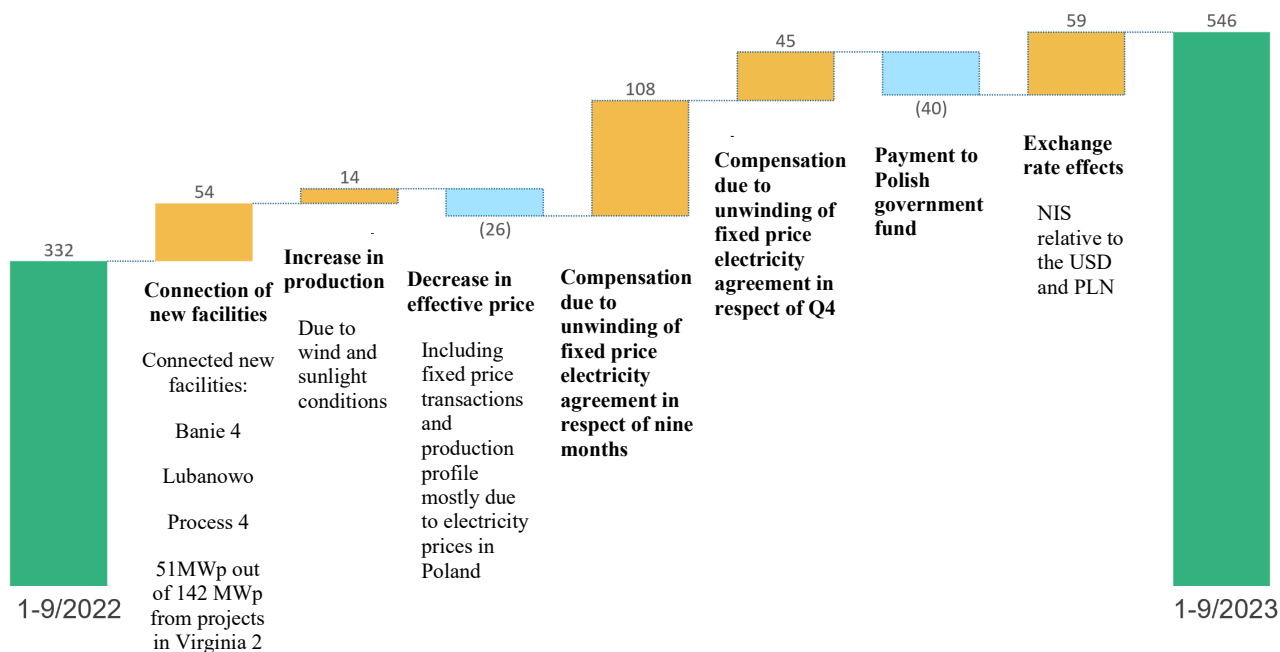
(*) According to the data presented in Section 6.6.

5.6. Key explanations for operating results:

The Company's revenues from sale of electricity and from the production of green certificates attributed to the first three quarters amounted to NIS 500 million, compared to NIS 332 million in the corresponding half last year, an increase by NIS 168 million (or 50%), as set forth in the table above.

The Company's total revenues in the Reporting Period, including future revenues (as defined above) attributed to the first nine months of 2023, amounted to NIS 546 million.

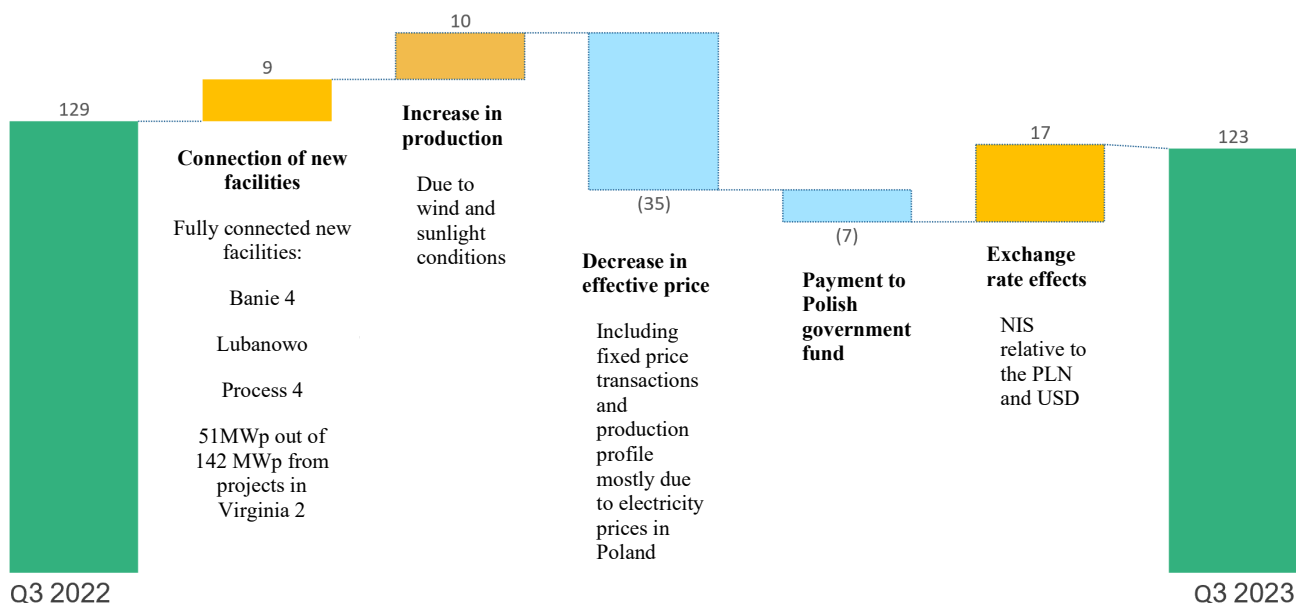
Presented below is a diagram specifying the main changes in revenue during the Reporting Period, relative to the corresponding period last year:



The Company's revenues from sale of electricity, from the production of green certificates and from share of other revenues attributed to Q3 amounted to NIS 157 million, compared to NIS 129 million in the corresponding period last year, an increase by NIS 28 million (or 22%), as set forth in the table above.

The Company's total revenues in Q3, excluding its share in other revenues attributed to Q3, amounted to NIS 123 million.

The chart below lists key changes to revenues in Q3, compared to the year-ago period:



Operating expenses – Operating expenses during the Reporting Period amounted to NIS 66 million, compared to NIS 43 million in the corresponding period last year, an increase by NIS 23 million. In Q3 2023, operating expenses amounted to NIS 28 million, compared to NIS 16 million in the year-ago period.

The increase was mostly due to recording of operating expenses from projects in Poland yet to be in commercial operation in the corresponding period and to impairment amounting to NIS 7 million of un-hedged green certificates as of the Reporting Date.

Payroll, HQ and other expenses – Payroll, HQ and other expenses in the Reporting Period amounted to NIS 75 million, compared to NIS 46 million in the year-ago period. In the third quarter, these expenses amounted to NIS 24 million, compared to NIS 17 million in the corresponding period last year.

The increase in payroll, headquarter and other expenses was due to the growth of the Group's workforce, in light of the increase in the scopes of activity, the increase in professional consulting costs, and the increase in share-based payment expenses.

Depreciation and amortization expenses – In the Reporting Period, depreciation expenses amounted to NIS 114 million, compared to NIS 77 million in the year-ago period, an increase by NIS 37 million. In the third quarter, depreciation expenses amounted to NIS 40 million, compared to NIS 29 million in the year-ago period, an increase by NIS 11 million.

The increase was mostly due to the recording of depreciation expenses from projects which had not yet become commercially active in the corresponding period last year.

Net financing expenses – Net financing expenses in the Reporting Period amounted to NIS 53 million, compared to NIS 68 million in the corresponding period last year, a decrease by NIS 15 million.

The decrease in net financing expenses was mostly due to financing income from deposits in the Reporting Period, and to impact of the CPI increase in Israel by 3.25%, compared to the CPI increase by 4.4% in the corresponding period.

Net financing expenses in Q3 2023 amounted to NIS 16 million, compared to NIS 24 million in the corresponding period last year, a decrease by NIS 8 million. The decrease in net financing expenses was due

to financing income from deposits in the Q3, and to impact of the CPI increase in Israel by 0.8%, compared to the CPI increase by 1.2% in the corresponding period.

Regarding the impact of the CPI's increase on the Company's results - It is hereby clarified that the projects which are subject to the CPI-linked loans in Israel are at fixed tariffs and are CPI-linked (natural hedging); however, in accordance with accounting principles, the "revaluation" of the future cash flows from the project is not recognized in the Financial Statements, while the linkage of the loan principal is carried immediately against financing expenses.

Tax income from Tax Partner – Income from the Tax Partner in the Reporting Period amounted to NIS 52 million, compared to NIS 42 million in the corresponding period last year, an increase by NIS 10 million, due to the commercial operation of projects in the USA.

Income from the Tax Partner in Q3 amounted to NIS 18 million, compared to NIS 15 million in the corresponding period last year, increase by NIS 3 million, due to commercial operation of projects in the USA.

Net profit attributable to equity holders – In the Reporting Period, the Company recognized net profit attributable to equity holders amounting to NIS 230 million, compared to NIS 131 million in the corresponding period last year, an increase by NIS 99 million (or 75%).

In the third quarter, the Company recognized net profit attributable to equity holders amounting to NIS 29 million, compared to NIS 48 million in the corresponding period last year, a decrease by NIS 19 million (or 39%).

6. Cash flows, liquidity and financing sources

6.0.1 Cash flow

During the Reporting Period, the Group's balance of cash and cash equivalents increased by NIS 59 million. The increase was mostly due to the acceptance of loans and cash inflows from operating activities which arose for the Company, which were offset by investments in project construction and initiation, partial repayments of bonds and long term loans, repayment of financial instruments, and a dividend which was paid to Company shareholders.

The following table summarizes the sources and uses:

| | Nine-month period ended September 30 | | For the three-month period ended September 30 | | For the year ended December 31 |
|---|---|----------------|---|--------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | NIS millions | | | | |
| | (Unaudited) | | | | (Unaudited) |
| Operating activities | 372 | 195 | 109 | 91 | 285 |
| Sources | | | | | |
| Long term loan received from financial institutions | 1,346 | 185 | 493 | - | 250 |
| Receipt of short term loans from banking corporations | 501 | - | 111 | - | - |
| Repayment of loan from third party | - | 14 | - | - | 14 |
| Decrease in pledged deposit and restricted cash | 49 | - | 29 | - | - |
| Consideration from issuance of shares | - | 674 | - | 339 | 674 |
| Receipt of loan from Tax Partner | 6 | - | 6 | - | - |
| Consideration from exercise of share options | 1 | 28 | 1 | 14 | 29 |
| Settlement of financial instruments | - | 50 | - | 14 | 18 |
| Consideration from sale of associate partnership | - | 25 | - | (1) | 25 |
| | <u>1,903</u> | <u>976</u> | <u>639</u> | <u>366</u> | <u>1,010</u> |
| Uses | | | | | |
| Investment in electricity production systems | (1,566) | (857) | (759) | (243) | (1,131) |
| Decrease (increase) in pledged deposit and restricted cash, net | - | (2) | - | 2 | (9) |
| Settlement of financial instruments | (194) | - | (78) | - | - |
| Repayment of long term loans from financial institutions | (127) | (54) | (32) | (24) | (75) |
| Repayment of principal in respect of lease liability | (14) | (10) | (3) | (2) | (12) |
| Repayment of bond principal | (74) | (74) | (37) | (37) | (74) |
| Credit raising costs | (52) | (5) | (12) | (4) | (14) |
| Investment in other fixed assets | (6) | (3) | (1) | (2) | (4) |
| Transaction with non-controlling interests | (24) | (8) | - | (8) | (3) |
| Dividend paid to Company shareholders | (214) | (79) | (39) | (27) | (107) |
| | <u>(2,271)</u> | <u>(1,092)</u> | <u>(961)</u> | <u>(345)</u> | <u>(1,429)</u> |
| Total surplus of sources over uses | 3 | 79 | (213) | 112 | (134) |
| Balance of cash and cash equivalents at beginning of period | 465 | 575 | 751 | 555 | 575 |
| Balance of dedicated deposit at beginning of period | 34 | 30 | 4 | 34 | 30 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 33 | 20 | (6) | 6 | 28 |
| Balance of cash and cash equivalents at end of period | <u>525</u> | <u>670</u> | <u>525</u> | <u>670</u> | <u>465</u> |
| Balance of dedicated deposit at end of period | <u>11</u> | <u>35</u> | <u>11</u> | <u>35</u> | <u>34</u> |

6.0.2 Cash, cash equivalents and credit facilities

As of the Reporting Date, the Company's cash and cash equivalents amounted to NIS 525 million. The Company also has a total of NIS 8.9 million, which mostly includes debt service reserve funds to secure the repayment of the Group's loans, and a designated deposit amounting to NIS 10.9 million.

6.0.3 Financing sources

- 6.0.3.1 As of the Approval Date of the Report, the Company's activity is financed by the cash flows which arise for it from commercially active projects, its available cash balances, the exercise of share options and withdrawals that were made in the framework of project finance transactions to which the Company is party.
- 6.0.3.2 Management of debt structure - The Company is working to maintain an efficient and adequate leverage ratio which takes into account the interests of both the financial creditors and the Company's shareholders. The Company also strives to create an adequate balance between unsecured debt raisings on the level of the Company, the raising of non-recourse project loans on the level of the project companies, and maintaining bank credit facilities which are available for use at all times.
- 6.0.3.3 The Company's gross financial debt as of tax report amounted to NIS 3,779 billion. The average debt duration was 7.6 years.
- 6.0.3.4 As of the Reporting Date, the Company has unused credit facilities amounting to NIS 56 million (including NIS 7 million in respect of a guarantee facility from a banking corporation in the USA), and project financing facilities which are immediately available, amounting to NIS 329 million, which the Company will use out of the financing facilities in accordance with its cash requirements.
- 6.0.3.5 For details regarding project financing facilities, including construction financing facilities, which are available to the Company as of the Reporting Date, see below:

| <u>Country</u> | <u>Project addressed in the financing</u> | <u>Status</u> | <u>Estimated total</u> | <u>Amounts available for immediate withdrawal</u> | <u>See Note</u> |
|----------------|---|---------------|--|---|--------------------------------|
| Israel | Systems in competitive processes 3 and 4 | Signed | Up to NIS 350 million (of which, NIS 344 million has been used) | - | 7b to the Financial Statements |
| Israel | Clean wind energy | Signed | Up to NIS 650 million (of which, NIS 18 million has been used) | - | 7d to the Financial Statements |
| Israel | Julis ultra-high voltage project | Signed | Up to NIS 255 million (of which, NIS 141 million has been used) | - | 7a to the Financial Statements |
| USA | Projects under construction in Virginia and Pennsylvania (416MWp) | Signed | Up to USD 510 million during the construction period (of which, USD 338 million has been used) | - | 7c to the Financial Statements |
| USA | Projects in operation in Virginia (224MWp) | Signed | Up to USD 70 million (of which, USD 65 million has been used) | - | 7c to the Financial Statements |
| Poland | Banie 3, Sepopol | Signed | Up to PLN 550 million (of which, PLN 469 million has been used. prior to the report approval date, a further PLN 81 million was withdrawn) | NIS 77 million | 7e to the Financial Statements |
| Poland | Banie 4 | Signed | Up to PLN 275 million (of which, PLN 10 million has been used) | NIS 252 million | 7e to the Financial Statements |
| Total | | | | NIS 329 million | |

- 6.0.4** It is noted that the projects Banie 1+2 and Ilawa in Poland do not involve project finance.
- 6.0.5** Soon prior to the report approval date, the Company and a financial institution signed a non-binding MOU for financing construction of Company projects in the photo-voltaic segment, with installed capacity of 141MWp and storage with capacity of 448MWh, amounting up to NIS 740 million.
- 6.0.6** The Company has a shelf prospectus which allows the Company to raise funds from the public, insofar as funds may be required in order to finance its operations, which is in effect until May 2024.
- 6.0.7** For details regarding the Company's financing sources, including loans, bonds and capital raising, see Note 14 in Part C of the 2022 Annual Financial Statements and Notes 7 and 7c to the financial statements.

- **Pledged assets**

For details regarding liens and guarantees furnished by the Company as of the Reporting Date and the date of approval of the Financial Statements, see Note 30 in Part C of the Annual Financial Statements for 2022.

- **Reference to warning signs**

Pursuant to Regulation 10(B)(14) of the Periodic and Immediate Report Regulations, the Company has a working capital shortfall during the twelve-month period in the consolidated and separate financial statements. The Company Board of Directors has determined that the working capital shortfall on the Company's financial statements does not indicate a liquidity issue, in consideration of, *inter alia*, the Company's cash balances, immediately withdrawable cash balances in commercially active projects, unused credit facilities, and immediately withdrawable project finance facilities, as compared with the Company's current expenses and cash requirements, as well as sources and contractual mechanisms which the Company expects to use to repay short term loans within the framework of long term agreements which the Company has signed.

Part B - Exposure to Market Risks and Management Thereof

The Company's Chief Risk Officer is Mr. Asa Levinger, the Company's CEO. For additional details regarding the Chief Risk Officer, see Regulation 26A in Part D of the Annual Report - Additional Details.

7. Company policy on market risk management

For information regarding the Company's policy for managing market risks and implementation of the hedging policy that was adopted by the Board of Directors, see Note 31b(3) to the Annual Financial Statements and Note 6a to the Consolidated Financial Statements. As of the Reporting Date, no changes occurred in the Company's policy relative to that stated in its Annual Financial Statements.

7.1. Linkage bases report

See **Appendix A** below for a linkage bases report as of September 30, 2023 and December 31, 2022.

7.2. Sensitivity tests

See **Appendix B** below for sensitivity tables for sensitive instruments according to changes in market factors as of September 30, 2023.

7.3. The Corporation's liabilities by payment dates

See **Appendix C** below for information regarding the Corporation's liabilities according to payment dates.

Part C – Corporate Governance Aspects and Updates Concerning the Company's Activities**8. Material events and updates during the Reporting Period and after the Reporting Date, including in the Company's operating segments:****8.1. Updates regarding Company operations:****8.1.1. Legislative change in Poland**

(i) Further to the Company's reports regarding the adoption of legislation in Poland to establish a temporary cap of electricity prices until the end of 2023, in the amount of PLN 345 per 1MWh. Soon after the report approval date this cap was revised upwards to PLN 374. Furthermore, during the Reporting Period, in July 2023 a legislative amendment was passed which, subject to the approval of the President of Poland, expanded the scope of the law in a manner which requires electricity producers to deposit, into the dedicated reserve which was established by the regulator, 97% of the revenues which they will receive from the sale of GOOs certificates, and from financial transactions involving the sale of electricity. The Company believes, based on its series of power purchase agreements, and the position of its legal counsel in Poland, that the legislative amendment is not expected to significantly affect the Company's revenues in Poland. For additional details regarding the legislation, see Sections 6.2 and 6.5 in Part A of the Annual Financial Statements, and Note 9b(4)(b) to the Annual Financial Statements.

(ii) Further to provisions of section 2.7d.(2)(a) of Part A "Description of the Corporation's Business" of the annual report, with regard to regulation of green certificates, during the Reporting Period, the regulator in Poland resolved to reduce the share of green certificates to be required of such companies in 2024 to 5%, compared to 11% in 2023. Consequently, in the Reporting Period, prices of green certificates traded on the specified exchange in Poland declined. Therefore, the Company recognized impairment of NIS 7 million in Q3 2023, with respect to inventory of un-hedged green certificates as of the Reporting Date.

Note that the Regulator may revise this decision at any time, based on considerations and priorities of the Polish Government with regard to promotion of renewable energies. For more information about results of elections held in Poland on October 15, 2023, see section 2.3 above.

8.1.2. For more information regarding Company operations and its owned projects and projects under development, see Section 7 in Part A of the Annual Report - "Description of the Company's Business", Notes 9 and 15 to the Annual Financial Statements, as revised from the annual report in the current report, sections 2-5 above and Notes 5 and 7 to the Consolidated Financial Statements.

8.2. Corporate governance updates (transactions with controlling shareholders, bonuses and engagements with officers):

8.2.1. **Dividend:** For details regarding the Board of Directors' resolution, shortly after the approval of the Financial Statements, to distribute dividends in the amount of 7 agorot per ordinary Company share, see Section 4 above.

8.2.2. In July 2023 the Company's general meeting approved, following the approval of the Audit Committee and Board of Directors, the Company's engagement in an extension of the management agreement with Alony Hetz, effective as from July 1, 2023, for an additional 3 year period (until June 30, 2026). For additional details, see Note 7k to the Consolidated Financial Statements, and the supplementary immediate report dated July 7, 2023 (reference number: 2023-01-076893) (the "**Convention Report**"), which is presented herein, in its entirety, by way of reference.

8.2.3. In August 2023, Ms. Einat Zafrir started their term in office as External Board member of the Company, replacing Ms. Alona Shefer-Caro, who terminated their term in office as External Board member of the Company after 9 years in office. For more information about Ms. Einat Zafrir pursuant to Regulation 26, see the convention report and the immediate report dated July 17, 2023 (reference number: 2023-01-081198).

9. Effectiveness of Internal Control over Financial Reporting and Disclosure in Accordance with Regulation 38c(a)

For details regarding the quarterly report regarding the Effectiveness of internal control over financial reporting and disclosure pursuant to Regulation 38c(a), see Appendix D below.

10. Disclosure requirements concerning financial reporting of the Corporation

Changes in accounting policies, changes in estimates or correction of errors during the Reporting Period:

The preparation of financial statements requires management of the Company to use estimates or assessments regarding transactions or matters that their final effect on the Financial Statements cannot be accurately determined at the time of their preparation.

For the critical estimates which apply to the Company, and for additional details, see Note 2(f) to the Annual Financial Statements and Note 2b to the Consolidated Financial Statements.

11. Additional Information and Events Subsequent to the Reporting Date

For more information regarding events subsequent to the Reporting Date, see Sections 2.1, 2.3 and 2.6 above, and Note 7 to the Consolidated Financial Statements.

The Company's Board of Directors would like to thank the holders of the Company's securities for their confidence in the Company.

November 12, 2023

Signing Date of the Interim
Financial Statements

Nathan Hetz

Chairman of Board of Directors

Asa Levinger
CEO

Appendices to the Board of Directors' Report concerning the state of the Company's affairs:

- Appendix A** – Linkage Bases Report for Monetary Balances.
- Appendix B** – Sensitivity Tables for Sensitive Instruments as of September 30, 2023, According to Changes in Market Factors.
- Appendix C** – The Corporation's Liabilities by Payment Dates.
- Appendix D** – Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38c(a).
- Appendix E** – Details Regarding Liability Certificates Which Were Issued by the Company
- Appendix F** – Rating Reports.

Appendix A – Linkage Bases Report for Monetary Balances

As of September 30, 2023

| | EUR | PLN | USD | Unlinked NIS | CPI- linked NIS | Non- financial assets (liabilities) | Total |
|---|------------------|----------------|------------------|-----------------|--------------------|--|------------------|
| | NIS in thousands | | | | | | |
| <u>Current assets</u> | | | | | | | |
| Cash and cash equivalents | 2,910 | 144,446 | 229,167 | 148,006 | - | - | 524,529 |
| Dedicated deposit | - | - | 10,918 | - | - | - | 10,918 |
| Trade receivables | - | 82,985 | 6,895 | 28,049 | - | - | 117,929 |
| Green certificates | - | - | 904 | - | - | 12,912 | 13,816 |
| Receivables and debit balances | - | 8,477 | 17,057 | 1,480 | - | 38,703 | 65,717 |
| Hedging financial instruments | - | 21,105 | 19,431 | - | - | - | 40,536 |
| | 2,910 | 257,013 | 284,372 | 177,535 | - | 51,615 | 773,445 |
| <u>Non-current assets</u> | | | | | | | |
| Long term restricted cash | - | 116 | - | 8,828 | - | - | 8,944 |
| Right-of-use asset | - | - | - | - | - | 504,709 | 504,709 |
| Connected electricity production systems | - | - | - | - | - | 3,412,651 | 3,412,651 |
| Systems under construction and inventory | - | - | - | - | - | 3,369,588 | 3,369,588 |
| Fixed assets | - | - | - | - | - | 16,564 | 16,564 |
| Other receivables | - | - | - | 310 | 8,449 | 39,435 | 48,194 |
| Hedging financial instruments | - | 58,182 | 69,853 | - | - | - | 128,035 |
| Deferred taxes, net | - | - | - | - | - | 113,264 | 113,264 |
| | - | 58,298 | 69,853 | 9,138 | 8,449 | 7,456,211 | 7,601,949 |
| Total assets | 2,910 | 315,311 | 354,225 | 186,673 | 8,449 | 7,507,826 | 8,375,394 |
| <u>Current liabilities</u> | | | | | | | |
| Short term credit from financial institutions | - | - | 300,339 | 148,459 | - | - | 448,798 |
| Current maturities of long term loans | - | 21,865 | 15,614 | - | 66,107 | - | 103,586 |
| Current maturities of lease liabilities | - | 5,220 | 12,541 | - | 1,131 | 7,395 | 26,287 |
| Trade payables, other payables | 7,372 | 80,767 | 373,796 | 23,355 | 358 | (78,282) | 407,366 |
| Short term liability in respect of agreement with Tax Partner | - | - | - | - | - | 83,421 | 83,421 |
| Bonds - current maturity | - | - | - | 74,871 | - | - | 74,871 |
| Hedging financial instruments | - | 49,305 | 69,542 | - | - | - | 118,847 |
| | 7,372 | 157,157 | 771,832 | 246,685 | 67,596 | 12,534 | 1,263,176 |
| <u>Non-current liabilities</u> | | | | | | | |
| Liabilities for employee severance benefits | - | - | - | - | - | 772 | 772 |
| Loans from financial institutions | - | 375,960 | 1,191,587 | - | 1,069,640 | (13,556) | 2,623,630 |
| Bonds | - | - | - | 449,987 | - | (3,774) | 446,213 |
| Convertible bonds | - | - | - | 534,060 | - | (2,976) | 531,084 |
| Long term liability in respect of agreement with Tax Partner | - | - | 47,923 | - | - | 82,264 | 130,187 |
| Lease liability | - | 120,103 | 173,674 | 4,862 | 18,182 | 162,840 | 479,661 |
| Other long term liabilities | - | - | 85,565 | 7,231 | - | 107,870 | 200,666 |
| Hedging financial instruments | - | 10,674 | 156,676 | - | - | - | 167,350 |
| Deferred taxes | - | - | - | - | - | 104,892 | 104,892 |
| | - | 506,737 | 1,655,425 | 996,139 | 1,087,822 | 438,332 | 4,684,454 |

As of September 30, 2023

| | EUR | PLN | USD | Unlinked NIS | CPI- linked NIS | Non- financial assets (liabilities) | Total |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--|------------------|
| | NIS in thousands | | | | | | |
| Total liabilities | 7,372 | 663,894 | 2,427,257 | 1,242,824 | 1,155,418 | 450,866 | 5,947,630 |
| Total surplus of assets over liabilities | (4,462) | (348,583) | (2,073,032) | (1,056,151) | (1,146,969) | 7,056,960 | 2,427,764 |
| Financial derivatives | - | (927,870) | (1,365,678) | 2,293,548 | - | - | - |
| Surplus of financial assets over financial liabilities (financial liabilities over financial assets) | (4,462) | (1,276,453) | (3,438,710) | 1,237,397 | (1,146,969) | 7,056,960 | 2,427,764 |
| Distribution of non-monetary assets (liabilities), net - by linkage bases | - | 1,559,559 | 3,299,335 | 2,175,583 | 22,482 | (7,056,960) | - |
| Surplus of assets over liabilities (liabilities over assets) | (4,462) | 283,106 | (139,375) | 3,412,980 | (1,124,487) | - | 2,427,764 |

* The Company's surplus of assets over liabilities, after neutralizing liabilities and financial assets measured at fair value, to hedge electricity prices, interest rates and exchange rates, amounted to NIS 620 thousand in respect of the USD, and NIS 269,230 thousand in respect of the PLN.

December 31, 2022

| | EUR | PLN | USD | Unlinked NIS | CPI- linked NIS | Non- financial assets (liabilities) | Total |
|---|------------------|------------------|------------------|------------------|--------------------|--|------------------|
| | NIS in thousands | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 1,826 | 219,805 | 43,086 | 200,402 | - | - | 465,119 |
| Dedicated deposit | - | - | 34,435 | - | - | - | 34,435 |
| Trade receivables | - | 54,601 | 5,519 | 29,800 | - | - | 89,920 |
| Green certificates | - | - | - | - | - | 22,424 | 22,424 |
| Receivables and debit balances | - | 24,874 | 23,135 | 1,834 | - | 20,500 | 70,343 |
| Hedging financial instruments | - | 18,534 | - | - | - | - | 18,534 |
| | 1,826 | 317,814 | 106,175 | 232,036 | - | 42,924 | 700,775 |
| Non-current assets | | | | | | | |
| Long term restricted cash | - | 106 | 3,167 | 53,932 | - | - | 57,205 |
| Right-of-use asset | - | - | - | - | - | 390,987 | 390,987 |
| Connected electricity production systems | - | - | - | - | - | 2,910,128 | 2,910,128 |
| Systems under construction and inventory | - | - | - | - | - | 1,813,125 | 1,813,125 |
| Fixed assets | - | - | - | - | - | 12,962 | 12,962 |
| Other receivables | - | - | - | 42 | 7,757 | 20,303 | 28,102 |
| Hedging financial instruments | - | 112,012 | - | - | - | - | 112,012 |
| Deferred taxes, net | - | - | - | - | - | 56,935 | 56,935 |
| | - | 112,118 | 3,167 | 53,974 | 7,757 | 5,204,440 | 5,381,456 |
| Total assets | 1,826 | 429,932 | 109,342 | 286,010 | 7,757 | 5,247,364 | 6,082,231 |
| Current liabilities | | | | | | | |
| Current maturities of long term loans | - | 13,267 | - | - | 63,746 | - | 77,013 |
| Current maturities of lease liabilities | - | 4,785 | 5,267 | - | 6,183 | (0) | 16,235 |
| Trade payables, other payables | 7,629 | 50,200 | 62,145 | 33,036 | - | 17,668 | 170,678 |
| Short term liability in respect of agreement with Tax Partner | - | - | 14,621 | - | - | 65,411 | 80,032 |
| Bonds - current maturity | - | - | - | 74,871 | - | - | 74,871 |
| Hedging financial instruments | - | 44,219 | 91,616 | - | - | - | 135,835 |
| | 7,629 | 112,471 | 173,649 | 107,907 | 69,929 | 83,079 | 554,664 |
| Non-current liabilities | | | | | | | |
| Liabilities for employee severance benefits | - | - | - | - | - | 772 | 772 |
| Loans from financial institutions | - | 361,084 | - | - | 918,487 | (12,409) | 1,267,162 |
| Other long term liabilities | - | - | 360 | 7,036 | - | 61,662 | 69,058 |
| Bonds | - | - | - | 524,480 | - | (4,192) | 520,288 |
| Convertible bonds | - | - | - | 527,535 | - | (3,556) | 523,979 |
| Long term liability in respect of agreement with Tax Partner | - | - | 35,573 | - | - | 128,166 | 163,739 |
| Lease liability | - | 116,366 | 92,582 | - | 163,363 | - | 372,311 |
| Hedging financial instruments | - | 7,510 | 181,202 | - | - | - | 188,712 |
| Deferred taxes | - | - | - | - | - | 91,258 | 91,258 |
| | - | 484,960 | 309,717 | 1,059,051 | 1,081,850 | 261,701 | 3,197,279 |
| Total liabilities | 7,629 | 597,432 | 483,366 | 1,166,958 | 1,151,779 | 344,780 | 3,751,943 |
| Total surplus of assets over liabilities | (5,803) | (167,499) | (374,024) | (880,948) | (1,144,022) | 4,902,584 | 2,330,288 |

December 31, 2022

| | EUR | PLN | USD | Unlinked NIS | CPI- linked NIS | Non- financial assets (liabilities) | Total |
|--|------------------|-------------|-------------|-----------------|--------------------|--|-----------|
| | NIS in thousands | | | | | | |
| Financial derivatives | - | (857,540) | (1,244,553) | 2,102,093 | - | - | - |
| Surplus of financial assets over financial liabilities (financial liabilities over financial assets) | (5,803) | (1,025,041) | (1,618,577) | 1,221,122 | (1,144,022) | 4,902,585 | 2,330,264 |
| Distribution of non-monetary assets (liabilities), net - by linkage bases | - | 1,482,125 | 1,530,313 | 1,727,518 | 162,629 | (4,902,585) | - |
| Surplus of assets over liabilities (liabilities over assets) | (5,803) | (2,507,166) | (3,148,890) | (506,396) | (1,306,651) | 9,805,170 | 2,330,264 |

Appendix B – Sensitivity Tables for Sensitive Instruments as of September 30, 2023, According to Changes in Market Factors

Presented below is an analysis of the group's sensitivity to foreign currency: The following table details the effect of a 10% change in the exchange rate on profit or loss in respect of financial assets and liabilities that are exposed to risk as aforesaid (before the tax effect):

| | As of September 30, 2023 | | |
|---|--|------------------|--|
| | Increase by 10% | Carrying value | Decrease by 10% |
| | Profit and loss / comprehensive income | NIS in thousands | Profit and loss / comprehensive income |
| In EUR: | | | |
| Cash and cash equivalents | 291 | 2,910 | (291) |
| Trade payables, other payables and credit balances | (737) | (7,372) | 737 |
| In PLN: | | | |
| Cash and cash equivalents | 14,445 | 144,446 | (14,445) |
| Trade receivables, other receivables and debit balances | 9,146 | 91,462 | (9,146) |
| Long term pledged deposit and restricted cash | 12 | 116 | (12) |
| Hedging financial instruments - forward transaction | (70,017) | (54,478) | 70,017 |
| Cap option | 7,159 | 67,844 | (7,159) |
| Hedging financial instruments - CCS | (18,584) | 5,941 | 18,731 |
| Short term and long term loans from financial institutions | (39,783) | (397,825) | 39,783 |
| Trade payables, other payables and credit balances | (8,077) | (80,767) | 8,077 |
| In USD: | | | |
| Cash and cash equivalents | 22,917 | 229,167 | (22,917) |
| Trade receivables | 690 | 6,895 | (690) |
| Dedicated deposit and long term restricted cash | 1,092 | 10,918 | (1,092) |
| Receivables and debit balances | 1,706 | 17,057 | (1,706) |
| Interest hedging transactions – IRS | 8,900 | 89,284 | (8,900) |
| Trade payables, other payables and credit balances | (37,380) | (373,796) | 37,380 |
| Liability in respect of agreement with Tax Partner | (4,792) | (47,923) | 4,792 |
| Short term loan from financial institutions | (30,034) | (300,339) | 30,034 |
| Current maturities of long term loans | (1,561) | (15,614) | 1,561 |
| Lease liability | (18,621) | (186,215) | 18,621 |
| Hedging financial instruments - forward transaction | (109,584) | (64,439) | 109,584 |
| Other long term liabilities | (8,557) | (85,565) | 8,557 |
| Financial derivatives - Hedging of electricity prices in the USA (SWAP) | (12,416) | (124,444) | 12,416 |
| Hedging financial instruments - CCS | (20,477) | (37,334) | 20,477 |
| Long term loans | (119,159) | (1,191,587) | 119,159 |

Analysis of the Group's sensitivity to financial derivatives:

The following table presents the impact of the addition or subtraction of 10% in the relevant electricity prices in the USA on comprehensive income in respect of derivative financial instruments which are exposed to the risk of electricity prices in the USA (before tax effect):

| | As of September 30, 2023 | | | |
|---|--|--------------------------|--------------------|--|
| | Changes to electricity prices in the USA | | | |
| | Increase by 10% | Carrying value | Decrease by 10% | |
| Comprehensiv e income | Comprehensiv e income | Comprehensiv e income | NIS in thousands | |
| Financial derivatives - Hedging of electricity prices in the USA (SWAP) | (45,160) | (124,444) | 45,309 | |

Presented below is an analysis of the Group's sensitivity to the Consumer Price Index (CPI):

| | As of September 30, 2023 | | | |
|-----------------------------------|--------------------------|--------------------|--------------------|--|
| | Increase by 3% | Carrying value | Decrease by 3% | |
| | Profit and loss | Profit and loss | Profit and loss | |
| | NIS in thousands | | | |
| Loans from financial institutions | (33,499) | 1,135,746 | 29,215 | |

Analysis of the Group's sensitivity to changes in the interest rate:

The following table presents sensitivity tests to the value of the fixed rate loans according to changes in the interest rate:

| | As of September 30, 2023 | | | | |
|-------------------------------|--|--|------------|--|--|
| | Increase by 10% | Increase by 5% | Fair value | Decrease by 5% | Decrease by 10% |
| | Loss from the changes (Before tax effect) | Loss from the changes (Before tax effect) | Fair value | Profit from the changes (Before tax effect) | Profit from the changes (Before tax effect) |
| | NIS in thousands | | | | |
| Fixed rate instruments | | | | | |
| CPI-linked loans in NIS | 27,059 | 13,682 | 1,026,836 | (13,996) | (28,314) |
| Loans in PLN | 5,503 | 2,803 | 397,182 | (2,911) | (5,934) |
| Total | 32,562 | 16,485 | 1,424,018 | (16,907) | (34,248) |

Appendix C – The Corporation's Liabilities by Payment Dates

Presented below are the Group's liabilities that are payable after September 30, 2023:

| | Bonds (Series A) (*) | Convertible bonds (Series B) | Loans from financial institutions | Total | Percentage |
|-----------------------------|---------------------------------|---|--|------------------|-------------------|
| Current maturities | 79,829 | - | 553,738 | 633,567 | 15% |
| Second year | 79,829 | - | 107,932 | 187,761 | 4% |
| Third year | 79,829 | - | 102,588 | 182,417 | 4% |
| Fourth year | 79,829 | 534,060 | 114,916 | 728,805 | 17% |
| Fifth year and thereafter | 244,443 | - | 2,344,087 | 2,588,530 | 60% |
| Total payments | 563,759 | 534,060 | 3,223,261 | 4,321,080 | 100% |
| Balance of discount | (3,774) | (2,976) | (47,726) | (54,476) | |
| Total financial debt | 559,985 | 531,084 | 3,175,535 | 4,266,604 | |

* Including the effect of cross currency swaps. For details, see Note 6 to the Consolidated Financial Statements.

The net total of off-balance sheet liabilities as of September 30, 2023 in respect of guarantees amounted to NIS 317 million.

Appendix D - Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38C(a) for the Third Quarter of 2023

Management, under the supervision of the Board of Directors of Energix Renewable Energies Ltd. (hereinafter: the "Corporation"), is responsible for designing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

In this respect, the members of management are:

1. Asa Levinger, CEO;
2. Tanya Friedman, CFO;

Internal control over financial reporting and disclosure includes controls and procedures in place in the Corporation, which were planned by the CEO and the most senior finance officer or under their supervision, or by whoever actually performs such duties, under the supervision of the Corporation's Board of Directors, with the aim of providing reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in accordance with law, and to assure that information the Corporation is required to disclose in the Financial Statements it issues according to law has been collected, processed, summarized and reported at the time and in the manner required by law.

Internal control includes, inter alia, controls and procedures that were designed in order to assure that information the Corporation is required to disclose is accumulated and transferred to management of the Corporation, including the CEO and the most senior finance officer or to whoever performs such duties, so that timely decisions may be made concerning the disclosure requirement.

Because of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that a misstatement or omission of information will be prevented or detected.

In the quarterly report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the quarterly report for the period ended June 30, 2023 (hereinafter: the "Last Quarterly Report Regarding Internal Control"), control was found to be effective.

Until the date of this report, the Board of Directors and management have not become aware of any event or matter that could change the assessment of the effectiveness of internal control, as found in the Last Quarterly Report Regarding Internal Control.

As of the Reporting Date, based on that stated in the last Quarterly Report Regarding Internal Control, and based on information which was brought to the attention of management and the Board of Directors, as aforesaid, internal control is effective.

Officers' Declarations:

A) Declaration of CEO according to Regulation 38C(d)(1)

I, Asa Levinger, declare that:

1. I have reviewed the quarterly report of Energix Renewable Energies Ltd. (hereinafter: the "Corporation") for the third quarter of 2023 (hereinafter: the "Reports");
2. Based on my knowledge, the reports do not contain any untrue statement of a material fact or omit to state a material fact which is necessary in order to make the statements which were made, in light of the circumstances under which such statements were made, not misleading in respect of the period covered by the reports;
3. Based on my knowledge, the Financial Statements and other financial information included in the reports, fairly present in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods presented in the reports.
4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Corporation's Auditors, Board of Directors, and Audit and Financial Statements Review Committees:
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of financial the reporting and the preparation of the financial statements in accordance with law; and -
 - B. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, declare that:
 - A. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated corporations within their meaning in the Securities Regulations (Annual Financial Statements) 5770 - 2010, is made known to me by others in the Corporation and within those consolidated corporations, particularly during the period in which the reports are being prepared; and -
 - B. I have designed such controls and procedures, or caused such controls and procedures to be designed and applied under my supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - C. I have not become aware of the occurrence of any event or matter during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, that could change the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the entity.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other person under the law.

November 12, 2023

Asa Levinger, CEO

Officers' Declarations:**B) Declaration of the most senior finance officer according to Regulation 38c(d)(2)**

I, Tanya Friedman, declare that:

1. I have reviewed the interim financial statements and the other financial information which is included in the interim reports of Energix Renewable Energies Ltd. (hereinafter: the "Corporation") for the third quarter of 2023 (hereinafter: the "Reports" or the "Interim Reports");
2. Based on my knowledge, the interim financial statements and the other financial information which is included in the interim reports do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading in respect of the period covered by the reports;
3. Based on my knowledge, the interim financial statements and other financial information included in the interim reports fairly represent, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods presented in the reports;
4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Corporation's Auditors, Board of Directors, and Audit and Financial Statements Review Committees:
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure to the extent it relates to the interim financial statements and other financial information included in the interim reports, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of the financial reporting and the preparation of the Financial Statements in accordance with law; and –
 - B. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, declare that:
 - A. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated corporations within their meaning in the Securities Regulations (Annual Financial Statements) 5770-2010, is made known to me by others in the Corporation and within those consolidated corporations, particularly during the period in which the reports are being prepared; and -
 - B. I have designed such controls and procedures, or caused such controls and procedures to be designed and applied under my supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - C. I have not become aware of the occurrence of any event or matter during the period between the date of the last periodic report (quarterly or periodic, as applicable) and the date of this report, which pertains to the interim financial statements or to any other financial information which is included in the interim reports, that could change, in my assessment, the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the entity.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other person under the law.

November 12, 2023

Tanya Friedman, CFO

Appendix E – Details Regarding Liability Certificates Which Were Issued by the Company

1) Presented below are current data, as of September 30, 2023, in connection with the liability certificates which were issued by the Company:

| Figures as of September 30, 2023 | Series A (NIS in thousands) | Series B (NIS in thousands) |
|--|-----------------------------------|-----------------------------------|
| Par value | 521,452 | 566,602 |
| Value in the Financial Statements (according to amortized cost) | 521,084 | 531,084 (*) |
| Market value | 464,196 | 460,647 |
| Accrued interest | 328 | 231 |

* Excluding the equity component of convertible bonds amounting to NIS 52,900 thousand, which was carried to equity.

2) Presented below are financial covenants which, if not fulfilled, will grant the holders the right to demand the immediate repayment of the bonds:

| Financial ratio | Covenant Series A | Covenant Series B | Value as of the Reporting Date |
|--|-----------------------------|-----------------------------|-----------------------------------|
| Minimum equity | At least NIS 360 million | At least NIS 500 million | 2,426 NIS millions |
| Solo net financial debt to solo net balance sheet | Less than 80% * | Less than 80% * | 32% |
| Net consolidated financial debt (after deducting systems under construction and initiation) to adjusted EBITDA | No more than 18* | No more than 18* | 1.1 |

* During a period of four consecutive quarters

For additional details and information regarding the bonds (Series A) and the convertible bonds (Series B), see Note 14d(7) to the Annual Financial Statements, and Note 7h to the Consolidated Financial Statements.

Appendix F – Rating Reports⁷

- For the current rating report by S&P Global Ratings Maalot Ltd., see the immediate report which was published by the Company on December 1, 2022 (reference number 2022-01-146260).
- For the current rating report of Midroog Ltd., see the immediate report which was published by the Company on November 6, 2023 (reference number 2023-01-121923).

⁷The information provided in the aforementioned immediate reports was included in this report by way of reference.

Energix - Renewable Energies Ltd.

Condensed Consolidated Interim Financial Statements
As of September 30, 2023
(Unaudited)



**Auditors' Review Report to the Shareholders of
Energix - Renewable Energies Ltd.**

Introduction

We have reviewed the attached financial information of **Energix - Renewable Energies Ltd.** and its subsidiaries (hereinafter: the "**Group**"), which includes the condensed consolidated statement of financial position as of September 30, 2023, and the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows, for the nine and three month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and are also responsible for compiling the financial information for these interim periods in accordance with Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion with regard to the financial information for these interim periods, based on our review.

Scope of the Review

We have conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information by the Entity's Auditor." A review of interim financial information consists of inquiries, mainly with the people responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to become certain that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we have not become aware of any matter which would have caused us to believe that the aforementioned financial information has not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34.

In addition to that stated in the previous paragraph, based on our review, we have not become aware of any matter which would have caused us to believe that the aforementioned financial information does not comply, in all material respects, with the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, November 12, 2023

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Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Financial Position

| | <u>As of September 30</u> | | <u>As of</u> |
|---|---------------------------|-------------------------|-------------------------|
| | <u>2023</u> | <u>2022</u> | <u>December 31</u> |
| | <u>NIS in thousands</u> | | |
| | <u>(Unaudited)</u> | | <u>(Audited)</u> |
| Assets | | | |
| <u>Current assets</u> | | | |
| Cash and cash equivalents | 524,529 | 669,890 | 465,119 |
| Dedicated deposit | 10,918 | 34,670 | 34,435 |
| Trade receivables and income receivables from customers | 117,929 | 79,999 | 89,920 |
| Green certificates | 13,816 | 13,041 | 22,424 |
| Receivables and debit balances | 106,253 | 92,064 | 88,877 |
| Total current assets | <u>773,445</u> | <u>889,664</u> | <u>700,775</u> |
| <u>Non-current assets</u> | | | |
| Long term pledged deposit and restricted cash | 8,944 | 57,125 | 57,205 |
| Right-of-use asset | 504,709 | 321,954 | 390,987 |
| Connected electricity production systems | 3,412,651 | 2,665,554 | 2,910,128 |
| Systems under construction and initiation | 3,369,588 | 1,657,209 | 1,813,125 |
| Other fixed assets | 16,564 | 12,112 | 12,962 |
| Other receivables | 176,229 | 171,756 | 140,114 |
| Deferred tax assets, net | 113,264 | 68,367 | 56,935 |
| Total non-current assets | <u>7,601,949</u> | <u>4,954,077</u> | <u>5,381,456</u> |
| Total assets | <u>8,375,394</u> | <u>5,843,741</u> | <u>6,082,231</u> |

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Financial Position

| | <u>As of September 30</u> | | <u>As of</u> |
|---|---------------------------|------------------|--------------------|
| | | | <u>December 31</u> |
| | <u>2023</u> | <u>2022</u> | <u>2022</u> |
| <u>NIS in thousands</u> | | | |
| | <u>(Unaudited)</u> | | <u>(Audited)</u> |
| Liabilities and equity | | | |
| <u>Current liabilities</u> | | | |
| Short term credit from financial institutions | 448,798 | - | - |
| Current maturities of long term loans | 103,586 | 75,912 | 77,013 |
| Current maturities of lease liabilities | 26,287 | 12,696 | 16,235 |
| Current maturities of bonds | 74,871 | 74,871 | 74,871 |
| Trade payables | 274,759 | 125,089 | 74,499 |
| Payables and credit balances | 251,454 | 209,253 | 232,014 |
| Short term liability in respect of agreement with Tax Partner | 83,421 | 87,301 | 80,032 |
| Total current liabilities | <u>1,263,176</u> | <u>585,122</u> | <u>554,664</u> |
| <u>Non-current liabilities</u> | | | |
| Loans from financial institutions | 2,623,630 | 1,177,021 | 1,267,162 |
| Other long term liabilities | 368,016 | 263,069 | 257,770 |
| Bonds | 446,213 | 520,148 | 520,288 |
| Convertible bonds | 531,084 | 521,602 | 523,979 |
| Lease liability | 479,660 | 302,195 | 372,311 |
| Long term liability in respect of agreement with Tax Partner | 130,187 | 173,797 | 163,739 |
| Liability for employee severance benefits, net | 772 | 429 | 772 |
| Deferred tax liability, net | 104,892 | 97,896 | 91,258 |
| Total non-current liabilities | <u>4,684,454</u> | <u>3,056,157</u> | <u>3,197,279</u> |
| <u>Equity</u> | | | |
| Share capital | 5,478 | 5,479 | 5,478 |
| Premium and capital reserves | 2,157,657 | 2,041,868 | 2,088,487 |
| Retained earnings | 263,356 | 153,407 | 234,665 |
| Total equity attributable to the owners of the Company | <u>2,426,491</u> | <u>2,200,754</u> | <u>2,328,630</u> |
| Non-controlling interests | <u>1,273</u> | <u>1,708</u> | <u>1,658</u> |
| Total equity | <u>2,427,764</u> | <u>2,202,462</u> | <u>2,330,288</u> |
| Total liabilities and equity | <u>8,375,394</u> | <u>5,843,741</u> | <u>6,082,231</u> |

November 12, 2023

Signing Date of the
Interim Financial
Statements

Nathan Hetz
Chairman of Board of Director

Asa Levinger
CEO

Tanya Friedman
CFO

s

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Income

| | Nine-month period ended September 30 | | For the three-month period ended September 30 | | For the year ended December 31 |
|---|---|-----------------|---|-----------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| NIS in thousands | | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| Revenues | | | | | |
| Revenues from the sale of electricity | 341,879 | 288,424 | 107,101 | 119,598 | 446,326 |
| Revenues from the production of green certificates | 49,304 | 42,455 | 15,369 | 9,406 | 56,084 |
| Other revenues, net (*) | 154,405 | 1,062 | 858 | 437 | 24,915 |
| | <u>545,588</u> | <u>331,941</u> | <u>123,328</u> | <u>129,441</u> | <u>527,325</u> |
| Expenses | | | | | |
| Maintenance of systems and others | 66,556 | 42,726 | 27,329 | 16,101 | 54,688 |
| Initiation expenses | 7,124 | 807 | 1,027 | 621 | 1,453 |
| Payroll and related expenses | 34,561 | 22,929 | 10,816 | 8,968 | 34,369 |
| Administrative, headquarters and other | 33,528 | 22,652 | 12,293 | 7,867 | 30,896 |
| | <u>141,769</u> | <u>89,114</u> | <u>51,465</u> | <u>33,557</u> | <u>121,406</u> |
| Profit before financing, taxes, depreciation and amortization | 403,819 | 242,827 | 71,863 | 95,884 | 405,919 |
| Capital gains from sale of investee partnership | - | 18,098 | - | - | 18,098 |
| Depreciation and amortization | (114,227) | (76,951) | (40,033) | (29,374) | (105,797) |
| Profit before financing and taxes | <u>289,592</u> | <u>183,974</u> | <u>31,830</u> | <u>66,510</u> | <u>318,220</u> |
| Financing income | 18,014 | 4,249 | 9,457 | 2,938 | 8,846 |
| Financing expenses | (70,734) | (72,178) | (25,661) | (26,474) | (91,205) |
| Financing expenses, net | <u>(52,720)</u> | <u>(67,929)</u> | <u>(16,204)</u> | <u>(23,536)</u> | <u>(82,359)</u> |
| Profit after financing, net | <u>236,872</u> | <u>116,045</u> | <u>15,626</u> | <u>42,974</u> | <u>235,861</u> |
| Profit before taxes on income | 236,872 | 116,045 | 15,626 | 42,974 | 235,861 |
| Taxes on income | (58,715) | (27,661) | (4,589) | (9,343) | (57,766) |
| Tax income from the Tax Partner | 51,750 | 42,143 | 17,893 | 14,653 | 57,815 |
| Income for the period | <u>229,907</u> | <u>130,527</u> | <u>28,930</u> | <u>48,284</u> | <u>235,910</u> |
| Total income for the period attributable to: | | | | | |
| Income for the period attributable to the owners of the Company | 230,010 | 131,105 | 28,599 | 48,315 | 236,690 |
| Income (loss) for the period attributable to non-controlling interests | (103) | (578) | 331 | (31) | (780) |
| Total income for the period | <u>229,907</u> | <u>130,527</u> | <u>28,930</u> | <u>48,284</u> | <u>235,910</u> |
| Net earnings per share attributable to the equity holders of the Company (NIS): | | | | | |
| Basic | <u>0.420</u> | <u>0.251</u> | <u>0.052</u> | <u>0.086</u> | <u>0.447</u> |
| Diluted | <u>0.419</u> | <u>0.246</u> | <u>0.052</u> | <u>0.085</u> | <u>0.435</u> |
| Weighted average share capital used to compute the earnings per share (thousands of shares): | | | | | |
| Basic | <u>547,890</u> | <u>523,275</u> | <u>547,890</u> | <u>561,454</u> | <u>529,476</u> |
| Diluted | <u>548,514</u> | <u>557,593</u> | <u>554,939</u> | <u>594,162</u> | <u>564,145</u> |

(*) For additional information, see Note 7e(1)a1.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Income

| | Nine-month period ended September 30 | | For the three-month period ended September 30 | | For the year ended December 31 |
|--|---|---------------|---|-----------------|--------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | NIS in thousands | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| Income for the period | 229,907 | 130,527 | 28,930 | 48,284 | 235,910 |
| Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss | | | | | |
| Foreign currency translation differences for foreign operation | 220,634 | 76,787 | (16,390) | (61,253) | 199,561 |
| Loss in respect of cash flow hedge - value of time, net of tax | 24,387 | (45,108) | 28,347 | 2,856 | (50,184) |
| Income (loss) from foreign currency differences in respect of derivatives which were designated for the hedging of investments in subsidiaries which constitute foreign operations, net of tax | (194,708) | (72,043) | (14,698) | 28,069 | (161,329) |
| Change in the fair value of cash flow hedging instruments, net of tax | 77,176 | (23,386) | 24,072 | (27,987) | (5,893) |
| Total comprehensive income for the period | 357,396 | 66,777 | 50,261 | (10,031) | 218,066 |
| Total comprehensive income (loss) attributable to: | | | | | |
| Owners of the Company | 357,499 | 67,355 | 49,930 | (10,000) | 218,846 |
| Non-controlling interests | (103) | (578) | 331 | (31) | (780) |
| Total comprehensive income (loss) for the period | 357,396 | 66,777 | 50,261 | (10,031) | 218,066 |

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2023 (unaudited)

| | Share capital | Premium | Receipts on account of options and conversion component of bonds | Capital reserve from cash flow hedge | Capital reserve from cash flow hedge - value of time | Reserve in respect of translation differences, including hedging of net investment in a foreign operation | Capital reserve from transactions with non-controlling interests | Capital reserve from transactions with controlling shareholders | Retained earnings (accumulated loss) | Total equity attributable to the shareholders of the Company | Non-controlling interests | Total equity |
|--|---------------|------------------|--|--------------------------------------|--|---|--|---|--------------------------------------|--|---------------------------|------------------|
| NIS in thousands | | | | | | | | | | | | |
| Balance as of January 1, 2023 | 5,478 | 2,270,732 | 53,028 | (41,406) | (52,122) | (121,702) | (20,555) | 512 | 234,665 | 2,328,630 | 1,658 | 2,330,288 |
| Income (loss) for the period | - | - | - | - | - | - | - | - | 230,010 | 230,010 | (103) | 229,907 |
| Other comprehensive income (loss) for the period | - | - | - | 77,176 | 24,387 | 25,928 | - | - | - | 127,491 | - | 127,491 |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | - | - | 20,820 | 20,820 |
| Exercise of share options | - | 805 | - | - | - | - | - | - | (185) | 620 | - | 620 |
| Dividend to Company shareholders | - | - | - | - | - | - | - | - | (213,653) | (213,653) | - | (213,653) |
| Share-based payment | - | - | - | - | - | - | - | - | 12,519 | 12,519 | - | 12,519 |
| Transaction with non-controlling interests | - | - | - | - | - | - | (59,126) | - | - | (59,126) | (20,820) | (79,946) |
| Capital recovery for non-controlling interests | - | - | - | - | - | - | - | - | - | - | (282) | (282) |
| Balance as of September 30, 2023 | 5,478 | 2,271,537 | 53,028 | 35,770 | (27,735) | (95,774) | (79,681) | 512 | 263,356 | 2,426,491 | 1,273 | 2,427,764 |

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2022 (unaudited)

| | Share capital | Premium | Receipts on account of options and conversion component of bonds | Capital reserve from cash flow hedge | Capital reserve from cash flow hedge - value of time | Reserve in respect of translation differences, including hedging of net investment in a foreign operation | Capital reserve from transactions with non-controlling interests | Capital reserve from transactions with controlling shareholders | Retained earnings (accumulated loss) | Total equity attributable to the shareholders of the Company | Non-controlling interests | Total equity |
|--|---------------|------------------|--|--------------------------------------|--|---|--|---|--------------------------------------|--|---------------------------|------------------|
| NIS in thousands | | | | | | | | | | | | |
| Balance as of January 1, 2022 | 4,882 | 1,563,176 | 53,028 | (35,513) | (1,937) | (159,935) | (12,896) | 512 | 99,646 | 1,510,963 | 2,286 | 1,513,249 |
| Income (loss) for the period | - | - | - | - | - | - | - | - | 131,105 | 131,105 | (578) | 130,527 |
| Other comprehensive income (loss) for the period | - | - | - | (23,386) | (45,108) | 4,744 | - | - | - | (63,750) | - | (63,750) |
| Issuance of shares | 518 | 673,465 | - | - | - | - | - | - | - | 673,983 | - | 673,983 |
| Exercise of share options (*) | 79 | 33,379 | - | - | - | - | - | - | (5,111) | 28,347 | - | 28,347 |
| Dividend paid to Company shareholders | - | - | - | - | - | - | - | - | (79,388) | (79,388) | - | (79,388) |
| Share-based payment | - | - | - | - | - | - | - | - | 7,155 | 7,155 | - | 7,155 |
| Purchase of non-controlling interest | - | - | - | - | - | - | (7,661) | - | - | (7,661) | - | (7,661) |
| Balance as of September 30, 2022 | 5,479 | 2,270,020 | 53,028 | (58,899) | (47,045) | (155,191) | (20,557) | 512 | 153,407 | 2,200,754 | 1,708 | 2,202,462 |

(*) The amount includes an increase in equity due to the exercise of employee options.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended September 30, 2023 (unaudited)

| | Share capital | Premium | Receipts on account of options | Capital reserve from cash flow hedge | Capital reserve from cash flow hedge - value of time | Reserve in respect of translation differences, including hedging of net investment in a foreign operation | Capital reserve from transactions with non-controlling interests | Capital reserve from transactions with controlling shareholders | Retained earnings | Total equity attributable to the shareholders of the Company | Non-controlling interests | Total equity |
|--|---------------|------------------|--------------------------------|--------------------------------------|--|---|--|---|-------------------|--|---------------------------|------------------|
| NIS in thousands | | | | | | | | | | | | |
| Balance as of July 1, 2023 | 5,478 | 2,271,334 | 53,028 | 11,698 | (56,082) | (64,687) | (79,681) | 512 | 269,728 | 2,411,328 | 942 | 2,412,270 |
| Income (loss) for the period | - | - | - | - | - | - | - | - | 28,599 | 28,599 | 331 | 28,930 |
| Other comprehensive income (loss) for the period | - | - | - | 24,072 | 28,347 | (31,087) | - | - | - | 21,332 | - | 21,332 |
| Acquisition of subsidiary | - | - | - | - | - | - | - | - | - | - | - | - |
| Exercise of share options | - | 203 | - | - | - | - | - | - | (85) | 118 | - | 118 |
| Dividend to Company shareholders | - | - | - | - | - | - | - | - | (38,353) | (38,353) | - | (38,353) |
| Share-based payment | - | - | - | - | - | - | - | - | 3,467 | 3,467 | - | 3,467 |
| Transaction with non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as of September 30, 2023 | 5,478 | 2,271,537 | 53,028 | 35,770 | (27,735) | (95,774) | (79,681) | 512 | 263,356 | 2,426,491 | 1,273 | 2,427,764 |

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended September 30, 2022 (unaudited)

| | Share capital | Premium | Receipts on account of options | Capital reserve from cash flow hedge | Capital reserve from cash flow hedge - value of time | Reserve in respect of translation differences, including hedging of net investment in a foreign operation | Capital reserve from transactions with non- controlling interests | Capital reserve from transactions with controlling shareholders | Retained earnings | Total equity attributable to the shareholders of the Company | Non- controlling interests | Total equity |
|---|---------------|------------------|-----------------------------------|---|---|---|---|--|----------------------|---|----------------------------------|------------------|
| NIS in thousands | | | | | | | | | | | | |
| Balance as of July 1, 2022 | 5,208 | 1,917,906 | 53,028 | (30,912) | (49,901) | (122,007) | (12,896) | 512 | 130,477 | 1,891,415 | 1,739 | 1,893,153 |
| Income for the period | - | - | - | - | - | - | - | - | 48,315 | 48,315 | (31) | 48,284 |
| Other comprehensive income (loss) for the period | - | - | - | (27,987) | 2,856 | (33,184) | - | - | - | (58,315) | - | (58,315) |
| Issuance of shares | 260 | 339,042 | - | - | - | - | - | - | - | 339,302 | - | 339,302 |
| Exercise of share options (*) | 11 | 13,072 | - | - | - | - | - | - | (1,380) | 11,703 | - | 11,703 |
| Dividend paid to Company shareholders | - | - | - | - | - | - | - | - | (27,385) | (27,385) | - | (27,385) |
| Share-based payment | - | - | - | - | - | - | - | - | 3,380 | 3,380 | - | 3,380 |
| Change in non-controlling interests | - | - | - | - | - | - | (7,661) | - | - | (7,661) | - | (7,661) |
| Balance as of September 30, 2022 | 5,479 | 2,270,020 | 53,028 | (58,899) | (47,045) | (155,191) | (20,557) | 512 | 153,407 | 2,200,754 | 1,708 | 2,202,462 |

(*) The amount includes an increase in equity due to the exercise of employee options.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

For the year ended December 31, 2022 (audited)

| | Share capital | Premium | Receipts on account of options and conversion component of bonds | Capital reserve from cash flow hedge | Capital reserve from cash flow hedge - value of time | Reserve in respect of translation differences, including hedging of net investment in a foreign operation | Capital reserve from transactions with non-controlling interests | Capital reserve from transactions with controlling shareholders | Retained earnings (accumulated loss) | Total equity attributable to the shareholders of the Company | Non-controlling interests | Total equity |
|--|---------------|------------------|--|--------------------------------------|--|---|--|---|--------------------------------------|--|---------------------------|------------------|
| NIS in thousands | | | | | | | | | | | | |
| Balance as of January 1, 2022 | 4,882 | 1,563,176 | 53,028 | (35,513) | (1,937) | (159,935) | (12,896) | 512 | 99,646 | 1,510,963 | 2,286 | 1,513,249 |
| Income (loss) for the year | - | - | - | - | - | - | - | - | 236,690 | 236,690 | (780) | 235,910 |
| Other comprehensive loss for the year | - | - | - | (5,893) | (50,185) | 38,233 | - | - | - | (17,845) | - | (17,845) |
| Issuance of shares | 518 | 673,463 | - | - | - | - | - | - | - | 673,981 | - | 673,981 |
| Exercise of share options (*) | 78 | 34,093 | - | - | - | - | - | - | (5,072) | 29,099 | - | 29,099 |
| Dividend paid to Company shareholders | - | - | - | - | - | - | - | - | (106,824) | (106,824) | - | (106,824) |
| Share-based payment | - | - | - | - | - | - | - | - | 10,225 | 10,225 | - | 10,225 |
| Change in non-controlling interests | - | - | - | - | - | - | (7,659) | - | - | (7,659) | 152 | (7,507) |
| Balance as of December 31, 2022 | <u>5,478</u> | <u>2,270,732</u> | <u>53,028</u> | <u>(41,406)</u> | <u>(52,122)</u> | <u>(121,702)</u> | <u>(20,555)</u> | <u>512</u> | <u>234,665</u> | <u>2,328,630</u> | <u>1,658</u> | <u>2,330,288</u> |

(*) The amount includes an increase in equity due to the exercise of employee options.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.

Condensed Consolidated Interim Statements of Cash Flows

| | Nine-month period | | For the three-month | | For the year |
|---|--------------------|------------------|---------------------|------------------|--------------------|
| | ended September 30 | | period ended | | ended |
| | 2023 | 2022 | 2023 | 2022 | December 31 |
| NIS in thousands | | | | | |
| | (Unaudited) | | | | (Audited) |
| Cash flows - operating activities | | | | | |
| Income for the period | 229,907 | 130,527 | 28,930 | 48,284 | 235,910 |
| Expenses not involving cash flows (Appendix A) | 144,762 | 75,344 | 45,745 | 33,150 | 152,149 |
| | 374,669 | 205,871 | 74,675 | 81,434 | 388,059 |
| Changes in working capital (Appendix B) | (2,551) | (10,973) | 34,367 | 9,655 | (103,372) |
| Net cash from operating activities | 372,118 | 194,898 | 109,042 | 91,089 | 284,687 |
| Cash flows - investing activities | | | | | |
| Investment in electricity production systems | (1,565,962) | (857,018) | (759,255) | (242,651) | (1,131,008) |
| Decrease (increase) in pledged deposit and restricted cash | 48,766 | (1,673) | 28,577 | (1,570) | (7,222) |
| Settlement of derivative financial instruments | (194,210) | 49,725 | (78,199) | 13,913 | 18,338 |
| Repayment of loan from related party | - | 13,730 | - | - | 13,730 |
| Investment in other fixed assets | (6,135) | (3,137) | (1,073) | (1,846) | (4,356) |
| Consideration from sale of investee partnership | - | 25,360 | - | - | 25,360 |
| Net cash used in investing activities | (1,717,541) | (773,013) | (809,950) | (232,154) | (1,085,158) |
| Cash flows - financing activities | | | | | |
| Consideration from issuance of shares, net | - | 673,745 | - | 339,150 | 673,745 |
| Consideration from exercise of share options | 1,138 | 28,073 | 971 | 13,871 | 29,769 |
| Repayment of principal in respect of lease liability | (14,286) | (9,878) | (2,977) | (1,656) | (12,269) |
| Credit raising costs | (51,984) | (4,527) | (12,162) | (3,859) | (14,464) |
| Transaction with non-controlling interests | (24,243) | (7,661) | - | (7,661) | (2,859) |
| Capital recovery for non-controlling interests | (281) | - | - | - | - |
| Repayment of bond principal | (74,493) | (74,489) | (37,246) | (37,247) | (74,489) |
| Receipt of short term loans from banking corporations | 500,839 | - | 110,715 | - | - |
| Receipt of loan from Tax Partner | 5,704 | - | 5,704 | - | - |
| Long term loan received from financial institutions | 1,346,304 | 185,128 | 492,900 | - | 249,564 |
| Repayment of loans from financial institutions | (126,549) | (54,015) | (30,642) | (24,212) | (75,464) |
| Dividend paid to Company shareholders | (213,653) | (79,388) | (38,353) | (27,385) | (106,779) |
| Net cash from financing activities | 1,348,496 | 656,988 | 488,911 | 251,001 | 666,754 |
| Change in change in cash and cash equivalents and in designated cash | 3,074 | 78,873 | (211,997) | 109,936 | (133,717) |
| Balance of cash and cash equivalents at beginning of period | 465,119 | 575,110 | 750,566 | 554,549 | 575,110 |
| Balance of dedicated deposit at beginning of period | 34,435 | 30,443 | 3,700 | 34,037 | 30,433 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 32,819 | 20,134 | (6,822) | 6,038 | 27,728 |
| Balance of cash and cash equivalents at end of period | 524,529 | 669,890 | 524,529 | 669,890 | 465,119 |
| Balance of dedicated deposit at end of period | 10,918 | 34,670 | 10,918 | 34,670 | 34,435 |

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.

Condensed Consolidated Interim Statements of Cash Flows

| | Nine-month period | | For the three-month | | For the year |
|--|-------------------------|-----------------|---------------------|---------------|------------------|
| | ended September 30 | | period ended | | ended |
| | 2023 | 2022 | 2023 | 2022 | December 31 |
| | NIS in thousands | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| <u>Appendix - Adjustments Required to Present</u> | | | | | |
| <u>Cash Flows from Operating Activities</u> | | | | | |
| a. Expenses (income) not involving cash flows: | | | | | |
| Financing expenses, net | (19,765) | 7,836 | 1,174 | (1,211) | 20,636 |
| Maintenance expenses not associated with cash flows | - | - | - | - | (1,478) |
| Revaluation of loans, deposits and marketable securities, net | 5,600 | 44,192 | (925) | 13,795 | 51,451 |
| Depreciation and amortization | 125,507 | 76,951 | 45,145 | 29,374 | 105,799 |
| Tax expenses (income) recognized in income for the period | 21,085 | (40,310) | (3,077) | (11,022) | (13,441) |
| Share-based payment | 12,335 | 4,773 | 3,428 | 2,214 | 7,280 |
| Profit from sale of investee partnership | - | (18,098) | - | - | (18,098) |
| | <u>144,762</u> | <u>75,344</u> | <u>45,745</u> | <u>33,150</u> | <u>152,149</u> |
| b. Changes in asset and liability items (changes in working capital): | | | | | |
| Increase (decrease) in trade receivables, other receivables and debit balances | (3,938) | (61,476) | 28,304 | (28,445) | (72,810) |
| Decrease (increase) in inventory of green certificates | 10,849 | 130 | 12,961 | 2,206 | (7,406) |
| Increase (decrease) in trade payables and other payables and credit balances | (9,461) | 50,373 | (6,898) | 35,894 | (23,156) |
| | <u>(2,551)</u> | <u>(10,973)</u> | <u>34,367</u> | <u>9,655</u> | <u>(103,372)</u> |
| <u>Non-cash activity</u> | | | | | |
| Contingent consideration in transaction with non-controlling interests | 80,500 | - | 1,142 | - | - |
| Investment of non-controlling interests | 20,820 | - | - | - | - |
| Receivables from non-cash exercise of share options | - | 5,619 | - | - | 5,619 |
| Investment in electricity production facilities against supplier credit and payables | 113,913 | - | - | - | 49,294 |
| Increase of clearing and restoration provision against systems under construction | 28,162 | - | 2,823 | - | - |
| Increase in right-of-use asset against lease liability due to new lease agreements | 101,731 | 36,505 | 17,228 | - | 87,166 |
| <u>Additional information</u> | | | | | |
| Interest paid for operating activities | 42,469 | 6,254 | 8,080 | 3,147 | 11,421 |
| Interest received in respect of operating activities | 14,922 | 4,070 | 5,423 | 3,157 | 7,982 |
| Taxes paid (received), net | 28,326 | 25,828 | (1,639) | 6,418 | 13,393 |
| Interest paid in respect of properties under construction | 54,468 | 28,056 | 30,729 | 9,274 | 47,744 |

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 1 - General

A. General description of the Company and its operations

Energix - Renewable Energies Ltd. (the “**Company**”) is a public company whose securities have been listed for trading on the Tel Aviv Stock Exchange since May 2011. The Company is engaged in the initiation, development, construction, financing, management and operation of systems for the production and storage of electricity from renewable energy sources, with the aim of holding such systems as the owner over the long term. The Company's controlling shareholder is Alony Hetz Properties and Investments Ltd. (hereinafter: “**Alony Hetz**”).

The Company's activities are divided into the following segments:

(i) **Activities to produce electricity using photo-voltaic technology (the “Photo-voltaic Segment”), including storage capabilities** - As of the Reporting Date, the Company has activities in the Photo-voltaic Segment in Israel, the USA and Poland.

(ii) **Activities to produce electricity from wind energy (the “Wind Energy Segment”)** - As of the Reporting Date, the Company has activities in the Wind Energy Segment in Israel and in Poland.

For additional information regarding the operating segments, see Note 5 below.

In the Company's overall activities in Israel, the USA and Poland, the total capacity of its systems amounted to 867MW in commercially active projects, 843MW in projects under construction and pre-construction, and 477MW in projects in advanced development phases. The Company also projects under development in the photo-voltaic segment and in the wind energy segment with total capacity of 6.3GW, and projects under development in the storage segment with total capacity of 7GWh.

B. Iron Swords war and its impact on Company operations

After the report date, on October 7, 2023, the Iron Swords war started and is still ongoing. The Company believes, with regard to its global operations and operating segment, that the war should not have any material negative effect on its operating results in Q4 2023. The war is expected to result in longer schedules for construction of Company projects in Israel, in the wind energy and photo-voltaic energy segment. For more information about projects under construction in Israel, see Not 7b and 7d below.

C. **Definitions:** Except where otherwise stated, the definitions in these Financial Statements are the same as those in the Consolidated Annual Financial Statements.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 2 - Basis of Preparation

- A. These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. They should be read in conjunction with the Financial Statements as of and for the year ended December 31, 2022 (the “**Annual Financial Statements**”). These reports were also prepared in accordance with the disclosure provisions in chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on November 12, 2023.

- B. The preparation of the condensed consolidated interim financial statements in conformity with IFRSs requires Company management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It is hereby clarified that actual results may differ from these estimates. The Company adopted an accounting policy, presentation rules and calculation methods which are identical to those which were implemented in the Company’s Annual Financial Statements for 2022.

C. Exchange rates and linkage base

Balances in foreign currency, or linked thereto, are included in the Financial Statements according to the representative exchange rates which were published by the Bank of Israel and by the Central Bank of Poland as of the Reporting Date.

Balances linked to the Consumer Price Index are presented according to the last known index at the end of the Reporting Period (the index for the month preceding the month of the Reporting Date), or according to the index in lieu for the last month of the Reporting Period (the index for the month of the Reporting Date), in accordance with the terms of the transaction.

Presented below are details regarding the Consumer Price Index and the exchange rates of the following currencies vs. the NIS, and regarding the increase (decrease) of the Consumer Price Index and changes in the exchange rates of the following currencies vs. the NIS:

| | As of September 30 / for the month of September | | As of December 31 / for the month of December | Change during the nine-month period ended September 30 | | Change during the three-month period ended September 30 | | Change during the year ended December 31 |
|--|---|--------|--|--|--------|--|--------|---|
| | 2023 | 2022 | 2022 | 2023 | 2022 | 2023 | 2022 | 2022 |
| | % | | | | | | | |
| Consumer Price Index (According to base 2000) | | | | | | | | |
| In Israel (index in lieu) | 147.64 | 142.20 | 143.53 | 2.86 | 4.29 | 0.67 | 1.04 | 5.27 |
| In Israel (known index) | 147.78 | 141.90 | 143.13 | 3.25 | 4.38 | 0.77 | 1.21 | 5.28 |
| Exchange rate vs. the NIS | | | | | | | | |
| PLN | 0.87 | 0.72 | 0.80 | 9.31 | (6.21) | (3.20) | (7.56) | 4.63 |
| EUR | 4.05 | 3.49 | 3.75 | 8.04 | (0.70) | 0.83 | (3.82) | 6.68 |
| USD | 3.82 | 3.54 | 3.52 | 8.67 | 13.92 | 3.35 | 1.86 | 13.15 |

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 3 - Significant Accounting Policies Applied in the Condensed Interim Financial Statements

The judgments made by management in applying the Group's accounting policies and the principal assumptions used in the estimation of uncertainty, as well as the presentation principles and the calculation methods, were the same as those which were applied in the Annual Financial Statements, except for the early adoption of the amendments to Amendments to IAS 1, Presentation of Financial Statements (regarding the classification of liabilities as current or non-current), as described below:

In 2020, an amendment was published to IAS 1 regarding the classification of liabilities as current or non-current (hereinafter: the "2020 Amendment"). The amendment clarifies that the classification of liabilities as current or non-current is based on the entity's rights which existed as of the end of the Reporting Period, and is not affected by the entity's projection regarding the realization of those rights.

The amendment removed the reference to the existence of an "unconditional right" to defer the settlement of the liability for at least 12 months after the Reporting Period, and clarified that if the foregoing right to defer settlement is conditional on the fulfillment of financial covenants, the right exists if the entity is fulfilling the covenants which were determined as of the end of the Reporting Period, even if the evaluation regarding the fulfillment of the covenants was made by the lender at a later date.

The amendment also included the addition of a definition of the term "settlement", in order to clarify that settlement can mean a transfer of cash, goods and services or equity instruments of the entity itself, to the counterparty. In this regard, it was clarified that if, in accordance with the terms of the liability, the counterparty has the option to demand settlement through the entity's equity instruments, this condition will not affect the classification of the liability as current or non-current if the option is classified as a separate equity component in accordance with IAS 32, "Financial Instruments: Presentation".

The amendment only affects the classification of liabilities as current or non-current in the statement of financial position, and not the amount or timing of the recognition of those liabilities or income, and their associated expenses.

In October 2022, an additional amendment was published regarding the classification of liabilities with financial covenants (hereinafter: the "2022 Amendment"), which clarified that only financial covenants which the entity is required to fulfill at the end of the Reporting Period, or before, affect the entity's right to defer the settlement of a liability for at least 12 months after the end of the Reporting Period, even if the fulfillment thereof is effectively in practice after the end of the Reporting Period. However, financial covenants which an entity is required to fulfill on a date which is after the end of the Reporting Period, do not affect the existence of that right as of the end the Reporting Period.

The 2022 amendment also determines that if the entity's right to defer the settlement of the liability for at least 12 months after the end of the Reporting Period is subject to the condition that the entity must fulfill financial covenants within 12 months after the end of the Reporting Period, the entity is required to provide disclosure which will allow the users of the financial statements to understand the associated risk.

The other amendments which were published as part of the 2020 amendment remain unchanged. The adoption date of the 2020 amendment and the 2022 amendment (hereinafter, jointly: the "Amendment") was set for annual reporting periods beginning on or after January 1, 2024. The Company chose early adoption of the amendment, beginning on June 30, 2023, in order to more adequately present its engagement in a short-term and long-term non-recourse financing agreement (for additional details, see Note 7).

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 3 - Significant Accounting Policies Applied in the Condensed Interim Financial Statements (Cont.)

During the Reporting Period the Company, through a dedicated corporate structure in the USA, entered into an agreement with Santander CIB for the receipt of a short term loan for the construction period, which will be converted into a long term loan in the amount of up to USD 260 million. The construction period will be converted into a long term loan upon and subject to the completion of the construction of the projects.

Before the adoption of the amendment to IAS 1, the foregoing construction loan was presented as a current liability, in light of the fact that the Company does not have an “unconditional” right to defer its settlement for at least 12 months after the end of the Reporting Period. Following the adoption of the amendment to IAS 1, since the Company has the right to defer the settlement of the construction loan for more than 12 months after the end of the Reporting Period, and is not required to fulfill the condition of commercial operation as of September 30, 2023, the construction loan is presented as a non-current liability as of September 30, 2023, amounting to NIS 985 million.

Note 4 - Seasonality

Sunlight and wind speed in different seasons naturally have an effect on the output of the photo-voltaic systems and wind farms. As regards the photo-voltaic activity, in the spring and summer, in which the sunlight is stronger, the output of the photo-voltaic systems is higher. In the fall and winter, in which the sunlight is relatively weak, the output of the systems decreases. In regards to the wind energy activity, the production of electricity is subject to changes in wind patterns over the seasons of the year, according to the specific area in which the turbines are located, and also to variations in wind patterns between the years. Based on the wind measurements which were made in the area of the Company’s wind farms in Poland, the expectation is that the autumn and winter periods (first and fourth quarters), which are characterized by strong winds, will be the months of increased output in the wind farms. It is hereby clarified that actual weather conditions during a certain period may have a significant impact on the ability of the Company’s facilities to produce electricity, and accordingly on its operating results as well, whether in the Photo-voltaic Segment or in the Wind Energy Segment.

Energix - Renewable Energies Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

Note 5 - Information Regarding Operating Segments

The basis of segmentation and the measurement basis for the segmental profit or loss are the same as those presented in Note 29 regarding operating segments in the Annual Consolidated Financial Statements.

The segment results are presented after reversal of effects of IFRS 16 and of the amendment to IAS 23, i.e. rent payments are presented under operating rent expenses (rather than under depreciation expenses and financing expenses), without taking into account the discounting of non-specific borrowing costs for systems under construction. This is in accordance with the information which was reviewed by the Company's Chief Operating Decision Maker (CODM). Adjustments due to the cancellation of the effects of the aforementioned standards on the segmental results are presented under the column for adjustments.

| | For the nine-month period ended September 30, 2023 | | | | | | | |
|---|--|------------------|------------------|----------------|---------------------------|---------------------------------|----------------|--------------------|
| | Photo-voltaic | | Wind | | Total reportable segments | Unallocated revenues (expenses) | Adjustments | Total consolidated |
| | Israel | USA | Poland | Israel (*) | | | | |
| | NIS in thousands | | | | (Unaudited) | | | |
| Revenues from the sale of electricity | 121,426 | 30,732 | 186,064 | - | 338,222 | 3,657 | - | 341,879 |
| Revenues from the production of green certificates | 106 | 6,868 | 42,330 | - | 49,304 | - | - | 49,304 |
| Other revenues, net | 1,645 | - | 152,760 | - | 154,405 | - | - | 154,405 |
| Maintenance, initiation, general and administrative expenses (**) | (28,413) | (36,982) | (53,450) | - | (118,845) | (37,972) | 15,048 | (141,769) |
| Profit (loss) before financing, taxes, depreciation and amortization | 94,764 | 618 | 327,704 | - | 423,086 | (34,315) | 15,048 | 403,819 |
| Depreciation and amortization | (37,660) | (21,302) | (37,274) | - | (96,236) | (2,164) | (15,827) | (114,227) |
| Financing expenses, net | (46,716) | (3,990) | (12,818) | - | (63,524) | (16,858) | 27,661 | (52,720) |
| Profit (loss) before taxes on income | 10,388 | (24,674) | 277,612 | - | 263,326 | (53,336) | 26,882 | 236,872 |
| Taxes on income | - | - | - | - | - | (58,715) | - | (58,715) |
| Tax income from the Tax Partner | - | 51,750 | - | - | 51,750 | - | - | 51,750 |
| Net profit (loss) | 10,388 | 27,076 | 277,612 | - | 315,076 | (112,051) | 26,882 | 229,907 |
| Assets of reportable segments and other operations - connected | 911,075 | 1,016,933 | 1,410,891 | - | 3,338,899 | - | 73,752 | 3,412,651 |
| Assets of reportable segments and other operations - under construction | 631,988 | 2,132,296 | 30,092 | 485,759 | 3,280,135 | 36,462 | 52,991 | 3,369,588 |
| Other amounts | 166,945 | 427,016 | 372,833 | 20,069 | 986,863 | 101,739 | 504,553 | 1,593,155 |
| Total consolidated assets | 1,710,008 | 3,576,245 | 1,813,816 | 505,828 | 7,605,897 | 138,201 | 631,296 | 8,375,394 |
| Liabilities of reportable segments and other operations | 1,593,916 | 2,028,652 | 888,500 | 1,878 | 4,512,946 | 853,570 | 581,114 | 5,947,630 |
| Total consolidated liabilities | 1,593,916 | 2,028,652 | 888,500 | 1,878 | 4,512,946 | 853,570 | 581,114 | 5,947,630 |

(*) Projects under construction and in pre-construction.

(**) Including non-recurring development expenses of NIS 4.7 million in respect of operations in the USA, and NIS 2.4 million in respect of operations in Israel.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 5 - Data Regarding Operating Segments (Cont.)

Energix - Renewable Energies Ltd.**Notes to the Condensed Consolidated Interim Financial Statements****(Unaudited)**

Nine-month period ended September 30, 2022

| | Photo-voltaic | | Wind | | Total reportable segments | Unallocated revenues (expenses) | Adjustments | Total consolidated |
|---|------------------|------------------|------------------|----------------|---------------------------|---------------------------------|----------------|--------------------|
| | Israel | USA | Poland | Israel (*) | NIS in thousands | | | |
| (Unaudited) | | | | | | | | |
| Revenues from the sale of electricity | 103,172 | 29,195 | 156,057 | - | 288,424 | - | - | 288,424 |
| Revenues from the production of green certificates | 455 | 5,109 | 36,891 | - | 42,455 | - | - | 42,455 |
| Other revenues, net | 1,033 | - | 29 | - | 1,062 | - | - | 1,062 |
| Maintenance, initiation, general and administrative expenses | (24,813) | (19,469) | (28,120) | (169) | (72,571) | (32,812) | 16,269 | (89,114) |
| Profit (loss) before financing, taxes, depreciation and amortization | 79,847 | 14,835 | 164,857 | (169) | 259,370 | (32,812) | 16,269 | 242,827 |
| Capital gains from sale of consolidated partnership | 18,098 | - | - | - | 18,098 | - | - | 18,098 |
| Depreciation and amortization | (31,502) | (16,162) | (16,362) | (54) | (64,080) | (2,166) | (10,705) | (76,951) |
| Financing expenses, net | (54,068) | (13,567) | (11,587) | - | (79,222) | (7,208) | 18,501 | (67,929) |
| Profit (loss) before taxes on income | 12,375 | (14,894) | 136,908 | (223) | 134,166 | (42,186) | 24,065 | 116,045 |
| Taxes on income | - | - | - | - | - | (27,661) | - | (27,661) |
| Tax income from the Tax Partner | - | 42,143 | - | - | 42,143 | - | - | 42,143 |
| Net profit (loss) | 12,375 | 27,249 | 136,908 | (223) | 176,309 | (69,847) | 24,065 | 130,527 |
| Assets of reportable segments and other operations - connected | 985,191 | 792,194 | 966,746 | - | 2,744,131 | - | 321,950 | 3,066,081 |
| Assets of reportable segments and other operations - under construction | 259,412 | 700,441 | 211,254 | 311,486 | 1,482,593 | 16,890 | 79,149 | 1,578,632 |
| Other amounts | 152,920 | 208,848 | 370,386 | 21,578 | 753,732 | 445,296 | - | 1,199,028 |
| Total consolidated assets | 1,397,523 | 1,701,483 | 1,548,386 | 333,064 | 4,980,456 | 462,186 | 401,099 | 5,843,741 |
| Liabilities of reportable segments and other operations | 937,902 | 649,246 | 820,090 | 24,911 | 2,432,149 | 879,340 | 329,790 | 3,641,279 |
| Total consolidated liabilities | 937,902 | 649,246 | 820,090 | 24,911 | 2,432,149 | 879,340 | 329,790 | 3,641,279 |

(*) Projects in construction and advanced stages of initiation.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 5 - Information Regarding Operating Segments (Cont.)

For the three-month period ended September 30, 2023

| | Photo-voltaic | | Wind | | Total reportable segments | Unallocated revenues (expenses) | Adjustments | Total consolidated |
|---|------------------|------------------|------------------|----------------|---------------------------|---------------------------------|----------------|--------------------|
| | Israel | USA | Poland | Israel (*) | | | | |
| NIS in thousands | | | | | | | | |
| (Unaudited) | | | | | | | | |
| Revenues from the sale of electricity | 45,866 | 12,407 | 47,208 | - | 105,481 | 1,620 | - | 107,101 |
| Revenues from the production of green certificates | 33 | 2,713 | 12,623 | - | 15,369 | - | - | 15,369 |
| Other income (expenses), net | 858 | - | - | - | 858 | - | - | 858 |
| Maintenance, initiation, general and administrative expenses | (9,671) | (11,838) | (22,931) | - | (44,440) | (12,181) | 5,156 | (51,465) |
| Profit (loss) before financing, taxes, depreciation and amortization | 37,087 | 3,282 | 36,900 | - | 77,269 | (10,562) | 5,156 | 71,863 |
| Depreciation and amortization | (13,728) | (6,909) | (13,838) | - | (34,475) | (755) | (4,803) | (40,033) |
| Financing expenses, net | (13,217) | (2,390) | (2,716) | - | (18,323) | (6,471) | 8,590 | (16,204) |
| Profit (loss) before taxes on income | 10,142 | (6,017) | 20,346 | - | 24,471 | (17,789) | 8,944 | 15,626 |
| Taxes on income | - | - | - | - | - | (4,589) | - | (4,589) |
| Tax income from the Tax Partner | - | 17,893 | - | - | 17,893 | - | - | 17,893 |
| Net profit (loss) | 10,142 | 11,876 | 20,346 | - | 42,364 | (22,378) | 8,944 | 28,930 |
| Assets of reportable segments and other operations | 911,075 | 1,016,933 | 1,410,891 | - | 3,338,899 | - | 73,752 | 3,412,651 |
| Assets of reportable segments and other operations - under construction | 631,988 | 2,132,296 | 30,092 | 485,759 | 3,280,135 | 36,462 | 52,991 | 3,369,588 |
| Other amounts | 166,945 | 427,016 | 372,833 | 20,069 | 986,863 | 101,739 | 504,553 | 1,593,155 |
| Total consolidated assets | 1,710,008 | 3,576,245 | 1,813,816 | 505,828 | 7,605,897 | 138,201 | 631,296 | 8,375,394 |
| Liabilities of reportable segments and other operations | 1,593,916 | 2,028,652 | 888,500 | 1,878 | 4,512,946 | 853,570 | 581,114 | 5,947,630 |
| Total consolidated liabilities | 1,593,916 | 2,028,652 | 888,500 | 1,878 | 4,512,946 | 853,570 | 581,114 | 5,947,630 |

(*) Projects under construction and in pre-construction.

(**) Including non-recurring initiation expenses of NIS 1 million in respect of the activity in the USA.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 5 - Data Regarding Operating Segments (Cont.)

Three-month period ended September 30, 2022

| | Photo-voltaic | | Wind | | Total reportable segments | Unallocated revenues (expenses) | Adjustments | Total consolidated |
|---|---------------------------------|------------------|------------------|----------------|---------------------------|---------------------------------|----------------|--------------------|
| | Israel | USA | Poland | Israel (*) | | | | |
| | NIS in thousands (Unaudited) | | | | | | | |
| Revenues from the sale of electricity | 40,093 | 10,948 | 68,557 | - | 119,598 | - | - | 119,598 |
| Revenues from the production of green certificates | 84 | 1,995 | 7,327 | - | 9,406 | - | - | 9,406 |
| Other revenues, net | 437 | - | - | - | 437 | - | - | 437 |
| Maintenance, initiation, general and administrative expenses | (11,664) | (8,318) | (13,353) | (169) | (33,504) | (12,950) | 12,897 | (33,557) |
| Profit (loss) before financing, taxes, depreciation and amortization | 28,950 | 4,625 | 62,531 | (169) | 95,937 | (12,950) | 12,897 | 95,884 |
| Depreciation and amortization | (12,431) | (5,787) | (6,069) | 18 | (24,269) | (1,155) | (3,950) | (29,374) |
| Financing expenses, net | (16,472) | (5,798) | (6,066) | - | (28,336) | (752) | 5,552 | (23,536) |
| Profit (loss) before taxes on income | 47 | (6,960) | 50,396 | (151) | 43,332 | (14,857) | 14,499 | 42,974 |
| Taxes on income | - | - | - | - | - | (9,343) | - | (9,343) |
| Tax income from the Tax Partner | - | 14,653 | - | - | 14,653 | - | - | 14,653 |
| Net profit (loss) | 47 | 7,693 | 50,396 | (151) | 57,985 | (24,200) | 14,499 | 48,284 |
| Assets of reportable segments and other operations - connected | 985,191 | 792,194 | 966,746 | - | 2,744,131 | - | 321,950 | 3,066,081 |
| Assets of reportable segments and other operations - under construction | 259,412 | 700,441 | 211,254 | 311,486 | 1,482,593 | 16,890 | 79,149 | 1,578,632 |
| Other amounts | 152,920 | 208,848 | 370,386 | 21,578 | 753,732 | 445,296 | - | 1,199,028 |
| Total consolidated assets | 1,397,523 | 1,701,483 | 1,548,386 | 333,064 | 4,980,456 | 462,186 | 401,099 | 5,843,741 |
| Liabilities of reportable segments and other operations | 937,902 | 649,246 | 820,090 | 24,911 | 2,432,149 | 879,340 | 329,790 | 3,641,279 |
| Total consolidated liabilities | 937,902 | 649,246 | 820,090 | 24,911 | 2,432,149 | 879,340 | 329,790 | 3,641,279 |

(*) Projects under construction and in advanced stages of initiation.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 5 - Information Regarding Operating Segments (Cont.)

| | Year ended December 31, 2022 | | | | | | | |
|---|------------------------------|------------------|------------------|----------------|------------------|------------------|------------------|------------------|
| | Photo-voltaic | | Wind | | Total | Unallocated | Adjustments | Total |
| | Israel | USA | Poland | Israel | reportable | revenues | | |
| | | | | (*) | segments | (expenses) | | consolidated |
| NIS in thousands | | | | | | | | |
| | (Audited) | | | | | | | |
| Revenues from the sale of electricity | 129,594 | 35,136 | 281,596 | - | 446,326 | - | - | 446,326 |
| Revenues from the production of green certificates | 505 | 6,367 | 49,212 | - | 56,084 | - | - | 56,084 |
| Other revenues, net | 1,888 | - | 23,027 | - | 24,915 | - | - | 24,915 |
| Maintenance, initiation, general and administrative expenses | (33,313) | (26,827) | (34,419) | (146) | (94,705) | (45,318) | 18,617 | (121,406) |
| Profit (loss) before financing, taxes, depreciation and amortization | 98,674 | 14,676 | 319,416 | (146) | 432,620 | (45,318) | 18,617 | 405,919 |
| Capital gains from sale of consolidated partnership | 18,098 | - | - | - | 18,098 | - | - | 18,098 |
| Depreciation and amortization | (39,981) | (21,933) | (26,645) | (72) | (88,631) | (2,546) | (14,620) | (105,797) |
| Financing expenses, net | (68,450) | (15,554) | (21,330) | - | (105,334) | (12,395) | 35,370 | (82,359) |
| Profit (loss) before taxes on income | 8,341 | (22,810) | 271,441 | (218) | 256,754 | (60,259) | 39,366 | 235,861 |
| Taxes on income | - | - | - | - | - | (57,766) | - | (57,766) |
| Tax income from the Tax Partner | - | 57,815 | - | - | 57,815 | - | - | 57,815 |
| Net profit (loss) | 8,341 | 35,005 | 271,441 | (218) | 314,569 | (118,025) | 39,366 | 235,910 |
| Assets of reportable segments and other operations - connected | 944,618 | 906,082 | 1,059,428 | - | 2,910,128 | - | - | 2,910,128 |
| Assets of reportable segments and other operations - under construction | 362,525 | 705,482 | 256,051 | 355,853 | 1,679,911 | 107,632 | 25,582 | 1,813,125 |
| Other amounts | 113,016 | 29,621 | 794,826 | 23,114 | 960,577 | 7,410 | 390,991 | 1,358,978 |
| Total consolidated assets | 1,420,159 | 1,641,185 | 2,110,305 | 378,967 | 5,550,616 | 115,042 | 416,573 | 6,082,231 |
| Liabilities of reportable segments and other operations | 202,174 | 718,977 | 802,899 | 8,064 | 1,732,114 | 2,135,287 | (115,458) | 3,751,943 |
| Total consolidated liabilities | 202,174 | 718,977 | 802,899 | 8,064 | 1,732,114 | 2,135,287 | (115,458) | 3,751,943 |

(*) Projects in construction and advanced stages of initiation.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 6 - Financial Instruments

A. Hedge transactions:

Further to that stated in Note 31b(3) and 3c(4) to the Consolidated Annual Financial Statements, the Group uses various derivative financial instruments in order to manage the exposures to changes in currency rates, interest rates and electricity prices.

The Group has financial derivatives which are measured at fair value as follows:

(1) Financial derivatives to hedge the net investment in a foreign operation:

(A) Hedging of net investment in a foreign operation in Poland -

12. As of the Reporting Date, the Company has hedging transactions amounting to PLN 1,061 million. The hedges are implemented through forward transactions and cross currency swaps amounting to PLN 233 million, as specified in Note 14d(8)(a) to the Annual Consolidated Financial Statements, with the aim of hedging the Group's exposure to effects of changes in the exchange rate on the net investment in Poland. For additional information, see Note 31b(3)(a)(1) and Note 3c(4)(c) to the Consolidated Annual Financial Statements.

(B) Hedging of net investment in a foreign operation in the USA -

As of the Reporting Date, the Group has hedging transactions amounting to USD 357 million, to hedge the Company's exposure to changes in the value of its investment in the USA, due to changes in the exchange rate. The hedge is being implemented through forward transactions and through a cross currency swap amounting to USD 58 million, as specified in Note 14d(8)(a) to the Annual Consolidated Financial Statements.

(2) Financial derivatives for cash flow hedging:

(A) Hedging of electricity prices -

As of the Reporting Date, the Group is engaged in a transaction with Shell to hedge the prices of electricity which it will sell within the framework of Virginia Projects 1, as well as transactions to hedge electricity prices in 4 of the 6 projects of Virginia Projects 2, vis-à-vis a leading energy company and/or another end consumer. The Group also has transactions to hedge electricity prices in 3 projects with a capacity of 76MWp which are under construction, in pre-construction, and in advanced development stages, with a leading energy company and/or another end consumer. For additional details, see Note 7b to these financial statements, and Note 9b(2)(b), Note 9b(2)(c), Note 31(3)(b) and Note 3c(4)(b) to the Consolidated Annual Financial Statements.

(B) Hedging of project loans at variable interest in Poland -

As of the Reporting Date, the Group has interest rate caps in connection with project loans at variable interest in Poland, to hedge against changes in the WIBOR interest rate over 2%, in respect of 70% of the total amount of loans for terms of 5 and 7 years (after expected start of commercial operation). For additional information, see Note 14d(6), Note 31b(3)(b) and Note 3c(4)(b) to the Consolidated Annual Financial Statements.

(C) Fixed interest transactions in variable interest project loans in the USA -

During the Reporting Period, the Company executed interest rate swap transactions in connection with project loans at variable interest in the USA, in which it swapped the variable SOFR interest rate with a weighted fixed interest rate of 3.4% and 4%, in respect of 100% of the loan amounts, for a term of 22 years and 15 years (after expected start of commercial operation). For additional information, see Note 14d(6) to the Annual Consolidated Financial Statements.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 6 - Financial Instruments (Cont.)

B. Presentation according to fair value:

The financial instruments of the Group consist primarily of cash and cash equivalents, pledged and dedicated deposits and restricted cash, trade receivables, derivatives, other receivables and payables and credit balances, trade payables, short term credit, loans, bonds, convertible bonds and other long term liabilities. The Group believes that the carrying amount of the aforesaid financial assets and liabilities, as presented in the Financial Statements, is close or identical to their fair value, with the exception of loans from financial institutions bearing fixed interest, the bonds (Series A), and the liability component of the convertible bonds (Series B) below.

| | As of | | |
|--|---------------------------|--------------------|----------------|
| | As of September 30 | December 31 | |
| | 2023 | 2022 | |
| | 2022 | | |
| | NIS in thousands | | |
| | (Unaudited) | (Audited) | |
| Financial assets at fair value | | | |
| Derivatives: | | | |
| Financial derivatives (foreign currency swap transactions) designated for hedging | 5,941 | 67,903 | 39,798 |
| Financial derivatives (cap option) designated as interest rate | 67,844 | 91,475 | 90,748 |
| Financial derivatives (IRS contract) designated as interest rate hedge | 89,284 | - | - |
| Financial derivatives (foreign currency forward transactions) designated for hedging | 5,501 | 26,155 | (1) |
| | <u>168,570</u> | <u>185,533</u> | <u>130,545</u> |
| Financial liabilities at fair value | | | |
| Derivatives: | | | |
| Financial derivatives (foreign currency swap transactions) designated for hedging | 37,334 | 24,061 | 24,477 |
| Financial derivatives (swap contract) to hedge electricity prices in the USA | 124,444 | 231,361 | 196,548 |
| Financial derivatives (foreign currency forward transactions) designated for hedging | 124,419 | 72,692 | 103,522 |
| | <u>286,197</u> | <u>328,114</u> | <u>324,547</u> |

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The Company's derivatives are measured at fair value level 2, except for a financial derivative (swap contract) for hedging electricity prices in the USA, which is measured at fair value level 3, as specified below:

| | As of |
|--|---------------------|
| | September 30 |
| | 2023 |
| | NIS in |
| | (Unaudited) |
| <u>Instruments measured at level 3 - financial derivatives (swap contract) to hedge electricity prices in the USA</u> | |
| As of December 31, 2022 | (196,548) |
| Capital reserve from translation differences | (97,896) |
| Amounts carried to the statement of income during the period | 868 |
| Amounts carried to other comprehensive income during the period | 169,132 |
| As of September 30, 2023 | (124,444) |

Contingent consideration in respect of transaction with non-controlling interests in the USA

| Description of the measured instrument | Fair value as of September 30, 2023 | Valuation technique | Discount rate |
|---|--|----------------------------|----------------------|
| | NIS in thousands | | |
| Contingent consideration | 87,110 | Cash flow discounting | 5.2%-5.4% |

Presented below are data regarding the fair value of financial liabilities whose carrying value is not a reasonable approximation of fair value:

| | September 30, 2023 | | December 31, 2022 | |
|--|---------------------------|--|--------------------------|--|
| | Fair value | Carrying value including interest (*) | Fair value | Carrying value including interest (*) |
| | NIS in thousands | | | |
| Financial liabilities (excluding CCS) | (Unaudited) | | (Audited) | |
| Marketable bonds (Series A) | (**) 464,196 | 521,643 | (**) 539,569 | 599,393 |
| Convertible bonds (Series B) - liability component | (***) 462,325 | 531,084 | (***) 454,570 | 523,979 |
| Loans from financial institutions | (***) 2,564,318 | 2,774,569 | (***) 1,236,594 | 1,356,748 |
| Total | 3,490,839 | 3,827,296 | 2,230,733 | 2,480,120 |

(*) After deducting the deductible balance

(**) Fair value at level 1

(***) Fair value at level 2

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Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date

A. Purchase of panels for future Company projects with capacity of 5GWp from First Solar

In July 2023, the Company engaged, directly and through wholly owned subsidiaries, in a series of agreements to acquire additional panels in the years 2026-2030, with a capacity of 5GWp, for future projects which the Company intends to construct in the photo-voltaic segment in the USA. The Company has the right to increase (subject to availability) or decrease the supply of panels by an aggregate rate of up to 20%.

The cost of purchasing the panels is estimated by the Company at USD 1.5 billion, depending on the final capacity of the panels which will be purchased, and on the territory in which they are manufactured (inside or outside of the USA).

In accordance with the terms of the purchase transaction, the Company made in the third quarter advance payments to secure the orders, as customary for such transactions and similarly to previous panel purchase transactions from First Solar. The consideration in respect of the purchase of panels is mostly payable shortly before they are received. The cost purchase of the panels will be financed in accordance with financing sources to be used by the Company to build these future projects.

B. Projects in the Photo-voltaic and Photo-voltaic + Storage Segment in Israel

(1) Commercially active projects:

Winning projects in the third and fourth competitive processes (up to 137MWp): As of the Reporting Date, the Company has recognized assets in the amount of NIS 385 million in respect of these projects, which were recorded under the items for connected electricity production systems, and systems under construction and initiation.

In the Reporting Period, the Company withdrew NIS 30 million from the project financing facility.

(2) Projects under construction and in pre-construction:

- a) **Julis ultra-high voltage project with a capacity of 87MWp:** Further to Note 9b(1)(c)(1) to the Annual Financial Statements, the Company is currently in the process of performing the construction works in the project, following the approval of the project, by the Israeli government, as a national infrastructure project.

Financing the construction of the project: In July 2023, an agreement to receive financing for the construction of the project in a total preliminary amount of up to NIS 255 million was received. The finance transaction has standard terms for project finance transactions, and is secured by all of the interests in the project, and by a general lien on all of the borrower's assets and interests in the project, subject to the provisions of the production license (which is expected to be received near the date of commercial operation), and of the law.

The loan is in NIS and is linked to the consumer price index for 23 years, and will be provided on a non-recourse basis, except for a company guarantee in favor of the lenders, which will apply during the construction period pending achievement of several agreed milestones, and a guarantee in favor of the project company, which is the owner of the project, instead of the EPC contractor.

Financing will be provided across the financing period, dependent on the conditions for withdrawal as accepted in these types of transactions, including compliance with financial ratios of 1:1.2.

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The loan will be repaid in semi-annual payments, and bear interest at a rate of 2%-2.5% above the yield rates of CPI-linked government bonds with the same average lifetime.

The financing agreement stipulates minimum coverage ratios (DSCR and LLCR) for default and distribution of 1.05 and 1.15, respectively.

The Company has the right to increase the leverage in the amount of up to NIS 15 million, subject to the terms of the financing agreement.

During the Reporting Period, the Company made withdrawals from the loan facility amounting to NIS 141 million.

As of the Reporting Date, the Company has recognized assets in the amount of NIS 189 million in respect of this project, which was recorded under the item for systems under construction and initiation.

For additional details, see the table in Note 9a to the Annual Reports.

- b) **Projects awarded in competitive process 2 for the construction of photo-voltaic facilities with integrated storage capacity (111MWp and 400MWh):** Further to Note 9b(1)(c)2 to the Annual Financial Statements, during the Reporting Period and as of the Approval Date of the Report, these projects are under construction.

Further to Note 9b(1)(a) to the Annual Reports, during the Reporting Period, and in light of the Company's decision to assign the projects it will build by virtue of that competitive process to the market model arrangement, the Company engaged, through wholly owned corporations, in power purchase agreements with Electra Power Supergas Ltd. (the "**Provider**"), expected to be generated in 5 of the projects under construction as part of this competitive process. As part of the agreements, and subject to the approval of the assignment of the facilities to the market model arrangement, instead of the competitive process, the Company undertook to sell to the Provider all of the actual electricity generated and the entire storage capacity of those projects, at electricity prices which are significantly higher than the winning tariff to which the projects were entitled under the competitive process. The agreements are in effect for 20 years after the commencement date of the provision of electricity in each of the projects, and involved the provision, by the parties' parent companies, of mutual guarantees to secure the project companies' undertakings by virtue of the power purchase agreements. In accordance with the terms of the market arrangement, the facilities can be assigned to the arrangement only after their construction has been completed, and after they have fulfilled all of the conditions and undertakings in accordance with the provisions of competitive process 2 (storage).

Soon prior to the report approval date, the Company and a financial institution signed a non-binding MOU for financing construction of Company projects under this quota, amounting up to NIS 640 million, subject to completion of due diligence and signing of binding contracts.

As of the Reporting Date, the Company has recognized assets amounting to NIS 267 million in respect of the projects which are addressed in this competitive process, which was recorded under the item for systems under construction and initiation.

- c) **Project with a capacity of 30MWp, with integrated storage capacity of 48MWh:** Further to Note 9b(1)(d) to the Annual Financial Statements, the Company began construction works of a photo-voltaic facility with a capacity of 30MWp, with integrated storage capacity of 48MWh, by virtue of its win of a tender which was published by a government entity. During the Reporting Period and until the Approval Date of the Report, the Company engaged in agreements to acquire the main equipment required for the project, including the storage system.
- Soon prior to the report approval date, the Company and a financial institution signed a non-binding MOU for financing construction of this project, amounting up to NIS 100 million, subject to completion of due diligence and signing of binding contracts.

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- (3) **Initiated projects:** Further to Note 15a(1)(c) to the Annual Financial Statements, the Company won a tender in respect of a land reserve as part of a tender which was published by the Israel Land Authority, regarding planning and an option to purchase lease rights for the construction of a photo-voltaic facility including storage capabilities in an area of 780 dunams. Subject to the completion of the facility's development and planning (including approval of a new detailed plan, if approved), the Company intends to work on building, in the winning area, a photo-voltaic facility with a capacity of 70-80MWp, including storage capacity of 350-400MWh. The total land cost, in respect of the entire period, is expected to amount to NIS 36 million, of which NIS 7 million has already been paid by the Company.

For additional details regarding the Company's activity in the Photo-voltaic and Photo-voltaic + Storage Segments in Israel, see Notes 9b(1), 14c and 15a(1) to the Annual Reports.

C. Projects in the Photo-voltaic Segment in the USA

- (1) **General: Purchase of all of the minority partner's interests (42%) in the US Joint Venture** - Further to that stated in Note 15a(3) to the Annual Statements, regarding the Company's operations in the USA carried out by a joint venture with a local American partner, in which the Company held 58% (through a structure of American companies), in April 2023 the Company acquired, through its wholly owned American subsidiary, the local partner's interests in the US Joint Venture (the "**Purchase Transaction**"), such that the subsidiary holds all of the interests in the US Joint Venture. The purchase transaction was executed in consideration of: (i) USD 6.75 million in cash; and (ii) an additional amount payable as success fee, depending on the commercial operation of projects owned by the US Joint Venture which are currently in various development stages (or in case of sale thereof to a third party), in an amount which is not material relative to the construction cost of the projects. Accordingly, during the Reporting Period the Company recognized a contingent liability in respect of success fees amounting to NIS 80 million, which was recorded as a decrease in equity, in the capital reserve for transactions with non-controlling interests.
Accordingly, after the completion of the acquisition of the partner's rights, the Company's entire activity in the USA is wholly owned by the Company 100% (except for the Tax Partner's interests, where relevant).
- (2) **Commercially active projects –**
Contract to receive financing from Santander CIB amounting up to USD 70 million: Further to Note 14d(2) to the Annual Financial Statements, in August 2023 the Company signed a back leverage financing agreement amounting up to USD 70 million (NIS 270 million), with respect to Virginia Projects 1 and 2, with a capacity of 224MWp. Out of the total loan amount, USD 65 million (NIS 250 million) was provided to the Company shortly after the signing of the loan agreement and was used to recoup equity provided by the Company to these projects.

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Presented below are the main terms of the financing transaction:

| | |
|--|---|
| Loan repayment dates | Repayment 60 months after the trade date. The long term loan, and the interest payments with respect thereto, will be repaid in semi-annual payments, according to an amortization schedule (to determine the amount of the principal payments) for a period of 15 years |
| Interest and hedge on the base interest rate | The loan would accrue interest reflecting a spread of between 1.7%-2.4% over the base interest (six-month SOFR); The borrower undertook a variable interest hedge throughout the entire period of the debt (up to 15 years), at a rate of at 75% to 105% of the amount of the long term loan, in accordance with the loan's amortization schedule. The base interest rate which was received from the hedge transaction, in respect of the total USD 65 million withdrawn upon the signing date (including fees), for the entire period of the foregoing debt, is 4% . The interest rate on the long term loan, after the foregoing hedge, is in the range of 5.7%-6.4%. |
| Financial ratio for the purpose of distributing cash flows | Minimum coverage ratio for the distribution of cash flows from the projects: DSCR of 1:1.2 |
| Collateral | Commonly applied liens in project finance transactions, on all of the interests and holdings in the projects and in the projects' holding corporations |

(3) Projects under construction and in pre-construction:

A. Projects under construction with a total capacity of 416MWp –

- 1. Contracting with Morgan Stanley as Tax Partner –** During the Reporting Period, the Company entered into an agreement with Morgan Stanley Renewables Inc., a leading American bank, as a tax partner in respect of the projects, in which the Tax Partner will invest a total of USD 250 million. The investment amount reflects a tax benefit (ITC) at a rate of 30%, which is in effect as of the trade date, and may increase in accordance with the rate of the ITC tax benefits which the projects will be entitled to receive in practice.

The investment is expected to be provided upon the completion of the construction works (“mechanical completion”), and on the date of commercial operation (“substantial completion”), provided that all of the projects have reached projects by December 31, 2023. In August 2023, the Tax Partner invested USD 1.8 million with respect to a project with capacity of 15MWp, out of the project backlog, where construction was completed, and commercial operation was started.

Within the framework of the agreement, and in accordance with the standard practice for transactions of this kind, the Company provided a company guarantee to secure the execution of all of the payments and undertakings of the dedicated partnership and the project companies towards the Tax Partner by virtue of the contract documents, including an undertaking to indemnify the Tax Partner for damages which it may incur, if relevant.

For additional details regarding the IRA and the updated tax benefits by virtue thereof, and regarding the structure and terms of the engagement with the Tax Partner in respect of transactions in the USA, see Note 14c to the Annual Financial Statements.

- 2. Engagement in short-term and long term non-recourse financing agreement with Santander CIB:** During the Reporting Period the Company, through a dedicated corporate structure in the USA, entered into an agreement with Santander CIB, a leading international bank in the renewable energy sector, regarding the receipt of non-recourse financing by loans amounting up to USD 510 million. During the Reporting Period, the Company made withdrawals from the facility of construction and bridging loans amounting to USD 338 million

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Presented below are the main terms of the financing transaction:

| | |
|--|---|
| Loan types and scope of financing | <ol style="list-style-type: none"> Short term loan for the construction period (which will be converted into a long term loan): at a scope of up to USD 260 million, to be converted into a long term loans upon and subject to the completion of the projects' construction; and, A bridging loan for the construction period at a scope of up to USD 250 million, until the Tax Partner's investment has been received |
| Loan repayment dates | <ol style="list-style-type: none"> Loan for the construction period and bridging loans: Repayment shortly after the commercial operation of the last of the projects, provided that all of the projects reach commercial operation by December 31, 2023 (out of the long term loan funds and the Tax Partner's investment, respectively); Long term loan: Final repayment 66 months after the date of conversion of the loan for the construction period. <p>Until the final repayment date, the long term loan, and the interest payments with respect thereto, will be repaid in semi-annual payments, according to an amortization schedule for a period of up to 22 years (whereby, after 5.5 years, the balance of the loan as of that date will be repaid).</p> |
| Interest and hedge on the base interest rate | <p>The loan for the construction period and the bridging loan will bear interest at a rate which will be within the range of 1.1%-1.8% above the base interest rate (6 month SOFR). The long term loan will bear interest at a rate which will be within the range of 2.25%-1.65% above the base interest rate (6 month SOFR). During the Reporting Period, the base interest rate was hedged in accordance with the debt's amortization schedule (up to 22 years), at a rate of 100% of the amount of the long term loan. The interest rate on the long term loan, after the foregoing hedge, is in the range of 5%-5.6%.</p> |
| Financial ratio for the purpose of distributing cash flows | <p>The minimum financial coverage ratio for the purpose of distributing cash flows from the projects is a DSCR (debt service coverage ratio) of 1:1.2.</p> |

B. Projects in pre-construction with a total capacity of 134MWp

- Acquisition of additional project with a capacity of 65MWp in Virginia which is in pre-construction** – During the Reporting Period, the Company engaged with the largest renewable energy company in the USA in an agreement according to which the Company acquired a project with a capacity of 65MWp in Virginia, for total consideration amounting to USD 7.5 million. The project has all the required construction permits and approvals.
- Power purchase agreements in respect of projects in pre-construction** - As part of the Company's preparations for the construction of the projects which are included in this series, during the Reporting Period the Company signed agreements regarding the sale of electricity and green certificates which will be issued in respect of electricity production (on "as generated" basis) with one of the energy companies in Virginia, in respect of three projects with an aggregate capacity of 75MWp, for 20 years.

(4) Projects in initiation and in advanced stages of initiation–

- The Company has a series of wholly owned projects with a total capacity of 340MWp, which are in advanced development stages. As part of the process of promoting the development of these projects, during the Reporting Period the Company signed agreements for the sale of electricity and green certificates which will be issued in respect of the production of electricity (on an "as generated" basis) with one of the energy companies in Virginia, in respect of a project with an aggregate capacity of 25MWp, for 20 years, and also signed an agreement for the sale of electricity in respect of a project of 25MWp, for a period of 15 years.
- As of the report approval date, the Company is in multiple negotiations to purchase several projects in various initiation stages in the PJM network.

For additional details regarding the Company's activity in the in the Photo-voltaic Segment and in the Photo-voltaic + Storage Segment in Israel, see Note 9b(2) and Note 15(2)(c) to the Annual Reports.

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Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)

D. Projects in the Wind Energy Segment in Israel

(1) ARAN project for construction of a wind farm in the Northern Golan Heights with capacity of 104 MW:

Further to that stated in Note 9b(5) to the Annual Financial Statements, the Company holds 100% of the management interests and 80.5% of the economic interests in the Clean Wind Energy Project with a capacity of 104 MW in the Golan Heights. Construction works on the project have begun, after the Company engaged in agreements to acquire the main equipment for the project, and with executing contractors. In light of (i) objections of the Druze community in Israel against the project construction activity, which, according to information which was given to the Company, are mostly based on assertions which are unrelated to the project; and (ii) the massive construction work on the project, including turbine transportation to the site, requires assistance and special preparation by the Police which due to the war and un-availability of the Israeli Government, Police and security forces to the project company at this time, the Company believes that the start of massive construction work would be delayed, and would start when the Police would have availability, and therefore the project construction schedule would be extended. Based on information available to the Company as of the Approval Date of the Report, and according to the Company's assessment, this should have no material effect on the Company.

On all matters associated with the legal proceedings which are ongoing in respect of the project: (i) Legal proceeding started in 2021, whereby several Druze residents with whom the Company has no contractual engagement and NGOs filed a motion to dismiss out of hand, alleging unauthorized use with regard to the land for several turbines in the ARAN project. After the Reporting Date, the parties decided, by agreement, to accept the plaintiffs' appeal against the lower court's decision to erase most of the plaintiffs from the statement of claim. As of the approval date of the financial statements, the legal proceedings are ongoing, and are in the document discovery stage. According to the assessment of the Company's legal advisors, the claim will be dismissed. For more information see Note 9b(5) to the Annual Financial Statements; (ii) In the Reporting Period, several Druze residents with whom the Company contracted leases that govern Company use of land on which several turbine bases in the project are to be constructed, filed claims seeking reversal of the leases signed with them (including by way of declaratory relief). As of the report approval date, the project company has yet to file its statements of defense. To the best of the Company's knowledge, these claims were most all filed due to religious, economic and social pressure brought to bear on them, and the Company's legal counsel believes that they should be denied; (iii) After the Reporting Date, an appeal was filed against the National Planning Committee and the Company, seeking mostly declaratory relief from the Court with regard to nullification of the permit or, alternatively, cancellation thereof. As of the report approval date, the defendants have yet to file their statements of defense. To the best of the Company's knowledge, based on the opinion of legal counsel and due to the preliminary stage of this proceeding, this claim should be denied.

As of the Reporting Date, the Company recognized an asset amounting to NIS 486 million, which is presented under Systems Under Construction and Development, including NIS 11 million against contingent debt.

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Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)

E. Wind Energy Segment in Poland

A. Update of power purchase agreements in respect of the Company's wind farms in Poland from July 2022

- a) Further to that stated in Note 9(4)(b) to the Annual Financial Statements, and the adoption of the legislation to establish a temporarily cap on electricity prices in Poland, soon prior to the report approval date, the cap for the remaining term was revised to PLN 374 per 1MWh generated. Furthermore, in the Reporting Period, the Company signed an additional amendment to the power purchase agreements, in which:
1. The parties engaged in a financial transaction regarding the unwinding of fixed price transactions which were signed between the parties, in respect of the months February 2023 to December 2023, against the one-time payment of compensation to the Company amounting to NIS 153 million. The aforementioned compensation was recorded under the item for other revenues during the Reporting Period in Q1.
 2. The terms of the option which was given to the broker in July 2022 were updated, such that the exercise period given to the broker was extended until December 31, 2024, including provision of the right to unwind the fixed price transactions in respect of the years 2032-2034, in whole or in part, until March 31, 2025.

B. Presented below are fixed price transactions out of the total production capacity for the years 2023-2024, which are in effect as of the Approval Date of the Report:

| Year | Fixed rate out of the wind farms' total production (*) | Average price (**) |
|------|---|-----------------------------------|
| 2023 | 41% | 280 |
| 2024 | 72% | 670 |

(*) The Company's wind farms which are commercially active as of the Approval Date of the Report.

(**) Average price in PLN per 1MWh, before adjustments according to the actual production profile.

For details regarding fixed price transactions in respect of the years 2025-2034, see Section 2(2) above.

C. Presented below are fixed price transactions out of the total production capacity for the years 2025-2034, which are in effect as of the Reporting Date:

- i. The dedicated project company which holds the wind farms Banie 1+2, with a capacity of 106MW ("Banie 1+2") engaged with the broker in fixed price transactions for 10 years, in respect of the years 2025-2034 at an estimated 90% of expected annual power generation by Banie 1+2 ("**Long-term fixed price transactions**").
- ii. The broker has an additional option, exercisable until the end of 2024, in respect of additional capacity out of the production capacity, at a rate of up to 5% of the total expected electricity production in 5 of the Company's wind farms in Poland.

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Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)

D. Green certificates and fixed price transactions in respect of green certificates, relative to the projected generation capacity:

- i. Further to Note 9b(4)(a) to the annual report, regarding the previous regulation (as defined therein), the Company recognized impairment of NIS 7.5 million in Q3 2023, with respect to inventory of un-hedged green certificates as of the Reporting Date. The Company believes that impairment of the green certificates is due to the decision by the Regulator in Poland, in the Reported Period, to reduce the rate of green certificates which companies in Poland are required to purchase, to 5% of power consumption in 2024 (compared to 11% in 2023).
- ii. Presented below is a description of fixed price transactions in respect of green certificates, relative to the projected generation capacity:

| <u>Year</u> | <u>Fixed rate out of total production (*)</u> | <u>Average price (**)</u> |
|-------------|---|---------------------------|
| 2023 | 99% | 162 |
| 2024 | 16% | 220 |

(*) Expected amount of green certificates which will be issued in the Company's 2 commercially active wind farms as of the Reporting Date.

(**) Average price per certificate in PLN.

E. **Commercially active projects:**

(1) Banie 3 and Sepopol wind farm with total capacity of 126 MW: Further to Notes 9b(4)(d)(2) and 14d(5) to the annual financial statements, after the Reporting Date and soon prior to the report approval date, the Company made a further withdrawal from the wind farm construction financing transaction, amounting to an additional PLN 81 million (NIS 77 million).

(2) Banie 4 wind farm with total capacity of 56 MW: Further to Note 9b(4)(d)(3) to the annual financial statements, in the Reporting Period, the project was compliant with all requirements and received a permanent electricity generation license.

For additional information, see Note 14d(6) to the Annual Financial Statements.

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Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)

F. Photo-voltaic Segment in Poland

- A. **Project in the photovoltaic segment with a capacity of 12MWp:** Further to Note 9b(3) to the Annual Financial Statements, during the Reporting Period the construction works on the project concluded, and it began producing electricity which is being fed into the Polish grid, as part of the run-in and testing period. In accordance with the power purchase agreement in which the project company engaged during the Reporting Period, the electricity will be sold during the coming year to the Polish broker with which the wind farms in Poland have engaged.

As of the Reporting Date, the Company has recognized assets under construction amounting to NIS 36 million in respect of this project, which were recorded under Systems Under Construction and Development.

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Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)

G. Dividend:

For details regarding Company's dividend policy, see Note 16e to the Annual Reports.

Further to this policy, the Board of Directors determined that the dividend for 2023 will amount to a total of 28 agorot per share, to be paid in 4 equal quarterly payments of 7 agorot per share, subject to a specific resolution of the Board of Directors in each quarter.

The Company's Board of Directors also resolved to affect an additional dividend distribution in respect of the results for 2022, which will be paid together with the dividend for Q1 2023, in the amount of 18 agorot.

In accordance with the above, the Company paid dividends as follows:

- In March 2023 – special dividend for 2022 and for the first quarter of 2023, amounting to 25 agorot per share (NIS 137 million in total)
- In June 2023 - a dividend for Q2 2023 amounting to 7 agorot per share (NIS 38 million in total).
In August 2023 - a dividend for Q3 2023 amounting to 7 agorot per share (NIS 38 million in total).

Additionally, on November 12, 2023, after the Reporting Date, the Company announced a dividend distribution for Q4 2023 amounting to 7 agorot per share (NIS 38 million), payable in November 2023.

H. Financial covenants

(1) Financial covenants in long term loans and credit facilities from financial institutions: The Group, through companies and partnerships that it controls, has long term loans and credit facilities from financial institutions and banking corporations which include standard financial covenants. As of the Reporting Date and as of the Approval Date of the Report, the Group is fulfilling the aforesaid covenants. For additional information regarding the financial covenants regarding the loans, see Note 14c to the Annual Reports, and Notes 7h(2) and 7h(3) below.

(2) Financial covenants in respect of the bonds (Series A):

As specified in Note 14d(7) to the Annual Financial Statements, as part of the issuance of bonds (Series A), the Company undertook that so long as the bonds remain outstanding, it will fulfill the following financial covenants:

- **Equity** will not fall below a total of NIS 360 million in two consecutive quarters.
- The ratio of **solo net financial debt** to the **solo net balance sheet** will not exceed 80% in four consecutive quarters.
- The ratio of **consolidated net financial debt**, after deducting **systems under construction and initiation**, to **adjusted EBITDA**, will not exceed 18 for a period of four consecutive quarters.

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(3) Financial covenants in respect of the bonds (Series B):

So long as the bonds have not been repaid in full, the Company undertook to fulfill the following financial covenants:

- **Equity** will not fall below a total of NIS 500 million in two consecutive quarters.
- The ratio of **solo net financial debt** to the **solo net balance sheet** will not exceed 80% in four consecutive quarters.
- The ratio of **consolidated net financial debt**, after deducting **systems under construction and initiation**, to **adjusted EBITDA**, will not exceed 18 for a period of four consecutive quarters.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)

It is clarified that the terms emphasized above were defined in the trust deeds for the bonds (Series A) and for the bonds (Series B), in accordance with the Company's characteristics.

As of the Reporting Date and as of the Approval Date of the Report, the Company is fulfilling the financial covenants.

Note that the financial covenants specified above are also included as breach clauses in other loan agreements of the Company, and as a result, a breach of any of the foregoing financial covenants could give rise to grounds for demanding the immediate repayment of other loans of the Company, amounting in total to NIS 778 million.

I. Options granted to employees and officers

On March 12, 2014, the Company's Board of Directors approved, an options framework plan for employees and corporate officers of the Company, in accordance with the principles of the Company's compensation policy, at a scope of 42 million options, as expanded. For details regarding for details regarding from the foregoing plan, which is in effect, see Note 26 to the Annual Reports.

The options are not listed for trading and are exercisable into ordinary shares of NIS 0.01 par value each of the Company (subject to adjustments), and in respect of offerees who are employees in Israel, and are granted pursuant to section 102 of the Income Tax Ordinance, through a capital gains track with a trustee by virtue of Section 102(b)(2) of the Income Tax Ordinance (hereinafter: the "2014 Plan").

On February 26, 2023, the Company's Board of Directors approved the allocation of an annual tranche of equity compensation for 2023, and capital compensation instead of a cash bonus for 2022 by virtue of the 2014 plan for the CEO, directors, officers of the Company, and employees of the Company in Israel, Poland and the USA, as follows:

| | Equity compensation to employees | Equity compensation to corporate officers (*) | Equity compensation to the Company's CEO |
|---|---|---|---|
| Number of options | 2,599,493 | 622,157 | 266,270 |
| Including fully accelerated options in lieu of cash bonus | 456,267 | 289,827 | 266,270 |
| Number of recipients | 97 | 7 | 1 |
| Share price (in NIS) | 10.49 | 10.49 | 10.49 |
| Exercise price (in NIS) (**) | 11.38 | 11.38 | 11.38 |
| Fair value of option | 2.83 | 2.83 | 2.97 |
| Expected volatility | 39% | 39% | 39% |
| Lifetime of the option (in years) | 2.83 | 2.83 | 3.08 |
| Exercise deadline | 36 months after the actual grant date | 36 months after the actual grant date | 36 months after the actual grant date |
| Risk-free interest rate | 4.11% | 4.11% | 4.07% |
| Expected dividend rate | - | - | - |

(*) Three female directors and one male director of the Company who are not among the controlling shareholders and who are not employees of the Company and/or officers of Alony Hetz, as well as the CFO, VP Legal Advisor and Company Secretary, and VP Business Development.

(**) The exercise price of each option is determined according to the higher of: (A) the average of share prices on the stock exchange during the 30 trading days preceding the date of the Board of Directors' resolution to grant the options; or (B) 8% over the share price on the stock exchange at the end of the trading day preceding the date of the Board resolution to award the options.

Energix - Renewable Energies Ltd.**Notes to the Condensed Consolidated Interim Financial Statements****(Unaudited)****Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont.)**

The fair value is estimated using the Black and Scholes model. The total economic value of the options amounts to NIS 11,226 thousand. Out of said total, NIS 4,243 thousand was carried immediately to profit and loss (due to being awarded *in lieu* of a cash bonus) in 2022, and the remaining NIS 6,983 thousand is expected to be amortized over 24 months, on a straight line basis.

- (2) On August 8, 2023, the Company's Board of Directors approved an allocation of 91,734 non-marketable options to an employee of the Company and to an employee of the Company's subsidiary in the USA, whereby in respect of each option, the offerees will be entitled to purchase from the Company one ordinary Company share with a par value of NIS 0.01 (subject to adjustments in respect of the Company's employee). The options will be allocated in accordance with the 2014 plan, as updated from time to time, and in respect of offerees who are residents of Israel – pursuant to section 102 of the Income Tax Ordinance, through a capital gains track with a trustee by virtue of Section 102(b)(2) of the Income Tax Ordinance. The exercise price is in accordance with the terms of the 2014 plan (8% above the share price prior to the Board of Directors' approval), and will be NIS 14.407 per option. According to the B&S formula, the option's fair value is NIS 3.32.

J. Credit facilities

The Company has credit facilities from financial institutions which are used for the provision of guarantees and short term loans. As of the Reporting Date, the Company has credit facilities amounting to NIS 521 million, of which USD 50 million (NIS 191 million) from a banking corporation in the USA, used to provide guarantees, of which, a total of NIS 465 million is used for guarantees and short term loans, of which USD 48 million (NIS 184 million) in respect of guarantees from a banking corporation in the USA. During the Reporting Period, the Company increased its credit facilities by NIS 50 million. For more information see Note 14a to the Annual Statements.

K. Details regarding material transactions with related parties and interested parties

Management agreement with Alony Hetz: In the Reporting Date, the general meeting approved, after receiving approval from the Company's Audit Committee and Board of Directors, an update to the management agreement with Alony Hetz, such that the maximum compensation cap under the management agreement was updated to NIS 10.5 million (CPI-linked), for an additional 3 year period ending June 30, 2026. The other terms of the management agreement remain unchanged. For additional details regarding the other main terms of the management agreement, see Note 25(a)(1) to the Annual Financial Statements.

Energix - Renewable Energies Ltd.

**Condensed Separate Interim Financial Information
As of September 30, 2023**

(Unaudited)

Attn.:
Shareholders of Energix - Renewable Energies Ltd.

2 Jabotinsky St.
Ramat Gan

Dear Sir / Madam,

Re: Special Review Report Regarding the Separate Interim Financial Information
In accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 5730-1970

Introduction

We have reviewed the separate interim financial information which is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 5730-1970 of **Energix - Renewable Energies Ltd.** (hereinafter: the "**Company**") as of September 30, 2023, and for the nine and three month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of this separate interim financial information in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion regarding the separate interim financial information for these interim periods, based on our review.

Scope of the Review

We have conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor." A review of separate interim financial information consists of making inquiries, primarily with the individuals who are responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted Israeli auditing standards, and therefore does not allow us to reach certainty that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we have not become aware of any information which would have caused us to believe that the aforementioned separate interim financial information has not been prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, November 12, 2023

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Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Financial Position Data

| | <u>As of September 30</u> | | <u>As of</u> |
|---|---------------------------|------------------|--------------------|
| | <u>2023</u> | <u>2022</u> | <u>December 31</u> |
| | <u>NIS in thousands</u> | | |
| | <u>(Unaudited)</u> | | <u>(Audited)</u> |
| Assets | | | |
| <u>Current assets</u> | | | |
| Cash and cash equivalents | 43,143 | 333,605 | 95,456 |
| Trade receivables and income receivables from customers | 5,089 | 1,614 | 315 |
| Receivables - investee companies | 3,798 | 1,527 | 1,542 |
| Receivables and debit balances | 13,415 | 35,164 | 9,073 |
| Total current assets | 65,445 | 371,910 | 106,386 |
| <u>Non-current assets</u> | | | |
| Connected electricity production systems | 1,995 | 2,281 | 2,210 |
| Systems under construction and inventory | 107,661 | 6,011 | 6,326 |
| Right-of-use asset | 7,179 | 8,724 | 8,338 |
| Fixed assets | 9,848 | 9,268 | 9,965 |
| Investment in investee companies | 3,844,551 | 3,053,888 | 3,494,033 |
| Other receivables | 18,728 | 171,845 | 143,294 |
| Total non-current assets | 3,989,962 | 3,252,017 | 3,664,166 |
| Total assets | 4,055,407 | 3,623,927 | 3,770,552 |
| Liabilities and equity | | | |
| <u>Current liabilities</u> | | | |
| Short term credit from financial institutions | 148,458 | - | - |
| Current maturities in respect of bonds | 74,871 | 74,871 | 74,871 |
| Current maturities of lease liabilities | 1,406 | 1,406 | 1,406 |
| Trade payables | 3,536 | 4,919 | 4,226 |
| Payables – investee companies | 92,306 | - | - |
| Payables and credit balances | 120,630 | 93,302 | 125,876 |
| Total current liabilities | 441,207 | 174,498 | 206,379 |
| <u>Non-current liabilities</u> | | | |
| Loans from investee companies | 99,752 | 91,276 | 91,276 |
| Other long term liabilities | 1,500 | - | - |
| Liabilities in respect of financial instruments | 61,902 | 18,438 | 27,208 |
| Bonds | 446,213 | 520,148 | 520,288 |
| Convertible bonds | 531,084 | 521,602 | 523,979 |
| Lease liability | 6,326 | 7,866 | 7,491 |
| Liability for employee severance benefits, net | 772 | 429 | 772 |
| Payables – investee companies | 1,957 | 1,601 | 2,140 |
| Deferred tax liabilities, net | 38,203 | 87,315 | 62,389 |
| Total non-current liabilities | 1,187,709 | 1,248,675 | 1,235,543 |
| <u>Equity</u> | | | |
| Share capital | 5,478 | 5,479 | 5,478 |
| Capital reserves | 2,157,657 | 2,041,868 | 2,088,487 |
| Retained earnings | 263,356 | 153,407 | 234,665 |
| Total equity attributable to the owners of the Company | 2,426,491 | 2,200,754 | 2,328,630 |
| Total liabilities and equity | 4,055,407 | 3,623,927 | 3,770,552 |

November 12, 2023

Signing date of the
interim (separate)
financial information

Nathan Hetz
Chairman of Board of Directors

Asa Levinger
CEO

Tanya Friedman
CFO

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Comprehensive Income Data

| | Nine-month period ended September 30 | | For the three-month period ended September 30 | | As of December 31 |
|--|---|----------------|---|-----------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| | NIS in thousands | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| Revenues | | | | | |
| Revenues from the sale of electricity | 781 | 758 | 291 | 273 | 951 |
| Operating and other income, net | 109,335 | 3,071 | 20,972 | 1,201 | 4,335 |
| | <u>110,116</u> | <u>3,829</u> | <u>21,263</u> | <u>1,474</u> | <u>5,286</u> |
| Expenses | | | | | |
| Maintenance of systems | 3,100 | 7,725 | 729 | 2,703 | 10,448 |
| Initiation expenses | 26 | 252 | - | 66 | 10 |
| Payroll and related expenses | 19,460 | 15,689 | 5,769 | 6,837 | 22,937 |
| Administrative, headquarters and other | 15,997 | 14,894 | 5,766 | 4,521 | 19,889 |
| | <u>38,583</u> | <u>38,560</u> | <u>12,264</u> | <u>14,127</u> | <u>53,284</u> |
| Profit (loss) before financing, taxes, depreciation and amortization | 71,533 | (34,731) | 8,999 | (12,653) | (47,998) |
| Capital gains | - | 18,098 | - | - | 18,098 |
| Depreciation and amortization | (3,617) | (3,107) | (1,224) | (1,079) | (4,226) |
| Profit (loss) before financing and taxes | 67,916 | (19,740) | 7,775 | (13,732) | (34,126) |
| Financing income | 98,221 | 78,059 | 40,711 | 32,536 | 111,641 |
| Financing expenses | (29,111) | (20,394) | (11,479) | (6,261) | (28,758) |
| Financing income, net | 69,110 | 57,665 | 29,232 | 26,275 | 82,883 |
| Profit after financing, net | 137,026 | 37,925 | 37,007 | 12,543 | 48,757 |
| Company's share in the results of associates and joint ventures | 132,965 | 100,159 | 897 | 39,834 | 196,733 |
| Profit before taxes on income | 269,991 | 138,084 | 37,904 | 52,377 | 245,490 |
| Taxes on income | (39,981) | (6,979) | (9,305) | (4,062) | (8,800) |
| Income for the period attributable to the owners of the Company | <u>230,010</u> | <u>131,105</u> | <u>28,599</u> | <u>48,315</u> | <u>236,690</u> |
| Net earnings per share attributable to the equity holders of the Company (NIS): | | | | | |
| Basic | <u>0.420</u> | <u>0.251</u> | <u>0.052</u> | <u>0.086</u> | <u>0.447</u> |
| Diluted | <u>0.419</u> | <u>0.246</u> | <u>0.052</u> | <u>0.085</u> | <u>0.435</u> |
| Weighted average share capital used to compute the earnings per share (thousands of shares): | | | | | |
| Basic | <u>547,890</u> | <u>523,275</u> | <u>547,890</u> | <u>561,454</u> | <u>529,476</u> |
| Diluted | <u>548,514</u> | <u>557,593</u> | <u>554,939</u> | <u>594,162</u> | <u>564,145</u> |
| Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss | | | | | |
| Foreign currency translation differences for foreign operation | 220,634 | 76,787 | (16,390) | (61,253) | 199,561 |
| Income (loss) from foreign currency differences in respect of derivatives which were designated for the hedging of investments in subsidiaries which constitute foreign operations, net of tax | (194,708) | (72,043) | (14,698) | 28,069 | (161,328) |
| Company's share in changes in the capital reserve from cash flow hedge | 77,176 | (23,386) | 24,072 | (27,987) | (5,893) |
| Profit (loss) in respect of cash flow hedge - value of time, net of tax | 24,387 | (45,108) | 28,347 | 2,856 | (50,184) |
| Total other comprehensive income (loss) for the year attributable to the equity holders of the Company | <u>357,499</u> | <u>67,355</u> | <u>49,930</u> | <u>(10,000)</u> | <u>218,846</u> |

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Cash Flow Data

| | Nine-month period | | For the three-month | | As of |
|--|--------------------|------------------|---------------------|------------------|------------------|
| | ended September 30 | | period ended | | December 31 |
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| NIS in thousands | | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| Cash flows - operating activities | | | | | |
| Income for the period | 230,010 | 131,105 | 28,599 | 48,315 | 236,690 |
| Expenses not involving cash flows (Appendix A) | (158,609) | (176,301) | (25,532) | (65,216) | (295,300) |
| | 71,401 | (45,196) | 3,067 | (16,901) | (58,610) |
| Changes in working capital (Appendix B) | 4,596 | 6,635 | 92,228 | 4,636 | 13,163 |
| Net cash used in operating activities | 75,997 | (38,561) | 95,295 | (12,265) | (45,447) |
| Cash flows - investing activities | | | | | |
| Investment in electricity production systems | (373) | (405) | 43 | (21) | (609) |
| Consideration from sale of consolidated partnership | - | 25,360 | - | - | 25,360 |
| Advance payments to suppliers of fixed assets | (26,861) | (74,102) | (24,604) | - | (74,102) |
| Investment in other fixed assets | (2,047) | (2,665) | (717) | (546) | (4,015) |
| Repayment (provision) of loan | - | 13,730 | - | - | 13,730 |
| Settlement of financial instruments | (194,210) | 49,725 | (78,199) | 13,913 | 18,338 |
| Investment in partnerships and investees | 144,002 | (476,559) | 34,310 | (169,868) | (652,903) |
| Consideration from sale of systems under construction | - | 326 | - | - | 326 |
| Net cash used in investing activities | (79,489) | (464,590) | (69,167) | (156,522) | (673,875) |
| Cash flows - financing activities | | | | | |
| Consideration from exercise of share options | 1,138 | 28,073 | 971 | 13,871 | 29,769 |
| Consideration from issuance of shares | - | 673,745 | - | 339,150 | 673,745 |
| Repayment of principal in respect of lease liability | (1,297) | (1,140) | (438) | (374) | (1,515) |
| Receipt of loans from investee companies | 90,976 | - | 27,701 | - | - |
| Transaction with non-controlling interests | - | (7,660) | - | (7,660) | (2,860) |
| Repayment of bond principal | (74,493) | (74,489) | (37,246) | (37,247) | (74,489) |
| Receipt of short term loans from banking corporations | 200,500 | - | - | - | - |
| Repayment of short term loans from banking corporations | (52,601) | - | (2,607) | - | - |
| Dividend paid to Company shareholders | (213,653) | (79,388) | (38,353) | (27,385) | (106,779) |
| Net cash from (used in) financing activities | (49,430) | 539,141 | (49,972) | 280,355 | 517,871 |
| Change in cash and cash equivalents | (52,922) | 35,990 | (23,844) | 111,568 | (201,451) |
| Balance of cash and cash equivalents at beginning of period | 95,456 | 297,173 | 69,389 | 222,063 | 297,173 |
| Effect of fluctuations in exchange rates on cash and cash equivalents | 609 | 442 | (2,402) | (26) | (266) |
| Balance of cash and cash equivalents at end of period | 43,143 | 333,605 | 43,143 | 333,605 | 95,456 |

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Cash Flow Data

| | Nine-month period | | For the three-month | | As of |
|--|--------------------|------------------|---------------------|-----------------|------------------|
| | ended September 30 | | period ended | | December 31 |
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| NIS in thousands | | | | | |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| <u>Appendix - Adjustments Required to Present</u> | | | | | |
| <u>Cash Flows from Operating Activities</u> | | | | | |
| a. Expenses (revenues) not involving cash flows: | | | | | |
| Financing income, net | (77,373) | (72,797) | (36,893) | (32,630) | (100,817) |
| Tax revenues recognized in profit (loss) for the period | 39,981 | 6,979 | 9,305 | 4,062 | 8,800 |
| Company's share in the results of associates and joint ventures | (132,965) | (100,265) | (897) | (39,940) | (196,734) |
| Depreciation and amortization | 3,617 | 3,107 | 1,224 | 1,079 | 4,226 |
| Capital gains from sale of investee partnership | - | (18,098) | - | - | (18,098) |
| Change in provision for employee severance pay | - | - | - | - | 343 |
| Share-based payment | 8,131 | 4,773 | 1,729 | 2,213 | 6,980 |
| | <u>(158,609)</u> | <u>(176,301)</u> | <u>(25,532)</u> | <u>(65,216)</u> | <u>(295,300)</u> |
| b. Changes in asset and liability items (changes in working capital): | | | | | |
| Increase in trade receivables and other receivables and debit balances | (4,971) | (3,713) | (5,946) | (2,381) | (3,246) |
| Decrease (increase) in receivables and debit balances in respect of investee companies | (2,256) | 3,573 | 92,347 | 5,692 | 1,258 |
| Amortization of premium in respect of cap options | 11,090 | - | - | - | - |
| Increase in trade payables and other payables and credit balances | 160 | 6,775 | 5,630 | 1,325 | 15,151 |
| Increase (decrease) in trade payables and other payables and credit balances of investee companies | 573 | - | 197 | - | - |
| | <u>4,596</u> | <u>6,635</u> | <u>92,228</u> | <u>4,636</u> | <u>13,163</u> |
| <u>Non-cash activity</u> | | | | | |
| Receivables from non-cash exercise of share options | - | 5,619 | - | - | 4,639 |
| Declared dividend | - | - | - | - | (7,195) |
| <u>Additional information</u> | | | | | |
| Interest received in respect of operating activities | (4,649) | (1,832) | (3,189) | (1,530) | (2,137) |
| Interest paid in respect of operating activities | 9,797 | 8,136 | 4,177 | 4,209 | 7,683 |
| Dividend received from investee companies | 5,000 | - | - | - | 6,800 |
| Interest payments in respect of lease | 216 | 240 | 72 | 86 | 326 |

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.**Supplementary Information to the Condensed Interim Separate Financial Information****Note 1 - General:****A. General**

The interim separate financial information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) 5730-1970 and does not include all the information that is required under Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports) 5730- 1970 concerning separate financial information of the entity. It should be read in conjunction with the separate financial information as of and for the year ended December 31, 2022 (hereinafter “**Separate Annual Financial Statements**”) and in conjunction with the condensed consolidated interim Financial Statements as of September 30, 2023.

B. Definitions for this Condensed Separate Interim Financial Information

Company - Energix - Renewable Energies Ltd.

Investee - As defined in Note 1 to the Consolidated Financial Statements of the Company as of December 31, 2022.

Note 2 - Significant Accounting Policies Applied to the Condensed Interim Separate Financial Information

The separate financial information was drawn up in accordance with the accounting policies that are set out in Note 1b to the Company's separate Annual Financial Statements.

Note 3 - Additional Information Regarding Events During the Reporting Period

A. For additional information regarding events during the Reporting Period and events subsequent to the Reporting Date, see Note 7 to the Consolidated Financial Statements for the period.

November 12, 2023

Attn.:
Board of Directors of
Energix - Renewable Energies Ltd.
2 Jabotinsky St.
Ramat Gan

Dear Sir / Madam,

Re: **Letter of Consent in Connection with the Shelf Prospectus of Energix Renewable Energies Ltd. from May 2022**

We hereby inform you that we consent to the inclusion (including by way of reference) of our reports, as specified below, in connection with the shelf prospectus from May 2022:

1. Review report dated November 12, 2023, regarding the Company's condensed consolidated financial information as of September 30, 2023, and for the nine- and three-month periods then ended.
2. The auditor's special report dated November 12, 2023, regarding the Company's separate interim financial information as of September 30, 2023, and for the nine- and three-month periods then ended, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Sincerely,

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv – Main Office

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