SOLAER
RENEWABLE ENERGIES

Part C – 1

Consolidated Financial Statements
As at December 31, 2023

Solaer Renewable Energies Ltd.

Consolidated Financial Statements As at December 31, 2023

Contents

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

We have audited the attached Consolidated Statements on the Financial Position of Solaer Renewable Energies Ltd. (hereinafter – "the Company") as at December 31, 2023 and December 31, 2022 and the Consolidated Statements on the Profit and Loss, Comprehensive Income, Changes in Equity Capital and the Cash Flows for the each of the two years, and the period ending December 31, 2023. These financial statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audit.

The Company's financial statements as at December 31, 2021 and the years ending on that date were audited by the previous auditors, the report of whom on them dated March 30, 2022, included an qualified opinion.

We did not audit the financial statements of affiliated companies treated under the equity method, the investment in which, as at December 31, 2023 and December 31, 2022, amounts to NIS 437 thousand and NIS 323 thousand and, the Company's share in their comprehensive losses amounts NIS 102 thousand and to NIS (811) thousand for the year ending December 31, 2023 and 2022, respectively. The financial statements of those companies were audited by other auditors, the reports of whom were furnished to us and, our opinion, to the extent that it relates to the sums included for those companies, is based on the reports of the other auditors.

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

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

Key Matters in the Audit

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

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

Why is this matter established as a key matter in the audit?
Pursuant to Notes 3f of the consolidated financial statements, systems connected to electricity generation on roofs and ground systems, which meet the definition of property, plant and equipment, are presented pursuant to the revaluation model and are included according to their fair value less accrued depreciation from the revaluation date.
Pursuant to Note 8 to the consolidated financial statements, as at December 31, 2023, the comprehensive fair value of the electricity generating systems connected to roofs and the ground systems measured at fair value amount to NIS 205,120 thousand and NIS 201,272 thousand, respectively. Regarding the change in the fair value of all the systems presented pursuant to the revaluation model, in the report period, the Company recognized other Comprehensive Income (net of tax) of NIS 21,467 thousand and a loss from impairment of NIS 2,297 thousand.
The fair value is based on valuations, that are executed by an external and independent appraiser on behalf of the Company, which is determined pursuant to the anticipated discounted future cash flow (DCF). The fair value estimation is based on the Management's subjective assumptions, including forecasts of the market price, annual erosion rates of panel production and assumptions relating to the capitalization rate.
Determination of the fair value of the Company's property, plant and equipment necessitates activating discretion and changes in the assessments that were used in determining the fair value could have a material impact on the fair value of the property, plant and equipment. Therefore, we recognized the audit on the fair value of property, plant and equipment in the revaluation model as a key matter in the audit.

The response that was provided for the key matters in the audit
Our primary audit procedures include, inter alia:
- Attaining an understanding regarding the Company's work process in relation to placing the fair value of property, plant and equipment in the revaluation model.
- Use of highly knowledgeable and experienced experts on our behalf, who are necessary when examining the valuation method, examining the reasonability of the capitalization rate and examining the appropriateness of the arithmetic calculations on a sampling basis.
- An examination of the reasonability of the significant assumptions that were used in the valuation on behalf of the Company when structuring cash flow forecasts, inter alia, by comparing them on a sampling basis with the historical results in the framework of a retrospective examination and with relevant references.
- An assessment of the expertise and independence of the expert on behalf of the Company in relation to the aforementioned valuation.
- An examination of the appropriateness of the disclosures that are included in the Company's consolidated financial statements.

Somekh Chaykin
CPA

March 26, 2024

Consolidated Statements on the Financial Position

	Note	As at December 31 2023	As at December 31 2022
		NIS thousands	
Current Assets			
Cash and cash equivalents	4	152,578	69,616
Deposits		-	339
Encumbered deposits		4,242	8,738
Trade receivables	5	8,170	12,284
Other accounts receivable	6	20,131	23,998
Assets held for sale	9g18a18a8	85,731	22,442
		270,852	137,417
Non-Current Assets			
Encumbered long-term deposits		14,903	14,235
Investments in affiliates accounted for in the equity method	7b	5,891	323
Property, plant and equipment, net		430	502
Electricity generating systems connected on roofs	8a	205,120	193,756
Ground connected electricity generating systems	8b	201,272	168,452
Electricity generating systems under construction and initiation	8c	365,986	321,503
Advances for acquiring projects	9	23,761	36,103
Contract asset for a concession arrangement	10	12,493	12,635
Right of use assets	11	138,932	133,582
Goodwill		1,222	1,144
Deferred taxation assets	17	6,678	2,446
Long-term other accounts receivable	12	19,219	5,943
Loan to a related party	28d2	6,935	6,292
		1,002,842	896,916
		1,273,694	1,034,333

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

Consolidated Statement on Comprehensive Loss

	Note	As at December 31 2023	As at December 31 2022
		NIS thousands	
Current Liabilities			
Credit and current maturities from banks and other corporations.	15	14,625	(*) 22,519
Current maturities of bonds	15	48,897	25,402
Trade payables	14	9,260	4,777
Other accounts payable	13	13,874	13,255
Current maturities of leasing liabilities	15	10,069	9,019
		96,725	74,972
Non-Current Liabilities			
Liabilities to banks and other credit providers	15	489,399	379,059 (*)
Bonds	15	238,072	225,200
Liabilities for employee benefits, net	28c4	203	286
Deferred taxation liabilities	17	53,194	44,123
Long-term leasing liability	15	133,074	125,299
Liability for dissolution and rehabilitation		677	596
		914,619	774,563
Equity	19		
Share capital		(**) -	(**) -
Premium on shares		238,317	168,938
Capital reserves		73,601	54,984
Receipts on account of options and shares		9,581	-
Losses balance		(71,039)	(64,943)
Total equity attributed to the owners of the Company		250,460	158,979
Non-controlling interests		11,890	25,819
Total Equity		262,350	184,798
Total liabilities and equity		1,273,694	1,034,333

(*) Reclassified.

(**) Represents a sum lower than NIS 1 thousand

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

March 26, 2024			
Confirmation date of the financial statements.	Paula Vilin Segev Chairperson of the Board of Directors	Alon Segev CEO	Yair Eisen VP Finances

Consolidated Statement on Comprehensive Loss

	Note	2023	2022	2021
		For the year ending December 31		
		NIS thousands		
Revenues				
Revenues	21	47,670	38,694	13,741
Other revenues		-	-	1,992
		47,670	38,694	15,733
Expenses				
Systems maintenance and accompaniments	22	(10,604)	(11,352)	(7,697)
Project development expenses	24	(1,782)	(1,895)	(3,548)
Salary and social benefits		(10,123)	(8,079)	(8,769)
Administration, head office and others	23	(12,691)	(14,880)	(11,146)
		(35,200)	(36,206)	(31,160)
Profit (loss) before taxes, financing, depreciation and amortization, earnings of Investee companies		12,470	2,488	(15,427)
The Company's share in the earnings of an affiliate accounted for under the equity method.		102	71	-
Profit (loss) before taxes, financing, depreciation and amortization		12,572	2,559	(15,427)
Depreciation and amortization		(21,730)	(17,254)	(5,512)
Impairment of systems	8a	(2,297)	(4,295)	(429)
Loss before taxes and financing		(11,455)	(18,990)	(21,368)
Finance expenses	25	(50,754)	(48,417)	(24,121)
Finance revenues	26	28,691	25,266	9,081
Finance expenses, net		(22,063)	(23,151)	(15,040)
Pre Taxes on income loss		(33,518)	(42,141)	(36,408)
Taxes on income revenues (expenses)	17	4,280	(916)	4,755
Loss for the year		(29,238)	(43,057)	(31,653)
Other comprehensive income (loss)				
Sums that will not be reclassified later to profit or loss (net of tax)				
Earnings from revaluation of the connected electricity production systems		21,467	20,359	14,507
The Group's share in other comprehensive income (loss) of investee companies accounted for under the equity method		-	(882)	1,133
Gains (loss) from re-measuring programs for a defined benefit		76	186	(117)
Sums that are likely to be reclassified to profit or loss				
Provisions from translating the financial statements of foreign operations		4,901	5,012	(10,591)
Net change in the fair value of financial instruments used for hedging the cash flows		(105)	(154)	-
Other comprehensive income for the year		26,339	24,521	4,932
Comprehensive loss net of taxes for the year		(2,899)	(18,536)	(26,721)

Consolidated Statement on Comprehensive Loss

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Loss for the year attributed to:			
The owners of the Company	(7,452)	(28,811)	(25,699)
Non-controlling interests	(21,786)	(14,246)	(5,954)
	(29,238)	(43,057)	(31,653)
Comprehensive loss for the year attributed to:			
The owners of the Company	11,040	(9,413)	(16,072)
Non-controlling interests	(13,939)	(9,123)	(10,649)
	(2,899)	(18,536)	(26,721)
Loss per share attributed to the owners of the Parent Company (in NIS):			
Basic and diluted loss per share	(0.54)	(2.08)	(1.97)
Sum of the share capital that was used in calculating the loss per share:			
Basic and diluted per share	13,850,184	13,883,616	13,020,884

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

Consolidated Statements on Changes in Equity

For the year ending December 31

2023

	Share capital	Share premium	Revaluation reserve	Reserve for remeasuring defined benefit programs	Capital reserve for share-based payment transactions	Capital reserve from translation differences	Capital reserve for transactions with non-controlling interests	Receipts on account of option warrants	Capital reserve from hedging' transactions	Losses balance	Total equity attributed to the owners	Non-controlling interests	Total equity
	NIS thousands												
Balance as at January 1, 2023	(*) -	168,938	36,470	(290)	3,428	(3,782)	19,312	-	(154)	(64,943)	158,979	25,819	184,798
Loss for the year	-	-	-	-	-	-	-	-	-	(7,452)	(7,452)	(21,786)	(29,238)
Other comprehensive income (loss) for the year	-	-	15,465	76	-	3,056	-	-	(105)	-	18,492	7,847	26,339
Reduction in the reevaluation for surpluses reserve	-	-	(1,356)	-	-	-	-	-	-	1,356	-	-	-
Issuance of shares and option warrants	-	69,379	-	-	-	-	-	9,581	-	-	78,960	-	78,960
Transactions with non-controlling rights	-	-	-	-	-	-	89	-	-	-	89	98	187
Distribution of earnings in a consolidated Partnership	-	-	-	-	-	-	-	-	-	-	-	(88)	(88)
Share-based payment	-	-	-	-	1,392	-	-	-	-	-	1,392	-	1,392
Balance as at December 31, 2023	(*) -	238,317	50,579	(214)	4,820	(726)	19,401	9,581	(259)	(71,039)	250,460	11,890	262,350

(*) Represents a sum lower than NIS 1

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

Consolidated Statements on Changes in Equity

	For the year ending December 31												
	2022												
	Share capital	Share premium	Revaluation reserve	Reserve for re-measuring defined benefit programs	Capital reserve for share-based payment transactions	Capital reserve from translation differences	Capital reserve for transactions with non-controlling interests	Receipts on account of option warrants	Capital reserve from hedging' transactions	Losses Balance	Total equity attributed to the owners	Non-controlling interests	Total equity
	NIS thousands												
Balance as at January 1, 2022	(*) -	165,786	21,505	(476)	-	(6,847)	19,205	3,152	-	(37,468)	164,857	34,824	199,681
Loss for the year	-	-	-	-	-	-	-	-	-	(28,811)	(28,811)	(14,246)	(43,057)
Other comprehensive income (loss) for the year	-	-	16,301	186	-	3,065	-	-	(154)	-	19,398	5,123	24,521
Reduction in the reevaluation for surpluses reserve	-	-	(1,336)	-	-	-	-	-	-	1,336	-	-	-
Expiry of options	-	3,152	-	-	-	-	-	(3,152)	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	107	-	-	-	107	118	225
Share-based payment	-	-	-	-	3,428	-	-	-	-	-	3,428	-	3,428
Balance as at December 31, 2022	(*) -	168,938	36,470	(290)	3,428	(3,782)	19,312	-	(154)	(64,943)	158,979	25,819	184,798

(*) Represents a sum lower than NIS 1

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

Consolidated Statements on Changes in Equity

	For the year ending December 31 2021										
	Share capital	Share premium	Revaluation reserve	Reserve for re-measuring defined benefit programs	Capital reserve from translation differences	Capital reserve for transactions with non-controlling interests	Receipts on account of option warrants	Losses Balance	Total equity attributed to the owners	Non-controlling interests	Total equity
	NIS thousands										
Balance as at January 1, 2021	(*) -	-	6,302	(359)	(951)	19,155	-	(12,206)	11,941	45,428	57,369
Loss for the year	-	-	-	-	-	-	-	(25,699)	(25,699)	(5,954)	(31,653)
Other comprehensive income (loss) for the year	-	-	15,640	(117)	(5,896)	-	-	-	9,627	(4,695)	4,932
Reduction in the reevaluation for surpluses reserve	-	-	(437)	-	-	-	-	437	-	-	-
Issuance of shares and option warrants	-	109,425	-	-	-	-	3,152	-	112,577	-	112,577
Transactions with non-controlling interests	-	-	-	-	-	50	-	-	50	45	95
Balance as at December 31, 2021	(*) -	109,425	21,505	(476)	(6,847)	19,205	3,152	(37,468)	108,496	34,824	143,320

(*) Represents a sum lower than NIS 1

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

Consolidated Statements on Cash Flows

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Cash flows for regular operations			
Loss for the year	(29,238)	(43,057)	(31,653)
The mandatory adjustments for presenting cash flows from regular operations			
a. Expenses (revenues) that are not involved in the cash flow			
Depreciation and amortization	21,730	17,505	5,512
Taxes on income	(4,280)	916	(4,755)
Finance expenses, net	22,063	23,151	15,040
The Company's share in the earnings of an investee company accounted for under the equity method	(102)	(71)	-
Share-based transactions payment	1,392	3,428	-
Reduction of projects without any economic feasibility	1,129	-	-
Loss from impairment as a result of revaluing connected systems	2,297	4,295	429
	44,229	49,224	16,226
b. Changes in assets and liabilities entries (changes in working capital)			
Decrease (increase) in trade receivables	4,175	(7,586)	(2,320)
Decrease (increase) in other accounts receivable	5,078	6,178	(8,892)
Increase in long-term accounts receivable	(7,293)	(1,080)	-
Increase (decrease) in trade payables	2,173	3,576	(3,792)
Increase (decrease) in accounts payable	2,453	(4,926)	10,535
Decrease in contract assets for concession arrangement	142	77	138
	6,728	(3,761)	(4,331)
Cash – Regular operations before tax and interest receipts (payments)	21,719	2,406	(19,758)
Cash paid during the year for			
Loan interest payments	(10,756)	(6,046)	(1,646)
Interest payment: for a leasing liability	(5,239)	(4,029)	(1,699)
Interest payments for bonds	(9,665)	(3,411)	-
Interest payments for commissions and institutions	(890)	(245)	-
Taxes paid	(60)	(51)	-
Interest received	1,545	-	-
	(25,065)	(13,782)	(3,345)
Net cash used for regular operations	(3,346)	(11,376)	(23,103)

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

Consolidated Statements on Cash Flows

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Cash flows from investment operations:			
Acquisition of a fixed Asset	(69)	(32)	(174)
Proceeds received from the sale of connected systems	-	1,558	-
Investment in electricity production systems under construction and initiation	(61,684)	(146,592)	(222,520)
Extending guarantees for electricity production systems under construction and initiation	(19,661)	-	-
Settlement of extending guarantees for electricity production systems under construction and initiation	19,661	-	-
Investments in investee companies	(5,466)	-	-
Advances for acquiring Projects	(13,334)	(12,078)	(51,102)
Payment to creditors for acquiring investee companies	-	-	(7,898)
Withdrawal (deposit) in encumbered deposits	4,955	2,014	(8,353)
Withdrawal (deposit) in long-term encumbered deposits	(48)	(6,415)	-
Withdrawal (deposit) in short-term deposits	322	1,809	(1,874)
Retirement of a loan extended to a related party	-	-	4,000
Loan extended to another	(2,744)	(3,102)	-
Net cash used for investment operations	(78,068)	(162,838)	(287,921)
Cash flows from financing operations:			
Share and bonds issue	78,648	-	168,938
Payment for settling derivative financial instruments	(2,198)	(1,933)	(699)
Net short-term credit from banks	(899)	899	-
Redemption of bonds	(32,598)	-	-
Bonds issue, net	54,355	237,918	-
Receipt of loans from banks	133,950	81,954	172,051
Distribution of earnings in a consolidated Partnership	(88)	-	-
Retirement of loans from banks	(63,867)	(117,841)	-
Payment of a leasing liability reserve	(3,639)	(4,931)	(1,401)
Retirement of a loan from another	-	-	(1,393)
Net cash that derived from financing operations	163,664	196,066	337,496

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

Consolidated Statements on Cash Flows

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
The effect of exchange rate fluctuations on cash and cash equivalent balances			
The effect of exchange rate fluctuations on cash and cash equivalent balances	712	(762)	(1,237)
Increase in cash and cash equivalents	82,962	21,090	25,235
Cash and cash equivalents balance at the beginning of the year	69,616	48,526	23,291
Cash and cash equivalents balance at the end of the year	152,578	69,616	48,526
(a) Material non-monetary operations			
Supplier credit for electricity production systems under construction and initiation	4,364	2,397	7,919
Increase in a right of use asset against liabilities for leasing as a result of new leasing agreements	6,496	37,554	44,025

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

Note 1 - General

a. A General Description the Company and its Operations

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

Ms Paula Vilin Segev is the Controlling Shareholder in the Company

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

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

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

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

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

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

The report period featured a high inflation rate environment in relation to recent years. As a part of the measures adopted in order to curb price hikes, central banks throughout the world, including the Bank of Israel (BoI) began raising interest rates. The Index rise had an effect on the indexed bonds and the loan from a financial institution. On the other hand, in 2022, the Company hedged 33% of the existing bonds principal. Furthermore the Company has revenues from electricity sales that are also linked to the Index so that the rise in the Index increases the loan payments on the one hand and, on the other hand increases the revenues from electricity generation over time.

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

Furthermore, during the report period, there was a rise in foreign currency exchange rates, as a result of which the Company recorded rate differences revenues for the loans that were extended to the subsidiaries and for balances in foreign currency during the year ended December 31, 2023, in the sum of NIS 19,377 thousand.

c. The Iron Swords War

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

During the combat period and as at the report date, the Company has continued and is continuing its regular operations in Israel as usual, including continuing promotion, planning and construction, all under the mandatory restrictions and conditions from the Rear Command. It should be noted that, as at the date of the financial states approval, all the Company's installations in commercial operations in Israel generate electricity as usual.

The Company continues to examine the effects of the war and the economic situation on its business operations regularly. As at the report date, there is uncertainty relating to the development and scope of the war, the duration of its implications and how the Iron Swords War will develop and the level of its economic effect on the State of Israel and the Company in particular are not yet known. However, in view of the Company being international and the fact that its venture and construction operations are outside of Israel, as at the date of approving the financial statements, the impact of the Iron Swords War on the Company and its results has not been material and, the Company believes that its future impact on the Company will also be immaterial, albeit the aforementioned is dependent on developments in the war and its implications.

d. Definitions

The Company	- Solaer Renewable Energies Ltd.
The Group	- The Company and the investee companies in the financial statements
Solaer Israel	- Solaer Israel Ltd. – A Company under the proprietorship of the Controlling Shareholder in the Company
IEC	- Israel Electric Corporation Ltd
Associated parties	- As defined in International Accounting Standard 24 relating to related parties
Stakeholder	- "Stakeholder"- In the sense of Clause 1 of the definition of a "stakeholder" in a corporation in Section 1 of the Securities Law, 5728 – 1968
The Electricity Authority	- The Public Services Authority – Electricity
KWP/MWP	- Kilowatts/megawatt units used for measuring the size of the systems
Consolidated companies/subsidiaries	- Companies, including partnerships, the financial statements of which are fully consolidated directly, subsidiaries, or indirectly with the Company's financial statements
Index	- The Consumer Price Index published by the Central Bureau of. Statistics

Note 2 – The Basis for Preparing the Financial Statements

a. A Declaration on Compliance with International Financial Reporting Standards.

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

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

The consolidated statements were approved for publication by the Company's Board of Directors on March 26, 2024.

b. The Operations Currency and Presentation Currency.

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

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

c. The Basis for Evaluation

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

- Assets and liabilities for employee benefits
- Financial assets and liabilities valued at fair value through profit or loss
- Property, plant and equipment measured according to the revaluation model
- Deferred tax assets and liabilities
- Provisions
- Investments in affiliated companies

d. The Operational Turnover Period

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

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

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

f. The use of Estimates and Discretion

The Use of Estimates

When preparing the financial statements pursuant to IFRS, the Company's Management has to use discretion, valuations, estimates and assumptions, that have an effect on implementing the accounting policy and the sums of the assets and liabilities, revenues and expenses. It must be clarified that the actual results could differ the from these estimates.

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

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

1. Revaluation of the Systems for Electricity Generation Connected on Roofs and on the Land

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

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

2. Uncertain Tax Positions

The degree of certainty regarding acceptance of the Company's uncertain tax positions and the risk that it will bear additional tax expenses and interest based on an analysis of a number of factors, including interpretations of the tax laws and the Company's past experience. The possible implications for the financial statements are recognized in taxation expenses on additional income

3. Establishing Whether an Asset Is Suitable for Capitalization

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

4. Establishing Fair Value

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

• Note 8 - Regarding the connected electricity generating systems;

• Note 20- Regarding share-based payment arrangements;

• Note 16- Regarding financial instruments; and

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

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

g. Changes in Estimates

As at December 31, 2023, the Company had adjusted the useful lifespan of the ground electricity generating systems to 35 years.

Note 3- The Principles of the Material Accounting Policy

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

A. Consolidated Financial Statements

Subsidiaries

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

The subsidiaries' accounting policy was changed when necessary in order to adapt it to the accounting policy adopted by the Group.

Non-controlling Interests

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

Allocation of Profits or Losses and Other Comprehensive Income among the Shareholders

Profit or loss and any component of other comprehensive income are attributed to the owners of the Company and to non-controlling interests. The total profit or loss and other comprehensive income are also attributed to the owners of the Company and to non-controlling interests even if, as a result of this, the balance of the non-controlling interests is negative.

Transactions Canceled in the Consolidation

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

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

Acquisition of a Property Company

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

b. Foreign Currency

Foreign Currency Transactions

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

Foreign Operations

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

Rate differences for translating are recognized in Other Comprehensive Income and are presented in equity in the foreign operations translation reserve (hereinafter: “The translation reserve”).

When the foreign operations are a subsidiary that is not under the Company’s full ownership, the proportionate share of the exchange differentials for the foreign operations is allocated to non-controlling interests.

As a rule, the exchange rate differences for loans that were received or extended for foreign operations, including foreign operations that are subsidiaries, are recognized in Consolidated Profit and Loss.

C. Financial Instruments

(1) Non-Derivative Financial Assets

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

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

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

(2) Non-Derivative Financial Liabilities

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

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

Changing the Conditions of a Debt Instrument

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

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

Setting Off Financial Instruments

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

(3) Derivative Financial Instruments

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

Hedge Accounting

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

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

Hedging Cash Flows

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

A derivative instrument is intended as a hedging instrument that hedges cash flows, the effective part of the changes in the fair value of the derivative is entered to Other Comprehensive Profit, directly to the hedging reserve. The effective part of the changes in the fair value of the derivative, which are entered to Other Comprehensive Profit, is restricted to the accumulated change in the fair value of the hedged item (according to current value) from the date of creating the hedging.

The Group designates only the change in the fair value for the immediate price element of forward contracts (the spot component) as a hedging instrument in the hedging cash flows ratio.

The change in the fair value attributed to the futures price element of the forward contracts (the forward component) is not included as a part of the hedging ratios and is treated as the hedging cost, by entering the change to the hedging cost reserve.
The sum accumulated in the hedge funds a is reclassified to profit and loss during the period in which the cash flows affect it and is presented in the relative entry together with the item hedged in the framework of the finance expenses entry.

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

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

d. Cash, Cash Equivalents and Restricted Deposits

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

E. ELECTRICITY PRODUCTION Systems under Construction and Initiation

The Group enters all the venture profit and loss for projects that it develops up to the stage in which it has been the feasibility of constructing the project has been proven to the Executive, to the Profit and Loss Statement. From the stage in which the project is feasible, the development and construction costs are capitalized to the cost of the project. As a rule, a project is deemed to be feasible in the stage in which the Group expects future economic benefits to be produced from it.
In addition to the development and venture costs as aforementioned, the cost of electricity production systems that were constructed independently also include the cost of the materials, direct labor rates, subcontractors and specific credit costs and any additional cost that can be attributed directly to bringing the asset to the location and condition in a manner that it would be able to operate in the manner intended by management.
After completing the construction process and initiation of the electricity generating systems, the systems are classified to electricity generating for systems connected to roofs and the ground.

f. The Electricity Generating Systems Connected on Roofs and the Ground

(1) Recognition and Measurement

The electricity generating systems connected to roofs and the ground meet the requirement of property, plant and equipment as reference is to tangible items, which are held for the purposes of use in generating or supplying commodities or services that are predicted as being used for more than one period.

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

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

Impairment of a system as a result of the revaluation which sets off a previous hike in the book value of the system is entered to Other Comprehensive Income against the renewed value reserve until zeroing the reserve for that system. An additional impairment, should there be any, is entered to the Profit and Loss Statement.
A value hike of a system as a result of the revaluation is recognized in the Profit and Loss Statement up to the sum at which it cancels the impairment that had been recognized previously in the Profit and Loss Statement. An additional value hike, should there be any, is entered to the revaluation reserve.

(2) Depreciation
Depreciation is a methodical allocation of the deductible amount of an asset over its useful life span. A deductible amount is the cost of the asset or another sum that replaces the cost less the residual value of the asset.
Electricity generating systems connected on roofs and the ground are depreciated as of the date on which they were available for use, i.e., when they reach the required location and situation, in order to operate in a manner in which Management had planned.
Depreciation is entered to the Statement of Profit and Loss according to the straight-line method over the estimated useful lifespan of each part of the fixed asset items, because this method reflects the predicted consumption format of the future economic benefits embedded in the asset optimally.

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

	%
Electricity generating systems connected on roofs	4
Ground connected electricity generating systems	3.5

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

g. Capitalization of Credit Costs

An eligible asset is an asset that requires an essential time period to prepare it for its intended use or sale.
The cost of a specific credit are capitalized to the eligible assets during the period required for completion and construction after the date on which they are ready for their intended use. Other credit costs are entered to profit and loss on their formation.

h. Impairment

Non-Monetary Assets
Once year, on a fixed date, or frequently when there are signs of an impairment, the Group conducts a valuation of the refundable amount of a cash yielding unit which includes goodwill. Furthermore, The Group examines the need for an impairment of other non-monetary assets, when there are signs, as a result of events or changes in circumstances, that indicate that the balance in the financial statements is not refundable.
In instances in which the balance of non-monetary assets in the financial statements exceeds their refundable amount, the assets are devalued to their refundable amount.

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

i. Employee Benefits

Benefits after Completion of the Transaction:

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

j. Provisions

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

k. Non-current Assets Held for Sale

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

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

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

I. Recognition of Revenues

The Company's Revenue Sources

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

1) Revenues from Venture Services

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

2) Revenues from Maintenance Services

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

3) Revenues from Electricity Sales

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

4) Revenues from Work Pursuant to Construction Contracts and Concession Arrangements

The Company recognizes revenues from construction contracts over time pursuant to the completion rate, which is based on the engineering finishing rate.

Contract Asset and Contract Liability

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

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

m. Leases:

Leased Assets and Liabilities for the Lease

Contracts that confer control of use of an identifiable asset to the Group during a period for a consideration, are treated as lease contracts. At the initial recognition, the Group recognizes the liability in the current sum of the future lease payments (these payments do not include certain variable lease payments),and, simultaneously, the Group recognizes a right of use asset at the level of the liability for leasing, adjusted for the lease payments that will be paid in advance or that have accumulated, with the addition of the direct costs that were created in the lease.
Because the interest rate embedded in the lease cannot be determined easily, use is made of the tenant's sequential interest rate.
After the initial recognition, the asset is treated pursuant to the cost model and is amortized throughout the lease period or the useful lifespan of the asset, whichever is the earlier.

Depreciation of a Right of Use Asset

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

Roofs on which the electricity generating systems are connected	25 years
Ground on which the ground electricity generating systems are connected	28.5 Years
Vehicles	3 Years

n. Finance Revenues and Expenses

Finance revenues include interest revenues for sums that were invested, profits from changes in the fair value of financial assets that are presented at fair value through profit and loss and profits from rate differences.
Finance expenses include interest expenses for loans that were received, changes in the time value for provisions, changes in the fair value of financial assets presented at fair value through profit and loss and losses from an impairment of financial assets (apart from losses for an impairment for trade receivables, accounts receivable and contract assets that are presented in the framework of a separate entry).
Credit costs, which are not capitalized for eligible assets, are entered to finance expenses in the Profit and Loss Statement according to the effective interest method.
Gains and losses from rate differentials for financial assets and liabilities are reported net as financing revenues or expenses, as dependent on the fluctuations in the exchange rate and are dependent on their position (net gains or losses).

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

o. Taxes on Income

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

Current Taxes

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

Setting Off Current Tax Assets and Liabilities

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

Uncertain Tax Positions

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

Deferred Taxes

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

- The initial recognition of goodwill;
- The initial recognition of assets and liabilities in a transaction that does not constitute a combination of businesses and that does not have an effect on the accounting profits and on profits for tax purposes; and
- The differences deriving from an investment in subsidiaries, in joint arrangements and in affiliated companies, if the Group controls at the date of converting the difference and, it is not

expected that they will be converted in the foreseeable future whether by way of realizing an investment or by way of distributing dividends for an investment

The measurement of deferred taxes reflects the tax implications derived in a manner in which, on the termination of the report period, the Group expects to recover or settle the book value of the assets and liabilities.
Deferred taxes are measured pursuant to the tax rates expected to apply to the temporary differences on the date in which they are realized, based on the laws that were legislated or actually legislated as at the report date.

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

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

Setting off Deferred Taxes Assets and Liabilities

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

Intercompany Transactions

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

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

Amendment to IAS 1, Presenting the Financial Statements: Classifying liabilities as current or non-current and sequential amendment: Non-current liabilities with financial covenants

The amendment, together with the sequential amendment to IAS 1 (see below), replaces a certain classification requirement of liabilities as current or non-current.
Pursuant to the amendment, a liability must be classified as non-current when the entity has a right to defer payment to a period of at least 12 months after the reporting period, which is of substance and that exists to the end of the reporting period.

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

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

The amendment and the sequential amendment must be implemented in the reporting periods as of January 1, 2024 with an option for early implementation. The amendment and sequential abandonment must be implemented retrospectively, including amendment of the comparative figures

The Group is examining the implications of the amendment on its financial statements without any intention for advance implementation.

Amendment to IAS 1, Presenting the Financial Statements: "Disclosure for the accounting policy"

Pursuant to the amendment, companies are required to provide disclosure for their essential accounting policy instead of the requirement for presenting their significant accounting policy. Pursuant to the amendment, information about the accounting policy is material if, when it is taken into account together with other information provided in the financial statements, it is possible to reasonably expect that it will have an effect on the decisions that the users adopt based on those financial statements.

The amendment to IAS 1 also clarifies that the information on the accounting policy is expected to be material if, without it, users of the financial statements would be prevented from having the opportunity of understanding any other material information in the financial statements. Furthermore, the amendment clarifies that there is no need for disclosure of information on the non-material accounting policy.

In view of implementing the amendment, the scope of disclosure given to the accounting policy in the framework of the 2023 financial statements decreased and was adapted to the specific circumstances of the Company.

Amendment to IAS 12,Taxes on Income: Deferred tax relating to assets and liabilities deriving from one transaction

The amendment diminishes the incidents of the exemption from recognition of deferred taxes as a result of temporary provisions that were created on the date of the initial recognition of the assets and/or liabilities, so that the aforementioned exemption shall not apply to transactions that create temporary equal and setting off differences.

As a result, entities are required to recognize a deferred tax asset or liability for these temporary differences on the date of initial recognition of the transactions that create the temporary equal and setting off differences, for example lease transactions and provisions for dissolution and rehabilitation.

The amendment will be implemented in these financial statements without any material impact on the financial statements.

Note 4 - Cash and Cash Equivalents

a. Composition

	As at December 31	
	2023	**2022**
	NIS thousands	
Balance in shekels	87,468	28,618
Balances in foreign currency	65,110	40,998
	152,578	69,616

b. Additional Details:

Foreign currency balances include euro, dollar and zloty balances

The Group's exposure to credit risk, interest rate, currency risk and a sensitivity analysis for financial assets, are detailed in Note 16, regarding financial instruments.

Cash balances including a sum of NIS 5,268 thousand, which can be withdrawn from the bank at any time, but are subordinate by force of engagements with the credit providers, for the purposes of partial or full compliance with servicing the debt, or complying with certain conditions pursuant to the agreements and are not restricted by the bank in which the cash is held

Note 5 - Trade Receivables

a. Composition

	As at December 31	
	2023	2022
	NIS thousands	
Unsettled debts	4,484	7,139
Revenues receivable	4,309	5,243
Checks for collection	8	182
Less provision for an impairment	(631)	(280)
	8,170	12,284

b. Credit risk management by the Group:

The Group’s exposure to credit risks and currency risks and losses for an impairment that relate to trade receivables and accounts receivable are detailed in Note 16, regarding financial instruments.

Note 6 - Other Accounts Receivable

		As at December 31	
		2023	2022
	Note	NIS thousands	
Prepaid expenses		3,067	3,331
Institutions		7,715	14,537
Advances to suppliers		3,193	38
Accounts receivable for a project in process		255	1,250
Associated companies	28	1,031	1,259
Sundry debtors		4,797	3,518
Interest receivable		73	65
		20,131	23,998

Note 7 –Investments in Investee Companies

a. Consolidated Subsidiaries

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

		The Company's ownership rights in a subsidiary / Partnership For the year ending December 31		
		2023	2022	
	Principle location	%		Referral to Note
Solento 1 L.P (hereinafter: "Solento 1")	Israel	100	100	a
Himin investment 2 S.L (hereinafter "Himin 2")	Spain	51	51	b
Alizarsun S.l (hereinafter: " Alizarsun ")	Spain	71.2	71.2	c.
Solaer - TDI Poland Power Limited Partnership	Israel	70	70	d.
Re Solar SARL (herinafteן: "Re Solar")	Luxembourg	47.4	47.4	e.
Energy Intersol 8 S.L (hereinafter: "Energy Intersol 8")	Spain	47.4	47.4	f.
Agua Sol Development S.L (hereinafter: " Agua Sol")	Spain	51	51	7

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

a. Solento 1 has a 100% holding in the entities held in the protective projects Furthermore, Solento 1 has a 51% holding in the Spanish companies, Himin investments 2 SL and Energy Intersol SL. After the report date, Solento 1 signed an agreement for transferring the shares of the Spanish companies to the sister partnership according to a ruling received from income tax. See Note 18(a)(1) for additional details.

b. Himin 2 holds the full rights for constructing a photovoltaic installation with a capacity of 50 MW in Elche,(Hereinafter: "Elche 1"), which is in the advanced stages of development. Furthermore, Himin 2 promotes an enlargement of the project by an additional 300 MW (hereinafter: "Elche 2-6 Project"), adjacent to Project Elche 1. See Note 18(a)(3) for additional details.

c. On July 31, 2020 the Company acquired additional shares in Zaragoza Israel Solar Project Ltd. and DMA Grid Ltd. So that it increased its holding in Alizarsun from 45.9% to 71.2% and attained control in Alizarsun there is a photovoltaic system with a capacity of 50 MW connected to the electricity grid in Alizarsun, Spain See Note 18(א)(4 for additional details.

d. As at the report date, the Company holds 70% of Solaer – TDI Poland Power Limited Partnership in concatenation. The balance of Solaer - TDI Poland Power Limited Partnership's shares are held by in concatenation by TDI Wind and Solar Energy Ltd. at a rate of 30%. Solaer - TDI Poland Power Limited Partnership promotes and develops photovoltaic systems through investee companies in Poland See Note 18(a)(6) below for additional details.

e. Re Solar was established on April 04, 2022 and as at the date of the financial statements is held by the Company in concatenation at a rate of 47. 4%. The balance of Re Solar's shares are held by Indigo and, in concatenation, by Himin Solar at rates of 7% and 45.6% respectively. Re Solar holds a number of Partnerships in Luxembourg, which have the rights to construct projects in Italy and Spain by designated project companies in those countries. See Note 18(a)(9) below for additional details.

f. Energy Intersol 8 is held by the Company in concatenation at a rate of 47. 4%. The balance of Energy Intersol 8's shares are held, in concatenation by Indigo and Himin Solar at rates of 7% and 45.6% respectively. Energy Intersol 8 holds companies that promote photovoltaic projects in Chile and the rights to construct renewable energy projects and utilities in Chile. See Note 18(a)(7) for additional details.

g. Agua Sol is held by the Company in concatenation at a rate of 51%. The balance of the Agua Sol shares are held in concatenation by Himin Solar Agua Sol has the rights to develop a photovoltaic energy and water desalination project in Chile (hereinafter: "Anpac") See Note 18(a)(7) for additional details.

b. Investee Companies according to the equity method

Following are details regarding the Company's investments treated according to the equity method:

Company's Name	The major location of the operations of the Company	The Company's share:	Referral to Note
Sol Neto Roofs Ltd.	Israel	50%	18a2
Sol Neto Roofs EPC Ltd.	Israel	50%	18a2
Re Solar 15 SARL (hereinafter: "Re Solar 15")	Luxembourg	25%	(*)

(*) As at December 31, 2023, the Company holds Re Solar 15 in concatenation at a rate of 25%. The balance of the Re Solar 15 shares are held by a European investments fund. In December 2023, Re Solar infused cash in the sum of NIS 5,466 thousand into Re Solar 15.

Note 8 - Electricity Production Systems Connected and under Construction and Initiation

a. Electricity generating systems connected on roofs

1. Composition

	As at December 31	
	2023	2022
	NIS thousands	
Cost		
Balance as at January 1	203,366	131,896
Classification from systems under construction	21,491	65,421
Revalued reserve(*)	(1,465)	7,768
Removals during the year	-	(1,719)
Balance as at December 31	223,392	203,366
Depreciation		
Balance as at January 1	(9,610)	(2,770)
Additions during the year	(8,662)	(7,001)
Removals during the year	-	161
Balance as at December 31	(18,272)	(9,610)
Connected electricity production systems as at December 31	205,120	193,756

(*) As at the year ending on December 31, 2023, an impairment of NIS 2297 thousand was recognized (NIS 4,295 thousand in the corresponding previous period).

2. Additional Details

a. As at December 31, 2023 and 2022, the Company has systems connected to roofs with a capacity of 59.5 MW and 53.4 MW,respectively.

b. As at January 1, 2019, the connected electricity production systems are presented in the financial statements at their fair value. The fair value is measured close to the date of the connection of each system to the electricity grid. The model pursuant to which the fair value was calculated is capitalization of the anticipated forecast discounted capital flows (DCF) that are capitalized at a capitalization rate established by an independent appraiser. In the following periods, once every 3 years, a valuation is made for the systems that were connected in the previous periods. On each cross-section date, an examination by the Company's Management is executed as to whether there is a material effect on the valuation of the systems that were connected in the previous periods, the fair value which is measured at the time of their connection to the electricity grid If material differences are found, the Company updates the fair value of those systems. On December 31, 2023, the Company revalued a number of systems out of the total accumulation

It should be noted that for some of the roof owners vis-à-vis whom the Company has signed lease agreements, there is an option to acquire the installations designated for construction on the roofs under their ownership. For the most part, the consideration for acquiring those installations, is calculated pursuant to the capitalization of the available future cash flows of the installations at an interest rate of 6%-7% with the addition of a payment on the balance of the senior debt for that project, including any early settlement commission that should apply in relation to the acquisition of the installation. This consideration constitutes a supreme block to determining the fair value of the system when connecting it to the grid. As at the financial statements date, in relation to systems with a capacity of 12 MW, there is an option for the acquisition of the installations, as aforementioned and the fair value of which is calculated pursuant to the aforementioned.

During the 2022 report period the Group updated the scrap value estimate of the systems.

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

1. The capitalization rates in 2023 and 2022 are 7.5%-8% and 7.5%-7.75%, respectively.
2. The annual erosion rate of the production of the panels at a rate of 0.5%
3. The hours of sunlight in a year, which in the appraisal ranges between 1,509 and 1,752 hours in a year
4. The weighted hourly tariff established pursuant to the regulations to which the system belongs.

d. The balance of these connected electricity production systems, that was presented according to cost as at December 31, 2023 and December 31, 2022 is NIS 193,478 thousand and NIS 163,386 thousands respectively.

b. Ground connected electricity generating systems

1. Composition

	2023	2022
Cost	NIS thousands	
Balance as at January 1	173,486	-
Classification from systems under construction	-	148,924
Revaluation reserve	27,770	13,648
The effect of the changes on the exchange rates	11,864	10,914
Balance as at December 31	213,120	173,486
Depreciation		
Balance as at January 1	5,034	-
Additions during the year	6,429	4,874
The effect of the changes on the exchange rates	385	160
Balance as at December 31	11,848	5,034
Electricity generating systems connected to the land, net as at December 31	201,272	168,452

2. Additional Details

in 2022 a photovoltaic system with a capacity of 50 MW was connected to the electricity grid in the Alizarsun project, Spain and it commenced producing electricity.

The appraisal was executed using the discounted cash flows method (DCF), which takes the agreements that the Company had signed for the sale of electricity into the account and also used the electricity price forecasts as published by an international consultation company in the energy prices field. Furthermore, the valuation took the tax on electricity production of 7% of the revenue sum from generating electricity as of January 2024 into account, in view of the Spanish Legislator's decision from December 27, 2023. Furthermore, the evaluation took a lifespan of 35 years into account and, therefore, a change in the estimation for the useful lifespan of the system was made. See Note 12 for additional details.

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

1. The capitalization rate in 2023 and 2022 is 5.75% and 6.75% respectively
2. The annual erosion rate of the production of the panels at a rate of 0.5%
3. The daylight hours in a year which, in the evaluation for 2023 and 2022 are 1,854 and 1,900 hours per year, respectively.

The balance of these ground connected electricity generating systems that were presented according to cost as at December 31, 2023 and 2022 is NIS 158,097 thousand and NIS 153,344 thousands respectively.

c. Electricity Production Systems Under Construction and Initiation

1. Composition

	2023	2022
	NIS thousands	
Balance as at January 1	321,503	374,949
Increments during the Year	80,589	139,637
Classification from advances for the acquisition of projects for systems under construction	27,497	25,834
Classification from systems under construction for connection	(21,491)	(214,346)
Classification of assets held for sale	(63,289)	(22,442)
Reduction of projects without any economic feasibility	(1,129)	-
The effect of the changes on the exchange rates	22,306	17,871
Balance as at December 31	365,986	321,503

Note 9 - Advances for Acquiring Project s

As at December 31, 2023 the balance of advances for acquiring and developing projects in Spain, Italy, Chile and Poland is for a capacity of 283 MW and for 2022 a capacity of 543 MW. The advance payments are pursuant to the milestones established in the agreement with the developer. As a rule, holding shares in the project companies will be transferred after payment of the last milestone, i.e. the project reaching the readiness for construction stage.

Note 10 - Contract Asset for Arranging a Concession

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

The return rate for the contract asset is 6.28%.

As at December 31, 2023 and 2022, the balance of the contract asset is NIS 12,493 thousand and NIS

12,635 thousand, respectively.

Note 11 – Assets and Liabilities for Leasing:

1. Information regarding Lease Agreements

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

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

2. Information regarding the Material Lease Agreements

1. Roofs in Israel:

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

2. Land in Spain:

a. On October 6, 2020, Himin 2 engaged in a land leasing agreement on an area of 80 ha in the Elche District, when the leased area will be increased up to the area required for the purposes of constructing the project, provided that it shall not exceed 105 ha. The lease period is for 19 years and 4 months from the date of signing it agreement or the elapse of 18 years from the date of connecting the project to the grid, whichever is the earlier. The parties have an option to extend the agreement period by up to 5 years. The rentals are €2,000 per hectare per annum, linked to the Spanish Consumer Price Index and will be raised by 2.5% every year

b. On July 21, 2020, Alizarsun engaged in a land lease agreement for an area of 85 ha for a period of 25 years, in consideration for rentals of €173 thousand per year, paid quarterly and linked to the Spanish Consumer Price Index. Alizarsun has an option to extend the agreement period by two additional periods of five years (i.e. a total of 35 years).

3. Offices

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

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

3. Right of Use Property

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

	Roofs:	Land	Offices	Vehicles	Total
			in NIS thousands		
Cost of the assets					
Balance as at January 1, 2022	67,672	30,585	2,769	2,685	103,711
Increments during the year (*)	36,958	-	-	337	37,295
Reduced during the year	(2,002)	-	-	(77)	(2,079)
Linkage to the Index.	4,417	-	-	-	4,417
Translation differences	-	1,122	-	-	1,122
Balance as at December 31, 2022	107,045	31,707	2,769	2,945	144,466
Accrued depreciation					
Balance as at January 1, 2022	(2,431)	(1,224)	(1,139)	(1,030)	(5,824)
Increments during the Year	(3,773)	(973)	(451)	(608)	(5,805)
Translation differences	-	745	-	-	745
Balance as at December 31, 2022	(6,204)	(1,452)	(1,590)	(1,638)	(10,884)
Right of use asset, net, as at December 31, 2022	**100,841**	**30,255**	**1,179**	**1,307**	**133,582**

(*) Including rentals of NIS 2121 thousand paid in advance

4. Analysis of the Settlement Dates of Liabilities for Leasing Land

	As at December 31	
	2023	2022
	in NIS thousands	
Up to a year	10,069	9,019
From 1 to 5 years	44,659	33,036
More than 5 years	88,415	92,263
Total:	143,143	134,318

5. Additional Information for Leasing

(a) Sums recognized in profit and loss

	For the year ending December 31		
	2023	2022	2021
	in NIS thousands		
Interest expenses for lease liability	5,239	4,029	1,699
Total:	5,239	4,029	1,699

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

	For the year ending December 31		
	2023	2022	2021
	in NIS thousands		
Total cash flows paid for leasing	8,878	8,960	3,100

Note 12- Long-term Accounts Receivable

	As at December 31	
	2023	2022
	NIS thousands	
Loans to others (*)	6,231	3,335
Prepaid expenses	3,600	2,245
Derivative financial instruments	2,962	363
Institutions	6,426	-
	19,219	5,943

(*) most of the balance is for a loan that was extended to the Anpac Project Company. See Note 18(a)(7) below for additional details.

Note 13 - Accounts Payable

	As at December 31	
	2023	2022
	NIS thousands	
Expenses payable	4,401	3,557
Institutions	879	2,081
Employees and institutions for salaries	2,273	1,945
Others	38	382
Associated companies (*)	4,530	1,134
Interest payable	973	3,477
Loans from others	780	679
	13,874	13,255

(*) See Note 28 below.

Note 11 - Trade Payables

	As at December 31	
	2023	2022
	NIS thousands	
Unsettled debts	9,217	4,754
Checks payable	43	23
	9,260	4,777

Note 15 - Financing Projects, Collateral and Financial Covenants

a. Loans and credit in the framework of current liabilities

	As at December 31	
	2023	2022
	NIS thousands	
Credit from banks		
Overdraft	-	899
Current maturity of long-term liabilities		
Current maturity of loans from banks	14,625	21,620
Current contingency for bonds	48,897	25,402
Current maturities of leasing liabilities	10,069	9,019
Total loans and credit in the framework of current liabilities	73,591	56,940

b. Loans and credit in the framework of non-current liabilities

	As at December 31	
	2023	2022
	NIS thousands	
Bonds	238,072	225,200
Liabilities for leasing	133,074	125,299
Liabilities to banks and other credit providers	489,399	379,059
Total loans and credit in the framework of non-current liabilities	860,543	729,558

c. Details regarding material loans:

Name	Referral	The date of taking the credit	Linkage basis	The interest rate adaptation mechanism	Principal Payment Date	As at December 31, 2023 Total par value	As at December 31, 2023 Book value	As at December 31, 2022 Total par value	As at December 31, 2022 Book value
Roof projects loan	1	2020-2021	Consumer Price Index	2.26%	Semiannual payment as of June 30, 2022 until December 31, 2045.	161,563	148,854	163,253	155,229
Roof projects loan	1	2020-2021	Unindexed	3.58%	Semiannual payment as of June 30, 2022 until December 31, 2045.	34,318	32,038	36,028	34,958
Roof projects loan	1	2021	Consumer Price Index	1.13%	Semiannual payment from December 31, 2022 to June 30, 2026	22,456	21,873	23,167	22,988
A senior debt loan for Alizarsun	2	November 30, 2020	Unindexed	2.75%	Semiannual payment as of June 30, 2020 until December 31, 2037.	85,427	81,552	84,830	80,380
Mezzanine loan Alizarsun	3	November 30, 2020	EURIBOR	6% + EURIBOR	December 31, 2025	-	-	18,234	18,487
Development loan	4	June 29, 2022.	EURIBOR	6.5% + EURIBOR	June 29, 2024	190,248	178,281	91,074	88,637
Bonds	5	2022-2023	Consumer Price Index	2.3%	Annual payment from December 31, 2023 to December 31, 2027	270,450	286,969	242,000	250,602
Mezzanine loan	6	2023	Unindexed	6.9%	Semiannual payment as of January 1, 2024 until January 31, 2039	42,391	41,426	-	-
							790,993		651,281
					Less current maturity		(63,522)		(47,022)
					Total		727,471		604,259

d. **Details of Financing Projects, Collateral and Financial Covenants**

1. **Roof projects loan**

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

Payment of the principal will be made in biennial payments on June 30 and December 31 each calendar year, pursuant to a loan repayment schedule based on an agreed-upon financial model. With this until the last repayment date on December 31, 2048, provided that the entire loan that was withdrawn for the purposes of financing construction costs of the projects is retired no later than 18 months prior to the termination of the purchase price allocation agreement (PPA) of the relevant project (this repayment schedule will apply in relation to all the loans, apart from in relation to a loan intended to serve the Phoenicia Project, which must be repaid on the termination of 4 years from the date of taking it).

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

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

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

As at December 31, 2023 the Company complied with the aforementioned covenants. The historical cover ratio is 1.2.

2. **A Senior Debt Loan for Alizarsun**

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

The principal loan must be paid in biennial payments on June 30 and December 31 each tear, in variables sums that range between €489,000 and €1.26 million (based on the financial model) as of December 31, 2021 to the final settlement date on June 30, 2037.

The loan bears annual interest of 2.75%.

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

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

As at December 31, 2023, the Company complied with the cover ratio as aforementioned. The historical cover ratio is 1.6.

3. Mezzanine loan Alizarsun

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

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

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

As at June 2, 2023, Alizarsun had settled the loan in full from the mezzanine loan consideration as stated in Section 6 below. As a result of the settlement, expenses of NIS 1,846 thousand were recorded for early settlement and the encumbrance was removed.

4. Re Solar Development Loan

On June 30, 2022, through Re Solar, the Company signed an agreement with the Austrian bank for extending renewed credit facilities of up to €40 million for the acquisition, promotion and development of projects in Spain, Italy and Chile. The framework of the credit shall be of the "renewed loan" type pursuant to the basis of the loan, which is calculated according to the status of the projects. The credit facilities shall be valid for 24 months and will bear annual interest including EURIBOR+6.5%. The interest will be paid twice a year on June 30 and December 31, when the final due date for retirement of the loan shall be on June 30, 2024. By virtue of the agreement, the Company can withdraw sums from the credit facilities for projects, inter alia, subject to: (a) The project reaching a predefined milestone in the development stage; (b) completion of the legal and technical suitability tests; (c) providing equity capital and collateral by Re Solar;: and (d) the existence of additional conditions precedent. The aforementioned, up to a maximum threshold of 50% of the development costs that occurred in relation to each project. Furthermore, pursuant to its commitments under the agreement, Re Solar extended warranties to guarantee the debts in favor of the Austrian bank, when, inter alia, Re Solar encumbered its rights in the Companies and Partnerships under its control in Luxembourg, and its rights in the Spanish project's companies under its control, which hold the rights relating to the Company's projects in Spain, for which the money was withdrawn. The Company pays a nonuse commission of 2.25% per annum for the unused balance of the facilities. Furthermore, on June 28, 2023, the Company signed an amendment to the loan agreement, which includes increasing the credit facilities to a sum of €60 million, deferring the repayment date from June 30, 2024, to June 30, 2026, decreasing the interest rate as of July 1, 2024 to Euribor+5.5% instead of the currentEuribor+6.5%.and Re Solar has the option of using the loan funds as an equity supplement for certain projects that have reached the readiness for construction stage, on the presence of certain conditions established in the amendment to the Agreement. Despite the last repayment date (as aforementioned) sums that have been withdrawn from the loan for the purpose of supplementing equity capital, must be repaid according to the earlier between (a) the last repayment date; (b) six months after starting the commercial activation of the relevant project. For the purposes of guaranteeing the loan, in addition to the current existing guarantees by virtue of the original loan agreements, a lien will be registered on the Shareholders' holdings in Re Solar (the Company holds 47.4%, Himin holds 45.6% and Indigo holds 7%) as well as on Re Solar's accounts (which have been pledged as a part of the original loan agreement). The other material terms in the original loan agreement have remained unchanged. The Company recognized revenues from a change in the loan conditions of €5.9million for changing the conditions pursuant to the amendment to the Agreement as aforementioned.

In 2023 in 2022, Re Solar withdrew €54 million (about NIS 135.7 million) and €24.3 million (about NIS 85 million), respectively. Furthermore, during 2023, Re Solar repaid €10.9 million (about NIS 43.9 million, from the balance of the loan.

5. Bonds

On January 18, 2022, the Company completed a bonds issue in consideration for NIS 242,000 thousand. Commitment, distribution and concentration commissions and accompanying expenses of NIS 4082 thousand were deducted from the issue proceeds. The bonds bear linked interest at an annual rate of 2.3%, paid twice annually on June 30 and December 31. Payment of the principal will be made in 5 unequal payments at the end of each year, as of December 31, 2023. In the first payment, 10% of the principal will be paid in the second and third payments 15% of the principal will be paid, in the fourth payment 20% of the principal and in the fifth payment the balance of the principal will be paid.

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

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

(b) The ratio between solar equity capital and the net solo balance sheet sum (the balance sheet sum less unrestricted cash, unrestricted cash equivalents, unrestricted deposits) (short and long-term) shall not be less than 25% for a period of two consecutive quarters;

and (c), as of the financial statements as at December 31, 2023, the ratio between the net consolidated financial debt (net financial debt – short-term and long-term debt from financial institutions and from any other entity the occupation of which is extending loans, with the addition of debts vis-à-vis the holders of the bonds that the Company had issued and other interest-bearing financial liabilities pursuant to their terms and conditions. All less: Unrestricted cash and cash equivalents, unrestricted deposits, short-term investments and deposits, if these are neither restricted nor encumbered. The net consolidated financial debt – the net financial debt pursuant to the Company's consolidated financial statements less: (a) Lease liabilities presented according to International Reporting Standard IFRS 16); (b) loans extended by financial institutions, banks, insurance corporations, bondholders and any other entity, the occupation of which is extending loans, and their position as owners or partners in an asset, that are not included in the conditions mechanisms for placing for immediate settlement; (c) convertible bonds for which, on the examination date, there is feasibility for converting them into the Company's shares, (i.e. the economic value of the shares that will derive from converting a higher than the liability value of the converted bonds); (d) the liabilities for assets that have not yet been commercially activated or a user has not yet elapsed from the date of their commercial activation or from the date of completing their acquisition, whichever is the later, on the examination date, regarding these facilities will also include liabilities that the Company undertook and that were extended by its as financing for constructing an asset as aforementioned all instead of financing for constructing an asset, as aforementioned (at the aforementioned financing level), provided that there is no other senior financial debt that the Company extended in relation to that asset, as aforementioned; (e) Other financial instruments the settlement of which is given to the Company's discretion exclusively). To the adjusted consolidated EBITDA (Profit before financing, taxes, depreciation and amortization, on neutralizing the effects of standards treated according to the equities method (interpretation of IFRIC 12) and with the addition of the results pursuant to the fixed assets method; on neutralizing capital gains or losses (including as a result of a combination of businesses); on neutralizing expenses for share-based payments; on neutralizing other or one-time revenues or expenses (excluding revenues the source of which is compensation for partial performances of projects); all pursuant to the Company's consolidated financial statements (audited / reviewed, according to the matter); and with the addition of construction profits, maintenance profits, management fees and promotion fees that the Company received from the consolidated corporations or that are held by it; when the calculation will be executed according to the data from the four calendar quarters that preceded the examination date, cumulatively, apart from in relation to the initial examination date to be conducted in relation to the Company's financial statements as at December 31, 2023, regarding which an examination will be conducted for the 3-month period, which will commence on October 1, 2023 (one quarter) in the standardization for four quarters, excluding in relation to the second examination date to be conducted on March 31, 2024, regarding which an examination will be conducted for the 6-month period, commencing on October 1, 2023 (two quarters) in standardization for four quarters and excluding in relation to the third examination date that will be conducted on June 30, 2024, regarding which an examination will be conducted for the 9-month period commencing on October 1, 2023(three quarters), in standardization for four quarters). will not exceed 15 for a period of two consecutive quarters

As at the report date, the Company has complied with the aforementioned financial covenants. The ratio between solo equity capital and the net solo balance sheet is 51.1. Furthermore, the ratio between the net consolidated financial debt and the consolidated adjusted EBITDA is 6.2. See Note 28f to the Management Agreements that was signed in December 2023.

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

On July 12, 2023, the Company completed an issuance of bonds with a face value of NIS 58,500 thousand by way of expanding the bond series (Series A) that had been issued by the Company as stated above The net proceeds after deductions and issuance expenses are NIS 54,355 thousand. Payment of the principal will be made in 5 unequal payments at the end of each year, as of December 31, 2023. In the first payment, 10% of the principal will be paid in the second and third payments 15% of the principal will be paid, in the fourth payment 20% of the principal and in the fifth payment the balance of the principal will be paid. The bonds bear linked interest at an annual rate of 2.3%, paid twice annually on June 30 and December 31. The bonds principal and interest are linked to the December Index. 2021. Until full settlement of the debt, the Company undertook vis-à-vis the bondholders, to comply with the financial conventions that are established in the Trust Deed and that are detailed above.

6. Mezzanine loan

On February 3, 2023, through Re Solar Funding, the Group signed an agreement with a European investment fund for extending mezzanine funding of up to €50 million for the purposes of supplementing the equity capital required for constructing the Company's projects in Europe with a capacity of 300 MW, for retiring an existing loan and extending new mezzanine funding under improved conditions in the Alizarsun project and additional projects in Spain. Pursuant to the agreement, the mezzanine loan will bear fixed annual interest of 6.9% to be paid on July 31 and January 31 of each year. The date of the final loan repayment will be the earlier between 15 years from the date of signing the agreement or 4 years from the termination of the last PPA to be signed for the projects that are the under the mezzanine loan. The Company shall be entitled to withdraw all the money that is the subject of the agreement as of the date of signing the agreement until December 31, 2023, when, thereafter, the investment fund has sole discretion regarding withdrawal of the funds that are the subject of the agreement. There are annual commissions of 1% of the sum of the unused facilities. During 2023, the Company withdrew €10.6 million (about NIS 42.8 million). The principal sum was repaid in variable payments as of January 31, 2024. after the report date, on February 14, 2024, the Company withdrew €6.7 million (NIS 50.6 million) for constructing the Calasparra Project in Spain.

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

Note 16 - Financial Instruments and Risk Management :

a. Financial and Managerial Risks

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

- Credit Risk
- Liquidity Risk
- Market Risk

The Group's risk management plan focuses on activities to reduce the possible negative effects of the Company's exposure to financial risks on equity capital, the results of the operations and the Group's cash flows.
The Company CEO and its CFO are responsible for risk management and execute it as a part of the Group's regular operations management In the framework of the Group's comprehensive risk management, the Company's Board of Directors has established that the Company CEO must report the existing degree of exposure to the Board regularly. In the event of exceptional developments in the currency and interest markets, the data are examined by them, and from time to time possible methods of action are examined.

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

1. Credit Risks

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

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

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

The balance of the revenues derived mostly from the sale of electricity to a third party in the Alizarsun project which is retailing electricity in the European market. The Company signed agreements for the sale of electricity in the framework of which the Company undertook to sell electricity for a 10-year period in relation to producing 70% of the electricity generated at a tariff of €34 per megawatt in the project and to sell electricity for a 3-year period in relation to generating an additional 25% from the electricity produced at a tariff of €83 per megawatt. If the Alizarsun project does not meet the production target, the Company will be exposed to a payment that embodies the difference between the tariff established in the agreement from the sale of electricity and the tariff in the market. Electricity retailers are large, recognized, stable and significant in the European market. In view of this, the Company believes that the credit risk deriving from sales to this customer is low. See Note 18(a)(4) below for additional details.

2. Liquidity Risks

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

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

The Company's Management which manages the short, medium and long-term financial and liquidity risks in accordance with the Company's needs, is responsible for liquidity risk management The Group's goal is to preserve the existing ratio between receipt of ongoing financing and the existing flexibility by using credit.

An analysis of the anticipated retirement dates of the financial liabilities

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

		As at December 31, 2023		
	Book value	Up to a year	1-2 years	Exceeding three years
	NIS thousands			
Other accounts payable	13,874	13,874	-	-
Trade payables	9,260	9,260	-	-
Loans from banks and other corporations (*)	504,023	14,625	274,527	214,871
Leasing liabilities (*)	143,143	10,069	27,434	105,640
Liabilities for bonds(*)	286,969	48,897	108,431	129,641
Liability for dissolution and rehabilitation	677	-	-	677

		As at December 31, 2022		
	Book value	Up to a year	From 1 to 3 years	More than 3 years
	NIS thousands			
Other accounts payable	13,255	13,255	-	-
Trade payables	4,777	4,777	-	-
Loans from banks and other corporations (*)	401,578	22,519	139,146	239,913
Leasing liabilities (*)	134,318	9,019	17,015	108,284
Liabilities for bonds(*)	250,602	25,402	76,209	148,991
Liability for dissolution and rehabilitation	596	-	-	596

(*) Including current maturities.

3. Market Risks

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

a. Index and Foreign Currency Risks

The Group is exposed to a currency risk for the sales, purchases, accounts payable and loans specified in currencies that differ from the appropriate operational currencies of the Group's companies. The currencies in which the major transactions are specified on the NIS, euro and USD.

In the course of its business, the Company is exposed to changes in the Consumer Price Index, when the leases linked to the Index expose the Group to cash flows risks as a result of a possible Index rise. However, most of the Company's revenues derived from the sale of electricity to the Electric Corporation are linked to the Consumer Price Index over the regulation period and, accordingly, any rise in the Index will result in a rise in the revenues from electricity production and will reduce this exposure.

The Company has indexed bond balances as at December 31, 2023 of NIS 286,969 thousand and, in the Report Period the Company recorded indexed expenses for that balance of NIS 13,024 thousand as a result of a rise in the Index. However, in 2022, the Company hedged 33% of the bonds principal.

The Group establishes the existence of an economic relationship between the hedged instrument and the item hedged based on the currency of the sum and the timing of their cash flows. The Group believes that if the derivative designated in any hedging relationship is expected to be effective in setting off the changes in the cash flows of the hedged item, using the hypothetical derivative method.

The Group's exposure to the Index and currency risks is as follows:

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

	As at December 31, 2022				
	NIS		Foreign exchange		
	Unindexed	Indexed	Euro	Other	Total
	NIS thousands				
Current Assets					
Cash and cash equivalents	28,618	-	40,858	140	69,616
Deposits	339	-	-	-	339
Short-term encumbered deposits	346	100	8,292	-	8,738
Trade receivables	11,397	-	887	-	12,284
Other accounts receivable	8,249	-	15,749	-	23,998
Non-Current Assets					
Encumbered long-term deposits	10,261	-	3,974	-	14,235
Long-term other accounts receivable	185	-	5,758	-	5,943
Loan to a related party	-	6,292	-	-	6,292
Current Liabilities					
Current maturity of loans	3,112	14,510	3,998	-	21,620
Current maturities of bonds	-	25,402	-	-	25,402
Current maturities of leasing liabilities	895	6,827	1,297	-	9,019
Trade payables	1,344	-	3,433	-	4,777
Other accounts payable	9,284	-	3,971	-	13,255
Non-Current Liabilities					
Bonds	-	225,200	-	-	225,200
Liabilities to banks	31,846	163,707	183,506	-	379,059
Long-term liability for leasing	3,528	91,148	30,623	-	125,299

4. Interest Rates Risk

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

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

Type of Interest

Following are details regarding this type of interest of the Group's interest-bearing financial instruments, as a termination of the reporting period, pursuant to reports to the Group's Executive. Apart from derivative financial instruments:

	As at December 31	
	2023	2022
	NIS thousands	
Unindexed instruments at fixed interest		
Financial assets	2,962	363
Financial liabilities	155,017	96,761
	157,979	97,124
Indexed instruments at fixed interest		
Financial assets	25,772	27,624
Financial liabilities	457,695	446,812
	483,467	474,436
Instruments at variable interest		
Financial liabilities	178,281	107,708
	178,281	107,708

b. Fair value

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

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

	As at December 31, 2023		As at December 31, 2022	
	Balance	Fair value	Balance	Fair value
	NIS thousands			
Financial liabilities				
Bonds (*)	286,969	270,531	253,254	217,413
Liabilities to banks and other credit providers(*)				
Roof projects loan (1)	202,765	155,932	213,175	161,290
A senior debt loan for Alizarsun	81,552	75,707	80,380	67,470
Mezzanine loan (*) (3)	42,399	45,739	-	-
	613,684	547,909	546,809	446,173

(*) Including interest payable.

(1) The capitalization rate used in determining the fair value in 2023 and 2022 6.77% and 7.18%, respectively.

(2) The capitalization rate used in determining the fair value in 2023 and 2022 4.84% and 5.96%, respectively.

(3) The capitalization rate used in determining the fair value in 2023 is 6.10%.

Financial assets				
Loan to a related party	6,935	6,727	6,292	6,137
Concession arrangement asset	12,493	22,405	12,635	23,468
	19,428	29,132	18,927	29,605

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

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

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

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
	NIS thousands			
Long-term financial assets:				
Derivative financial instruments	-	363	-	363
	-	363	-	363

Note 17 - Taxes on Income

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

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

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

b. Taxation rates applicable to the Group

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

The Company's tax rate in Israel during the period 2021-2023 was 23%.

The Spanish company's tax rate during the period 2021-2023 is 25%.

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

c. Tax Assessments

No final tax assessments have been issued for the Company.

d. Components of (Expenses) Revenues Taxes on Income

	As at December 31		
	2023	2022	2021
	NIS thousands		
Current taxes	(105)	(79)	-
Deferred taxes	4,385	(837)	4,755
	4,280	(916)	4,755

e. Deferred taxes

	As at December 31, 2022	Entry to profit and loss	Entered to equity	As at December 31, 2023
	NIS thousands			
Right of use asset	(20,650)	(3,954)	3	(24,601)
Leasing liability	20,647	4,398	-	25,045
Connected systems for electricity production	(20,983)	(936)	(6,520)	(28,439)
Systems for electricity production under construction	(34,618)	380	(2,386)	(36,624)
Financial instruments	(84)	-	199	115
Assets held for sale	-	639	-	639
Others	(68)	(15)	255	172
Losses carried down for taxation purposes	14,079	3,873	(775)	17,177
	(41,677)	4,385	(9,224)	(46,516)

	As at December 31, 2021	Entry to profit and loss	Entered to equity	As at December 31, 2022
	NIS thousands			
Right of use asset	(15,066)	(5,588)	4	(20,650)
Leasing liability	15,509	5,138	-	20,647
Connected systems for electricity production	(9,266)	(6,030)	(5,687)	(20,983)
Systems for electricity production under construction	(32,468)	-	(2,150)	(34,618)
Derivative financial instruments	-	(129)	45	(84)
Assets held for sale	380	(190)	(258)	(68)
Others	8,090	5,962	27	14,079
Losses carried down for taxation purposes	(32,821)	(837)	(8,019)	(41,677)

F. THEORETICAL TAX

I Following is a reconciliation between the tax sum that would have applied if all the revenues and expenses, profits and losses in profit or loss were taxable at the historical tax rate and the tax on income sum that is reflected in profit or loss.

	As at December 31		
	2023	2022	2021
	NIS thousands		
Pre taxes on income loss	(33,518)	(42,141)	(36,408)
Historical tax rate	23%	23%	23%
Tax benefits calculated pursuant to the Company's main historical tax rate	(7,709)	(9,692)	(8,374)
Rise (decrease) in taxes on income deriving from the following factors:			
Expenses that are not permitted / nontaxable revenues for tax purposes	397	867	217
Creating deferred taxes for losses and benefits from previous years for which no deferred taxes were recorded in the past	(1,450)	-	(1,639)
A different tax rate in the subsidiary's operating overseas	1,366	(16)	42
Exploitation of losses and benefits from previous years for which no deferred taxes were recorded	(6,635)	-	-
Interim provisions and losses for tax purposes for which no deferred taxes were created	9,751	9,757	4,999
	(4,280)	916	(4,755)

g. Uncertain Tax Positions

Accelerated Depreciation:

Pursuant to an opinion that the Company received, pursuant to which the Company is an industrial company pursuant to the Industry Encouragement Law (Taxes), 5729 – 1969, and is entitled to demand shift depreciation, equipment operated in two shifts more on deducting depreciation 18% while equipment operated in one shift more with a depreciation deduction of 15%. Pursuant to the aforementioned, the Company is claiming depreciation of 15% for its connected systems.

No 18 - Engagements, Contingencies, Encumbrances and Collaterals

a. Engagements

1. The Roofs Project:

As at the report date, the Group had initiated and constructed photovoltaic systems for generating electricity on roofs in Israel with a total capacity of 61 megawatts.

As a part of the roofs project, the Group leases roofs of agricultural forms, public buildings under the ownership of local authorities, factories etc. from various entities throughout Israel, on which systems are located by virtue of the various regulations of the Electricity Authority. The Electricity Authority's regulations outline the various types of tariffs for the electricity generated by the systems, such as the system in time load published by the Electricity Authority, a fixed tariff linked to the Consumer Price Index that was established in the framework of the Electricity Authority's competitive procedure and the unlinked fixed tariff and the default tariff. Furthermore, in relation to some of the system, the Company sells the electricity produced to an entity with whom it engaged for the purposes of constructing the systems, at an agreed-upon tariff. The roofs project is financed through a loan, see Note 15(c)1 for additional details.

2. Solaer-Helios Partnership:

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

3. **A Memorandum of Understanding for Constructing a Photovoltaic Production Installation in Spain, Elche:**

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

4. **Alizarsun Project**

On September 18, 2018, the Company engaged in a joint venture agreement with Himin Solar for establishing the Alizarsun Project with a capacity of 50 MW in Zaragoza, Spain. Pursuant to the joint venture agreement, on April 30, 2019, an agreement was signed between Himin 2, which is indirectly held by the Company at a rate of 55.9% and Avic International Corporation (UK) limited (hereinafter: “Avic”) the full (100%) acquisition of the shares of Alizarsun, which had initiated and constructed the Alizarsun project for a total consideration of €3,100 thousand. Furthermore, Himin 2 paid Himin Solar, which holds 49% of the rights in Himin 2, a sum of €700,000 for covering Avic’s debt vis-à-vis Himin Solar for the services agreement for developing the Alizarsun project. At the beginning of 2022, the system was connected to the electricity grid. Pursuant to the PPA agreement dated February 17, 2020 with a third-party, 70% of the electricity output produced in the installation will be sold at a fixed price of €34 per kWh for 10 years. On March 15, 2022, an additional PPA agreement was signed with the same third party pursuant to which an additional 25% of the installation's output would be sold at a price of €83 per kWh for 3 years. Furthermore, a one-time sum of €1,269 thousand was paid to the acquirer as compensation for loss of revenues prior to the date of connecting the installation to the electricity grid. This sum will be deducted from the revenues from the sale of electricity from the acquirer for a period of 10 years. The balance of the installation's output will be sold at market prices. The financing for acquiring the project was received from a number of third parties and owners loans. See Notes 15(c3 and 15(c))3 for details regarding the loans for financing the project.

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

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

6. **An agreement regarding renewable energy ventures in Poland:**

   On April 7, 2021, the Company engaged in a shareholders agreement with a venture Company in Israel (hereinafter: "**TDA**"), which is experienced in developing renewable energy ventures in Poland for creating a Partnership, which will promote and develop, construct and operate renewable energy projects in Poland. In the framework of the engagement and for the purposes of managing the Partnership, the parties established a limited Partnership and management company that are held by the Company and TDA at rates of 70% and 30% respectively (hereinafter: "Solaer – TDA Partnership") TDA will be responsible for tracing projects in Poland, on the basis of the right of first refusal for the Partnership (hereinafter: "The selected projects"). Should any of the selected project reached the stage of preparedness for construction (i.e., after financial closure; hereinafter: "The construction stage"), the Partnership will engage with TDA in a construction management agreement, by virtue of which TDA will impart the Partnership with construction management services in relation to the relevant project, when, in consideration for this, TDA shall be entitled to an additional consideration for each megawatt, which is immaterial in relation to the total project volume. The founders' agreement includes the possibilities of early termination of the aforementioned construction management agreement and the right of each of the parties (by giving preference to the Company in this method) to acquire, in this event, the share of the second party in the project which will be in joint development at that time. The Partnership will be financed through owners' loans, when the Company undertook to extend TDA's share in the owners' loans to TDA, when, in this event, the aforementioned loans will bear annual interest rates of 9% until the financial closure stage and 6.5% thereafter and must be paid from the Partnership's available flows.

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

7. Projects in Chile:

a. During2022, the Company engaged in an agreement for acquiring the rights in photovoltaic projects in Chile (through the acquisition of shares of the companies holding the projects at the stage in which the project reaches preparedness for construction) with a capacity of 137 MW, that are in the advanced development stage. The consideration for the acquisition is paid on a project reaching a status of preparedness for construction. The acquisition is executed through a subsidiary under the Company's control, 47.43% of the capital of which is held by the Company in concatenation. In the framework of the rights acquisition agreements, the sellers undertook to provide development services to the Company for the benefit of promoting the project, which includes obtaining all the mandatory permits, licenses, rights and agreements for constructing the project, up to it reaching the status of preparedness for construction, this in consideration for the payment specified in the agreement.

b. On September 1, 2022, the Company signed an agreement for acquiring rights in the Anpac project for generating photovoltaic energy and water desalination in Chile, which is in the advanced development stage. The project is expected to be composed of a solar field with a capacity of 150 MW, a water desalination installation with a volume of 35 million cu. meters per annum, a total of 70 million cu. meters and infrastructures for conducting the water to the mining industry in engagements for periods of 20 years. The acquisition will be executed through Agua Sol. In the framework of the acquisition agreement, Agua Sol will acquire the full share capital in two designated companies that hold the project, subject to receiving all the material authorizations for the purposes of constructing the project. Up to the acquisition of the shares, the Company will bear the development costs that are negligible in relation to the total cost of the project, by providing a loan to the project company bearing interest of 5%.

On February 12, 2023, through Agua Sol, the Company signed a non-binding Memorandum of Understanding with a global infrastructure company with the purposes of engaging in EPC and O&M agreements and providing construction and engineering services for the purposes of constructing the Anpac project in Chile, subject to examining the suitability and signing a detailed agreement between the Parties. Furthermore, after the report date, on January 26, 2024, through Agua Sol, the Company signed with an international investments bank, which will be exclusively responsible for raising capital, debt and hedges in a total sum estimated at $1.5 billion in the Anpac Project. See Note 30a below for additional details.

8. Projects in Italy:

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

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

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

On September 27, 2023, an agreement for the sale of the project in Italy with a capacity of 140 MW was signed, subject to the existence of conditions precedent, which, inter alia, include the project reaching the ready for construction stage (RTB), receipt of all the mandatory regulatory permits for the purposes of its construction and the Boards of Directors of both Parties approval by December 31, 2023. On December 29, 2023, the Buyer's Board of Directors approval was received and on December 31, 2023, the approval of the Board of Directors of the subsidiary that holds the project was received. The date for fulfilling the mandatory conditions precedent for exercising the agreement, is up to June 30, 2024, when, each of the Parties has a one-time right to extend the aforementioned date by six additional months. The total consideration for the project comprises an amount of €230 thousand per megawatt, with an adjustment to the aforementioned consideration as established in the agreement. As aforementioned, the project has been classified to assets held for sale. Furthermore, the Company is continuing negotiations for the sale of additional projects with a capacity of 133 MW.

9. **Additional Projects in Spain:**

a. As at the report date, the Group had engaged in framework agreements with a local entrepreneur for acquiring the construction rights of photovoltaic projects in Spain with a total capacity of 962 MW (the Company's share, 47.4%). Pursuant to the aforementioned framework agreements, the project companies hire the entrepreneur's services, which include, inter alia, the following services: Tracing suitable land for constructing photovoltaic systems in Spain; providing all the necessary materials in order to examine the suitability of the land (from a technical, environmental and legal aspect) for constructing the project; making contact with the relevant land owners for the purposes of engaging in suitable agreement; submitting an initial request for connecting the installation to be constructed on the land to the electricity grid; preparing engineering designs; and obtaining all the mandatory authorizations, permits and licenses for the purposes of the project reaching a status of preparedness for construction (when the projects' company bears all the costs of the aforementioned proceedings, including extending guarantees, should any be required).

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

In relation to each project in relation to which a framework agreement will be signed with the project companies, as aforementioned, the entrepreneurs shall be entitled to a sum of between€60,000 and €109,000 for each megawatt to be included in the project, which must be paid in installments pursuant to the milestones established in the agreements. The project company's shares will be transferred to the disposal of the Company when the project reaches the preparedness for construction stage.

b. On November 16, 2022, through Re Solar and a European investments fund, the Company signed a Memorandum of Understanding with a leading international retail company for the sale of 60% of the electricity (PPA) to be produced as a part of the Company's projects in Spain, with a total estimated capacity of 175-150 MW.

c. On September 29, 2022, a consolidated subsidiary in Spain engaged with a Spanish insurance company in an agreement for extending a connection and construction guarantee framework, which is renewed every year, inter alia, in relation to these projects (and additional projects with a capacity of 200 MW). The subsidiary will pay the insurance company, annual interest of 1.5% for extending the guarantees framework.

d. On November 22, 2022, through Re Solar, the Company signed a Memorandum of Understanding with a Spanish bank for extending senior financing of up to €75 million for financing the construction of the Makinenza project in Spain with a total capacity of 125 MW in the sum of €75 million bearing interest of EURIBOR + 2.5% to 2.75% for a period of six months (that shall not be less than 0%). Furthermore, the Spanish bank will extend connection to the grid guarantees, PPA guarantees and the guarantees required for dispensing the project on the termination of its operational period, in favor of the project, in a total sum of €11.5 million.

e. On December 23, 2022,a number of project companies that hold projects with a capacity of 250 MW, signed a binding agreement with an American company for the sale of electricity (PPA) to be produced in these projects.
f. On December 13, 2022 an agreement for financial closure of the Vienna project with a total capacity of 18.5 KW was signed for a period of 18 years bearing interest of EURIBOR + 2.5%. Furthermore, as a part of the agreement, the bank extended a loan of €2.3 million for a period of 18 months for financing VAT payments against invoices during the construction period bearing

EURIBOR interest for a period of three months (that shall not be less than 0%) with the addition of 1.9%.

g. On January 4, 2023, through Re Solar,the Group signed a binding investment agreement with a leading European investment fund in the energy and utilities field in relation to the Company's projects in Spain with a total capacity of 300 MW. In the framework of the investment agreement, it was established that the investment fund would invest a sum evaluated at €30-40 million, subject to the projects reaching the preparedness for construction stage. In consideration of the sale, the investment fund will acquire 49% of the rights in both companies held by Re Solar at a rate of 100%. The investment proceeds would enable the Group to construct the projects without any additional material investment on its part. The proceeds reflect a premium of 200% above the original acquisition price, pursuant to which the projects were acquired by the Company. Some of the consideration will be used for financing the Group's share in the equity capital investment for the projects. The Parties are in contact for amending the Investment Agreement, in the framework of which, the investment fund will acquire 75% of the rights in the holding companies in the project. Some of the project's assets were classified as assets held for sale.

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

b. <u>Contingent Liabilities</u>

There is a legal dispute between Solaer and Energix Renewable Energies Ltd., the shares of which are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter: "the public company") for the legal dispute, which is relevant to the operations transferred to the Company by virtue of the split agreement. See Note 1a for additional details.

At the foundation of the aforementioned legal dispute, is the joint venture agreement to promote, develop, construct, finance, operate and joint maintenance of the project for producing photovoltaic electricity in Israel (hereinafter: "The joint venture"), which was signed in July 2016 between the public company and Solaer Israel. The public company holds 70% of the rights in the joint venture and Solaer Israel holds 30% of the rights. Inter alia, the joint venture agreement included a condition of noncompetition, in the framework of which the parties to the agreement undertook that, during a period of 48 months from the date of signing the agreement, their operations in the operational field of producing electricity from photovoltaic energy in Israel would be executed solely through the joint venture, subject to the operations that were removed (for example operations in the framework of the net meter regulation) (hereinafter: "The noncompetition condition").

Over time, differences of opinion emerged between the parties. As a result, over the past four years, the parties have submitted reciprocal claims against each other, which also included a demand for financial compensation, requests for declarative reliefs and requests for giving orders. Inter alia, by virtue of the noncompetition condition, the public company is claiming the transfer of all the independent projects that Solaer Israel developed during the noncompetition period to the joint venture, which includes the roofs projects, which had been transferred to the Company by virtue of the spirit agreement. As at the report date, unsuccessful arbitration and pretrial sessions had been conducted between the parties and a procedure of disclosing documents and a questionnaire has commenced, which is in a dispute that will be decided by the Court.

Furthermore, see details in Note 28c3 of the Company's Statement of Claim against Mr. Ein Dor.

c. <u>Encumbrances</u>

1. The Company has a fixed or floating lien, in favor of an Israeli insurance company, on all the existing and future assets and rights of the borrowing project companies, including all the rights and profits deriving from them; and a lien on all the borrowing project companies shares, including all the rights and profits deriving by virtue of them, which are held by So; Neto 1 and Solaer Net Metering Ltd., corporations under the full ownership of Solaer. Collateral for the liabilities of all the borrowing project companies cross collateralization.

2. Furthermore, the Alizarsun project has a lien on the shares, a lien on accounts and a fixed lien on all the assets and rights in favor of the Austrian bank.

3. Regarding the development loan, Re Solar has encumbered all its rights in the companies and partnerships that hold the project in Spain for which funds were withdrawn. Furthermore, the Company has encumbered its rights in the owners' loan extended to Re Solar.

d. <u>Collateral</u>

From time to time, as a part of its normal operations, the Company extends collateral to the Electricity

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

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

Note 19 - Share Capital

a. Composition

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

	Number of Shares		Sum	
	Registered	**Issued and paid up**	**Registered**	**Issued and paid up**
	December 31, 2022			
	Quantity		**in NIS thousands**	
Ordinary Shares each without a par value	13,814,602	10,000,000	(*)-	(*)-

(*) Represents a sum lower than NIS 1

b. Adaptation between the existing number of shares in the cycle at the beginning of the year and the existing number of shares in the cycle at the end of the year

		2023	2022	2021
		Ordinary Shares each without a par value		
	Note	Number of shares		
Balance as at January 1		13,814,602	13,945,800	10,000,000
Public share issue		-	-	2,475,000
Private issue	19(c)(3	2,597,500	-	1,470,800
Dormant shares	28(c)(3	-	(131,198)	-
Balance as at December 31		16,412,102	13,814,602	13,945,800

c. Additional Details

1. On February 2, 2021, the initial public issue was completed pursuant to the Company's prospectus on the Tel Aviv Stock Exchange. As a part of the capital raising, 2,475,000 Ordinary Shares without a par value were issued to the public at a price of NIS 4.8 per share The proceeds from the capital raising amounted to NIS 118,800 thousand gross and NIS 109,425 thousand net

2. On June 23, 2021, a private issue of the Company's shares was completed. As a part of the capital raising, 1,470,800 Ordinary Shares were allocated without a par value, at a price of NIS 40.92 per share. The proceeds of the capital raising amounted to NIS 60,185 thousand gross and NIS 59,513 thousand net.
Furthermore, on the private allocation data, 735,401 option warrants, not listed for trading, were allocated, which, can be exercised from the issue date until the end of a 18 months from the date of allocating the options. The strike price of the proposed options will be NIS 48 for each option, which constitutes the Company's share price on the date of this initial public offer. These options expired on December 23, 2022.

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

Note 20 – Share-Based Payment

On February 6, 2022, options, which had been approved by the Board of Directors on December 14, 2021 were allocated. The options are non-negotiable and were allocated to 16 employees in the Company. The strike price of each option for each Ordinary Share of the Company is NIS 38.784. Subject to the conditions of the options program, at the end of each year in the first three years from the date of the Board of Directors' decision, one third of the options will mature. In years 2023 2022, the labor costs for the share-based payment amounted to NIS 1,392 thousand and NIS 3,428 thousand, respectively. The options are exercisable by the offerees up to the termination of five years from the date of approving the allocation, subject to the provisions in the allocation agreement and subject to expiry of the options on the termination of the employee's employment, pursuant to the manner of terminating the employment and as detailed in the options program, the options are non-transferable.

Following are the parameters that are used for measuring the fair value on the date of granting the share-based payment program.

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

Note 21 - Revenues

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Revenue from establishment services	484	406	5,240
Revenues from electricity sales	46,605	37,789	7,960
Revenues from a venture	-	303	135
Revenues from maintenance and other	581	196	406
	47,670	38,694	13,741

Note 22- Systems Maintenance and Accompaniments

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Costs for construction work in process	412	286	5,284
Systems maintenance and others	10,192	11,066	2,413
	10,604	11,352	7,697

Note 23- Administration, head office and others

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Professional services	8,503	11,039	7,839
Rentals and office	550	378	450
Levies and fees	451	485	594
Advertising	54	217	243
Vehicle	794	512	638
Communications and computerization	388	351	359
Insurance and others	1,951	1,898	1,023
	12,691	14,880	11,146

Note 24 - Project Development Expenses

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Examination of suitability for acquiring a project	653	1,895	3,548
Projects without any economic feasibility	1,129	-	-
	1,782	1,895	3,548

Note 25 – Finance expenses

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Interest on loans from banks and financial institutions	23,725	25,085	14,439
Interest on bonds	20,652	18,469	-
Interest expenses for a leasing liability	5,239	4,029	1,699
Credit loss expenses	428	243	30
Commissions and others	710	591	1,138
Rate differences	-	-	4,814
Hedging transactions	-	-	2,001
	50,754	48,417	24,121

Note 26 – Financing Revenues

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Interest revenues	3,384	1,638	1,323
Gains from changing the conditions of loans	5,930	8,144	7,758
Rate differences	19,377	15,283	-
Hedging transactions	-	201	-
	28,691	25,266	9,081

Note 27 - Loss per share

Basic loss per share

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

On the date of completing the issue, on February 2, 2021, a split of each existing share in the issued and paid up share capital of the Company was executed to 100,000 shares, so that after the issue, the quantity of the Company's shares is 10 million, (prior to the sale of the shares to the public). Accordingly, the earnings-per-share was represented, so that the earnings-per-share reflects the earnings pursuant to the quantity of shares after the split.

	As at December 31		
	2023	2022	2021
		NIS	
Loss attributed to the owners of the Company	(7,452)	(28,811)	(25,699)
The weighted average of the number of issued Ordinary Shares	13,850,184	13,883,616	13,020,884
Basic and diluted loss per share in NIS	(0.54)	(2.08)	(1.97)

Note 28 - Transactions and Balances with Stakeholders and Related Parties:

"Stakeholders"- in the sense of Clause 1 of the definition of a controlling shareholder in a corporation in Section 1 of the Securities Law, 5728 – 1968.

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

a. Balances with stakeholders and related parties

	Referral to Note	As at December 31 2023	As at December 31 2022
		NIS thousands	
Solaer Israel		178	321
Solento Roofs		(81)	(63)
Himin Solar	28ו	(3,597)	(133)
Loans to Solaer Israel	28(d)(2)	6,935	6,292

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

	Referral to Note	For the year ending December 31		
		2023	2022	2021
		NIS thousands		
Salary and social benefits to a related party employed in the Company or on its behalf	28(c)1 and 28(c)2	2,147	1,950	2,675
The number of people to whom the benefit relates	28(c)1 and 28(c)2	2	2	3
Total benefits for Directors who are not employed		253	258	1,965
The number of people to whom the benefit relates		4	4	5
Revenues from initiation and management fees for the affiliated company		272	303	135
Interest income from the sister company	28(d)2	643	640	392
Management fee revenues from the sister company	28(d)3	60	60	55

c. Emoluments for Stakeholders and Senior Officers

1. Ms Paula Vilin Segev among the Controlling Shareholders (together with her husband, Mr. Alon Segev, whose tenure as the Chairperson of the Board of Directors) is active in the Company. In consideration for her tenure, as a full-time job, as of October 1, 2020, Ms Segev is entitled to a monthly remuneration (including a gross salary of NIS 60,000, social benefits, study fund, company car from the licensing group 7, a mobile telephone and parking) at a total monthly cost of NIS 83,400. Furthermore, Ms Segev is entitled to 30 days leave and 30 days sick leave per annum, subject to an advance notice period of 90 days (apart from instances that have been removed), to an adaptation grant to be paid to her on her retirement from the function in the sum of 4 monthly salaries and to a refund of expenses expended by her by virtue of her function in the Company (against suitable receipts pursuant to the Company's procedures). Furthermore, Ms Segev is entitled to a bonus at a rate of 2.5% of the Company's cumulative FFO as of October 1, 2020 on the basis of the multi-annual bonus mechanism and provided that the average annual bonus paid to her over the agreement period shall not exceed NIS 500 thousand. Furthermore, Ms Segev has been given exemption and indemnification letters on behalf of the Company and she is included in the Company's Directors and Officers Liability Insurance Policy.

2. Mr. Alon Segev is a Controlling Shareholder in the Company (together with his wife, Ms Paula Vilin Segev), who serves as a Director and CEO of the Company.In consideration for his tenure as CEO in a 90% job, as of October 1, 2020 Mr. Segev is entitled to the identical employment conditions to those paid to his wife, Paula and which are described in Note 1 above.

3. On May 29, 2022, the Company signed a compromise agreement with Mr. Oded Ein Dor, who had been a Stakeholder until the end of 2021. The compromise agreement was signed in view of deeds that Mr. Oded Ein Dor had executed against the Company. Pursuant to the compromise agreement: (a) On the agreement coming into force, 131,198 shares of the Company will expire. Alternatively should expiry of the shares not be possible, the shares, as aforementioned, will be converted into dormant shares of the Company, without any payment whatsoever to Mr. Ein Dor; (b) 449,820 Ordinary Shares of the Company must be sold to a third-party in an extra exchange transaction, when the proceeds received for the aforementioned sale will be deposited in trust until giving the force of a verdict to the compromise agreement; and (c) 168,682 shares (reflecting 22.5% of the shares held by the Trustee services will remain at the Trustee for a period of two years from the date of giving force of a verdict to the compromise agreement and will be used as a guarantee to secure Mr. Ein Dor's liabilities as aforementioned in the compromise agreement. Furthermore, pursuant to the agreement, the parties were given options as follows: (a) A PUT Option in the framework of which Mr. Ein Dor shall be entitled to sell the shares at the disposal of the Trustee to the Company at the average price of the closing price of the Company's shares on the Exchange during 30 trading days that preceded giving the sale instruction by him, with the addition of NIS 400,000, provided that. Mr. Ein Dor gave written notice of his wish to exercise the PUT option from November 30, 2023 until May 29, 2024, the Company must acquire the secured shares itself or cause the fact that a third party shall acquire the shares);and (b) A CALL, option in the framework of which the Company is entitled to acquire the secured shares at any time up to May 29, 2024 either itself or through someone on its behalf (including a third-party), by giving written notice on its behalf to Mr. Ein Dor pursuant to the higher price between: (i) The average price of the closing price of the Company's shares on the exchange in the 30 trading days preceding giving the notice of exercising the CALL option; and NIS 29.86. Pursuant to the provisions in the compromise agreement, on July 11, 2022, Mr. Ein Dor transferred 131,198 Ordinary Shares of the Company that were under his ownership without consideration and, on June 6, 2022, Mr. Ein Dor sold 449,820 of the Company's shares, which were under his ownership, to a third party, so that, after the sale of the shares, Mr. Ein Dor ceased being a Stakeholder in the Company. In the opinion of the Company, Mr. Ein Dor violated his commitments in the compromise agreement and, therefore, the safe stock has expired or has become dormant. On November 28, 2023, the Company served notice to Mr. Ein Dor that the safe stock had expired pursuant to the compromise agreement. By virtue of the fact that an arbitration stipulation applied to the agreement, the Parties approached an agreed-upon Arbitrator. The preliminary arbitration session after submitting the Statement of Claim, was set for April 18, 2024. The Company believe that, based on its legal consultants, it would appear that the chances of the claim being accepted are higher than the chances of the claim being dismissed.

4. The balance of the liability in view of termination of employee employer relationships to Stakeholders as at December 31, 2023 and December 31, 2021 is NIS 182 thousand and NIS 267 thousand, respectively. In addition, there is a liability balance in view of the termination of employee employer

relationships in addition for stakeholders as at December 31, 2023 of NIS 217,000, which is recorded in accounts payable.

5. The balance of the debt from the Controlling Shareholder in the 12 months of 2023 amounts to NIS 6,935 thousand.

d. Agreements with Solaer Israel

1. The Offices Lease Agreement:
As of November 2018, the Company leases its offices on 27 Eli Hurwitz Street in Rehovot from Solaer Israel in a sublease at an identical cost in the lease agreement with a third-party. The monthly rentals amounts to NIS 25 thousand. During 2021, Solaer Israel acquired the offices and it should be noted that the lease conditions remained unchanged.
The Company also engaged with Solaer Israel in a sublease for additional office areas. The monthly rentals are identical to that paid by Solaer to a third party an amount to NIS 16,000 per month. See Note 11(1)b for additional details.

2. Loans between the Company and Solaer Israel:
On December 24, 2020, the Company engaged in an agreement for extending a loan of NIS 7 million to Solaer Israel. The loan bears annual interest of 6.5% which will be added to the loan principal. The loan and accrued interest shall be linked to the Consumer Price Index. The loan principal with addition of interest and linkage must be paid by Solaer Israel on December 23, 2025. Despite the aforementioned, Solaer Israel can settle all or part of the loan at any time, by early settlement without any sanctions. Solaer Israel repaid a sum of NIS 4 million after the 2021 issue. In addition to this loan, on December 31, 2020, the Company lent Solaer Israel NIS 2.2 million against the loan from the Austrian bank. As of the financial statements date, interest of NIS 1,734 thousand had accrued for this loan and the balance sum is NIS 6,935 thousand

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

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

f. On December 29, 2023, the Company, engaged in a management agreement with Re Solar and with its other Shareholders for providing development and construction services in projects in Spain, Italy and Chile. The essence of the services that the Company provides by virtue of the aforementioned agreements, that are provided through the Company's employees, both prior to acquiring the projects and afterwards, are, inter alia, in the promotion stage, the Company executes an examination of the feasibility of acquiring the project, a market survey, evaluation of the relevant projects for investment, detailed analyses on the regulatory, environmental and technical situation of the projects, evaluation of the costs and financing sources, tracing risks, negotiations for acquiring the project, suitable examinations etc. until receipt of an environmental survey, if not received as such prior to the acquisition date (hereinafter: "management services") After receipt of the environmental survey, if not receive prior to the acquisition) the Company provides development services for the purposes of promoting the project, which, inter alia, include engineering planning, negotiations regarding purchase agreements vis-à-vis contractors and equipment suppliers, managing the acquisition process and preparation of a technical specifications schedule / tender for the con structure and agreement with the construction company, managing the long-term electricity sales closure agreement process (PPA), promoting and managing the financial closure process, regular inspection of the developers working at attaining all the mandatory authorizations and licenses and their compliance with the regulatory requirements, monitoring and controlling all the land agreements of the projects in order to ensure their validity, legality, the project's compliance with all the taxation and legal requirements etc. (hereinafter: "Management Services")

In Q4/23, the Company bound a number of projects that had matured and received environmental reports.

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

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

Note 29– Sectors

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

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

The sector's results are based on the Company's operating income, on neutralizing depreciation and amortization expenses and an impairment of the systems attributed to the reportable sectors of the Company (without the depreciation expenses deriving from implementing IFRS 16 and, in contrast recording leasing expenses pursuant to the actual payment).

a. The Photovoltaic Operational Sector in Israel

Either itself or through it its investee corporations, the Company promotes, develops, plans, licenses, managers financing procedures, construction, management, activation and maintenance of electricity production systems from renewable energy sources in Israel. The Company's major operations in Israel are promoting and constructing yielding projects of photovoltaic systems, ground or on the roofs, public buildings, factories etc. and, which are used for the purposes of the electricity current to the national distribution and conduction lines and for self-use of private consumers, pursuant to the Electricity Authority's various regulations

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

The Company operates, itself or through its investee corporations, in Spain and Italy through joint ventures with third parties in the field of promoting, developing and constructing photovoltaic systems.

The sector constitutes a cluster of the Group of operations in Spain and Italy. Management believes that the two operational sectors can be clustered into one operational sector, because both operational sectors have similar economic and business characteristics, the agreements are similar in essence and the decisions are adopted jointly and, therefore, the principal decision-maker perceives the Company's operations in those countries as one sector.

c. Management and Construction

As of the report period, the Group's revenues from providing management services to projects in the development, construction or operating stages and from providing construction and maintenance services to projects under partial or full ownership of the Company are surveyed by the chief operational decision-maker. The consolidated companies results are surveyed according to 100% and not according to the Company's share in the consolidated companies. Comparative figures have been updated in the following Note, The sectorial data for the reporting sectors is as follows:

	For the year ending December 31, 2023					
	Israel – photovoltaic	Spain and Italy – photovoltaic	Management and construction	Other	Adjustments for consolidated	Total consolidated
	NIS thousands					
Revenues from external entities	28,980	15,737	-	2,953	-	47,670
Inter-sectorial revenues	-	-	34,046	-	(34,046)	-
Total revenues of the sector	**28,980**	**15,737**	**34,046**	**2,953**	**(34,046)**	**47,670**
Sectorial Results	**16,480**	**12,649**	**12,701**	**(303)**	**(15,286)**	**26,241**
Items that were not allocated to sectors						
Expenses that were not allocated to sectors						(18,992)
Depreciation and amortization and impairments						(18,806)
Finance expenses, net						(22,063)
Profits of an affiliated company						102
Pre-tax loss						**(33,518)**

	For the year ending December 31, 2022					
	Israel – photovoltaic	Spain and Italy – photovoltaic	Management and Construction	Other	Adjustments for Consolidated	Total consolidated
	NIS thousands					
Revenues from external entities	20,776	16,355	-	1,563	-	38,694
Inter-sectorial revenues	-	-	19,724	-	(19,724)	-
Total revenues of the sector	**20,776**	**16,355**	**19,724**	**1,563**	**(19,724)**	**38,694**
Sectorial Results	**11,474**	**12,603**	**(3,086)**	**(286)**	**(1,870)**	**18,835**
Items that were not allocated to sectors						
Expenses that were not allocated to sectors						(21,667)
Depreciation and amortization and impairments						(16,229)
Finance expenses, net						(23,151)
Profits of an affiliated company						71
Pre-tax loss						**(42,141)**

	For the year ending December 31, 2021					
	Israel – photovoltaic	Spain and Italy – photovoltaic	Management and construction	Other	Adjustments for consolidated	Total consolidated
	NIS thousands					
Revenues from external entities	13,741	-	-	-	-	13,741
Inter-sectorial revenues	-	-	150,310	-	(150,310)	-
Total revenues of the sector	**13,741**	**-**	**150,310**	**-**	**(150,310)**	**13,741**
Sectorial Results	**5,367**	**(2,793)**	**388**	**(408)**	**(2,321)**	**233**
Items that were not allocated to sectors						
Expenses that were not allocated to sectors						(18,401)
Depreciation and amortization and impairments						(3,200)
Finance expenses, net						(15,040)
Pre-tax loss						**(36,408)**

Data based on geographic regions

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

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Revenues from external entities			
Israel	28,980	20,776	13,741
Spain and Italy	18,690	17,918	-
Consolidated	**47,670**	**38,694**	**13,741**

Major Customers

The Group's revenues from the Alpac customer that are attributed to the photovoltaic sector in Spain in 2023 and 2022 are sums of NIS 15,738 and 12,9717 thousand, respectively.

Note 30 - Events after the Balance Sheet Date

a. On January 26, 2024, through Agua Sol, the Company signed with an international investments bank (hereinafter: "the investments bank"), which will be solely responsible in the Anpac project for raising capital, the debt and hedges (should any be necessary for the project) in a total sum of $1.5 billion. The investment bank has been given exclusivity for attaining funding for the project, when the exclusivity period shall be the earlier between 24 months from the date of signing the agreement or from the date on which the project companies sign and engagement document or acquisition agreement, a loan agreement and/or other express documents apart from the content relating to funding the project (hereinafter: "The exclusivity period"). The consideration to be paid to the investment bank will be on the basis of "success," apart from dependency on raising equity and debt for the project and it is expected to amount to immaterial sums in relation to the entire cost of the project. Furthermore, the investments bank is entitled to a refund of various expenses as is conventional in this type of agreements. In addition, there are additional sections in the agreement, which, inter alia, include references to confidentiality, indemnification, increasing responsibility and additional and various protections, as is conventional in this type of agreements.

b. On February 14, 2024, the Company withdrew €12.9 million (about NIS 50.6 million) from the mezzanine loan facilities that were extended by the European investments fund, for constructing the Calasparra Project in Spain. See Note 15d6 above for additional details.