



Part C- 2

Solo Financial Report as
at December, 31, 2023

SOLAER
RENEWABLE ENERGIES

Solo Financial Data as at December 31, 2023

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Somekh Chaykin
KPMG Millennium Tower
17 Ha'arba'a Street PO Box 609
Tel Aviv 6910601
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Attention
The Shareholders of Solaer Renewable Energies Ltd.

Re: The special report of the Auditor on the Solo financial data pursuant to Regulation 9c of the Securities (Periodic and Immediate Reports) Regulations, 5730 – 1970

We have audited the solo financial data introduced pursuant to Regulation 9c of the Securities (Periodic and Immediate Reports) Regulations, 5730 – 1970 of Solaer Renewable Energies Ltd. (hereinafter – "the Company") as at December 31, 2023 and 2022 and for each of the two years, the last of which ended on December 31, 2023. The solo financial data are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an opinion on solo financial data based on our audit.

The Company's solo financial data as it December 31, 2021 and the years ending on December 31, 2021 were audited by the previous auditors the report of whom about it dated March 30, 2022 included an unqualified 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 2022, amounts to NIS 437 thousand and NIS 323 thousand, respectively and, the Company's share in their comprehensive income (losses) amounts to NIS 102 thousand and NIS (811) thousand for the years ending on that December 31, 2023 and December 31, 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 solo financial data contain no material erroneous presentation. The audit includes a sample examination of the evidence supporting the sums and details included in the solo financial data. 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 solo financial data. We believe that our audit and the reports of the other Auditors provide 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 solo financial data were prepared, from all material aspects, pursuant to the instructions in the Securities (Annual Financial Statements) Regulations, 5770 – 2010.

Somekh Chaykin
CPA

March 28, 2023

Data on the Financial Position

	Note	As at December 31	
		2023	2022
		NIS thousands	
Current Assets			
Cash and cash equivalents	4	78,898	44,701
Deposits		-	339
Trade receivables		10	184
Other accounts receivable		5,681	2,671
Associated companies		1,998	3,671
Loans to investee companies		88,464	50,381
		<u>175,051</u>	<u>101,947</u>
Non-current assets			
Encumbered deposit		5,241	5,046
Investments in investee companies		39,877	49,393
Loans to investee companies		328,942	306,415
Electricity generating systems under construction and initiation		1,267	2,148
Property, plant and equipment, net		423	499
Right of use assets		3,126	2,485
Deferred taxation assets	6	4,891	918
Loan to a related party		6,935	6,292
Long-term other accounts receivable	5	2,962	3,611
		<u>393,664</u>	<u>376,807</u>
		<u>568,715</u>	<u>478,754</u>

The additional information attached to the solo financial data constitutes an integral part hereof.

Data on the Financial Position

	Note	As at December 31	
		2023	2022
		NIS thousands	
Current Liabilities			
Credit from banks		-	896
Current maturities of bonds		48,897	25,402
Trade payables		1,409	1,206
Other accounts payable		3,915	7,034
Current maturities of a leasing liability		1,246	1,094
		<u>55,467</u>	<u>35,632</u>
Non-Current Liabilities			
Bonds		238,072	225,200
Associated companies	1c8	-	49,272
Liabilities for employee benefits, net		203	286
Surplus liabilities over assets in investee entities treated under the equity method		22,943	8,291
Long-term leasing liability		1,570	1,094
		<u>262,788</u>	<u>284,143</u>
Equity			
Share capital		- (*)	- (*)
Premium on shares		238,317	168,938
Capital reserves		73,601	54,984
Receipts on account of options and shares		9,581	-
Loss balance		(71,039)	(64,943)
Total equity attributed to the owners of the Company		<u>250,460</u>	<u>158,979</u>
Total liabilities and equity		<u>568,715</u>	<u>478,754</u>

(*) Represents a sum lower than NIS 1

The additional information attached to the solo financial data constitutes 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

Data on Comprehensive Income (Loss)

	Note	For the year ending		
		December 31		
		2023	2022	2021
		NIS thousands		
Revenues	7	26,707	15,728	71,170
Expenses				
Cost of revenues		(7,410)	(18,925)	(64,482)
Project development expenses		(1,129)	(30)	(500)
Salary and social benefits		(13,001)	(12,226)	(8,103)
Administration, head office and others		(8,562)	(10,095)	(10,197)
Loss before taxes, financing, depreciation and amortization, Loss from investee companies		(3,395)	(25,548)	(12,112)
Loss from investee companies		(42,850)	(17,747)	(11,371)
Loss before taxes, financing, depreciation and amortization		(46,245)	(43,295)	(23,483)
Depreciation and amortization		(1,377)	(1,211)	(1,188)
Loss before taxes and financing		(47,622)	(44,506)	(24,671)
Finance expenses		(20,911)	(21,762)	(13,487)
Finance income		57,596	41,380	9,966
Net finance income (expenses)		36,685	19,618	(3,521)
Pre taxes on Income Loss		(10,937)	(24,888)	(28,192)
Taxes on income revenue (expenses)	6	3,485	(3,923)	2,493
Loss for the year		(7,452)	(28,811)	(25,699)
Other comprehensive income				
Adjustments deriving from translating the financial statements of external operations of Investee companies		3,056	3,065	(5,896)
Net change in the fair value of financial instruments used for hedging the cash flows		(105)	(154)	-
<u>Sums that will not be reclassified later to profit or loss (net of tax)</u>				
Gains (loss) from re-measuring programs for a defined benefit		76	186	(117)
The share in comprehensive income of investee companies		15,465	16,301	15,640
Other comprehensive income for the year		18,492	19,398	9,627
Comprehensive loss net of taxes for the year		11,040	(9,413)	(16,072)

The additional information attached to the solo financial data constitute an integral part hereof.

Data on Cash Flows

	For the year ending		
	December 31		
	2023	2022	2021
	NIS thousands		
<u>Cash flows for regular operations</u>			
Loss for the year	(7,452)	(28,811)	(25,699)
<u>Revenue and expenses that are not involved in the cash flow</u>			
Depreciation and amortization	1,377	1,212	1,188
Taxes on income expenses (revenues)	(3,485)	3,923	(2,493)
Finance revenue, net	(36,685)	(19,618)	3,521
Share in the losses of investee companies	42,850	17,747	11,371
Share-based transactions payment	1,392	3,428	-
	5,449	6,692	13,587
<u>Changes in the assets and liabilities entries</u>			
Decrease in trade receivables	174	114	493
Increase in accounts receivable	501	5,963	8,112
Net decrease (increase) in the balances of associated companies	844	(1,542)	(41,263)
Increase (decrease) in trade payables	203	(6,845)	(20,496)
Increase (decrease) in accounts payable	(379)	(7,327)	8,141
Decrease in long-term accounts receivable	-	2,393	557
	1,343	(7,244)	(44,456)
Cash paid and received during the year for:			
Interest paid	(10,112)	(3,991)	(2,992)
Interest received	1,118	6,957	-
	(8,994)	2,966	(2,992)
Net cash used for regular operations	(9,654)	(26,397)	(59,560)

The additional information attached to the solo financial data constitute an integral part hereof.

Cash Flows Data

	For the year ending		
	December 31		
	2023	2022	2021
	NIS thousands		
<u>Cash flow from investment operations:</u>			
Acquisition of property, plant and equipment	(65)	(29)	(174)
Loan extended to investee companies	(57,252)	(147,148)	(129,832)
Retirement of loans from investee companies	5,094	74,806	-
Investment in electricity production systems under construction and initiation	(680)	(823)	(1,169)
Payments to creditors for acquiring investee companies	-	-	(7,898)
Deposit to encumbered deposits	-	(5,000)	-
Short-term deposits withdrawal (investment)	356	1,809	(1,874)
Investment in an investee company	(6)	(99)	(627)
Retirement of loan to a related party	-	-	4,000
Net cash used for investment operations	<u>(52,553)</u>	<u>(76,484)</u>	<u>(137,574)</u>
<u>Cash flows from financing operations:</u>			
Private share and options issue (less the issue expenses)	78,648	-	168,938
Short-term credit from banks, net	(896)	896	-
Repayment of long-term loans	-	(106,841)	-
Receipt of long-term loans	-	-	40,439
Bonds issue (less the issue expenses)	54,355	237,918	-
Payment of a leasing liability reserve	(1,249)	(1,100)	(970)
Payment of a bonds reserve	(32,598)	-	-
Payment for settling derivative financial instruments	(2,198)	(1,933)	(699)
Cash that derived from financing operations, net	<u>96,062</u>	<u>128,940</u>	<u>207,708</u>
<u>The effect of exchange rate fluctuations on cash and cash equivalent balances</u>			
The effect of exchange rate fluctuations on cash and cash equivalent balances	<u>342</u>	<u>44</u>	<u>-</u>
<u>Increase in cash and cash equivalents</u>	<u>34,197</u>	<u>26,103</u>	<u>10,574</u>
<u>Cash and cash equivalents balance at the beginning of the year</u>	<u>44,701</u>	<u>18,598</u>	<u>8,024</u>
<u>Cash and cash equivalents balance at the end of the year</u>	<u>78,898</u>	<u>44,701</u>	<u>18,598</u>
(a) Non-cash material operations			
Increase in a right of use asset against liabilities for leasing as a result of new leasing agreements	<u>1,877</u>	<u>305</u>	<u>1,049</u>

The additional information attached to the solo financial data constitutes an integral part hereof.

Additional information to the Solo financial data

Note 1 - General

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,

From the Company's establishment date until the date of the initial public issue, on February 2, 2021, the Company had not had any activity. On the issue date, the operations from a sister company and holding of entities dealing in the promotion, development, planning, licensing, management of financing procedures, construction, management, activation and maintenance of electricity producing systems from renewable energy sources, were transferred to the ownership of the Company pursuant to Section 105 of the Income Tax Ordinance.

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 and Poland. The Company is examining opportunities and collaboration in additional countries globally.

Following are the financial data from the Group's consolidated financial statements as at December 31, 2023 (hereinafter – "the consolidated reports"), that are published in the framework of the periodic reports, attributed to the Company itself (hereinafter – "solo financial data"), which are presented pursuant to Regulation 9c (hereinafter – "the Regulation") and the Tenth Addendum to the Securities (Periodic and Immediate Reports) Regulations, 5730 – 1970 (hereinafter – "the Tenth Addendum"), regarding the Corporation's solo financial data.

The Solo financial data should be read together with the consolidated financial statements.

In these solo financial data –

- (1) The Company - Solaer Renewable Energies Ltd.
- (2) Consolidated Companies/Subsidiaries- Companies, including partnerships the financial statements of which are fully consolidated whether directly or indirectly with the Company's financial statements
- (3) Investee companies - Consolidated companies and companies, including partnerships or joint ventures, in which the Company's investment is included, whether directly or indirectly in the financial statements on the basis of the equity value.

Additional information to the Solo financial data

Note 2 – The Principles of the Accounting Policy Applied in the Solo Financial Data

The accounting policy rules that are detailed in the consolidated financial statements will be implemented consistently for all the periods presented in the solo financial data by the Company, including in a manner in which the financial data were classified in the framework of the consolidated financial statements with the mandatory changes as provided below.

1. Data on the Financial Position

These data include information regarding the sums of the assets and liabilities included in the consolidated financial statements attributed to the Company itself (apart from for investee companies), while detailing according to the types of assets and liabilities. Furthermore, information regarding the net sum is included in the framework of these data, based on the consolidated financial statements, that are attributed to the Shareholders of the Company itself, of the total assets less total liabilities for investee companies, including goodwill.

2. Data on Profit and Loss and Other Comprehensive Earnings

These data include information regarding the sums of the revenues and expenses included in the consolidated financial statements with segmentation between profit or loss and other comprehensive earnings, which are attributed to the Company itself (apart from for investee companies), while detailing pursuant to the types of revenues and expenditure. Furthermore, the data include information regarding the net sum, based on the consolidated financial statements, that are attributed to the owners of the Company itself, of the total revenues less total expenses for the results of the operations of investee companies.

3. Cash Flows Data

These data include details of the cash flows sums included in the consolidated financial statements attributed to the Company itself (apart from for the investee companies), when they are taken from the consolidated cash flows statement with segmentation according to the flows from regular operations, investment operations and financing operations while detailing their composition. Cash flows for regular operations, investment operations and financing operations for transactions with investee companies are presented separately in Neto, in the framework of an operation that relates according to the essence of the transaction.

Note 3 – The Basis for Preparing the Solo Financial Data

The solo financial data were prepared pursuant to the accounting policy detailed in Note 2 of the consolidated financial statements.

Additional information to the Solo financial data

Note 4 - Cash and Cash Equivalents

	As at December 31	
	2023	2022
	NIS thousands	
Balance in shekels	78,896	15,327
Balances in euro	2	29,374
	<u>78,898</u>	<u>44,701</u>

Additional information to the Solo financial data

Note 5- Financial Instruments

Liquidity Risk

Following are the contractual redemption dates of the financial liabilities (principal and anticipated interest) in non-capitalized sums that do not constitute derivative financial instruments pursuant to the contractual redemption dates

	As at December 31, 2023			
	Book value	Up to a year	From 1 to	More than
			3 years	3 years
NIS thousands				
Other accounts payable	3,915	3,915	-	-
Trade payables	1,409	1,409	-	-
Leasing liabilities	2,816	1,246	1,570	-
Liabilities for bonds	286,969	48,897	108,431	129,640

	As at December 31, 2022			
	Book value	Up to a year	From 1 to	More than
			3 years	3 years
NIS thousands				
Other accounts payable	7,034	7,034	-	-
Trade payables	1,206	1,206	-	-
Credit from banks	896	896	-	-
Leasing liabilities	2,188	1,094	1,094	-
Liabilities for bonds	250,602	25,402	76,209	148,991

Additional information to the Solo financial data**Financial Instruments not Measured at Fair value**

Apart from the details in the following table, the Company believes that the book value of the financial assets and liabilities presented in the financial statements correlate with or are closely identical to their fair value:

	As at December 31, 2023		As at December 31, 2022	
	Balance	Fair value	Balance	Fair value
NIS thousands				
Financial assets				
Loan to a related party	6,935	6,727	6,292	6,137
	<u>6,935</u>	<u>6,727</u>	<u>6,292</u>	<u>6,137</u>
Financial commitments				
Bonds (*)	286,969	270,531	253,254	217,413
	<u>286,969</u>	<u>270,531</u>	<u>253,254</u>	<u>217,413</u>

(*) Including interest payable.

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. The various levels are defined as follows:

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

	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
	<u>-</u>	<u>2,962</u>	<u>-</u>	<u>2,962</u>

Additional information to the Solo financial data

	As at December 31, 2022	Entry to profit and loss	Entered to equity	As at December 31, 2023
	NIS thousands			
Provisions	288	45	(23)	310
Derivative financial instruments	(84)	-	199	115
Right of use asset	(1,317)	(127)	-	(1,444)
Leasing liability	1,324	141	-	1,465
Connected systems for electricity production	(3,211)	1,472	-	(1,739)
Issue expenses	-	(103)	312	209
Assets held for sale	-	639	-	639
Losses carried down for taxation purposes	3,918	1,418	-	5,336
	<u>918</u>	<u>3,485</u>	<u>488</u>	<u>4,891</u>

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

Note 6 - Taxes on Incomea. Revenues (Expenses) Taxes on Income Components

	2023	2022	2021
	NIS thousands		
b. Deferred taxation revenues	3,485	(3,923)	2,493
	<u>3,485</u>	<u>(3,923)</u>	<u>2,493</u>

Deferred taxes

Additional information to the Solo financial data

	As at December 31, 2022	Entry to profit and loss	Entered to equity	As at December 31, 2023
NIS thousands				
Provisions	288	45	(23)	310
Derivative financial instruments	(84)	-	199	115
Right of use asset	(1,317)	(127)	-	(1,444)
Leasing liability	1,324	141	-	1,465
Connected systems for electricity production	(3,211)	1,472	-	(1,739)
Issue Expenses	-	(103)	312	209
Assets held for sale	-	639	-	639
Losses carried down for taxation purposes	3,918	1,418	-	5,336
	<u>918</u>	<u>3,485</u>	<u>488</u>	<u>4,891</u>
	As at December 31, 2021	Entry to profit and loss	Entered to equity	As at December 31, 2022
NIS thousands				
Provisions	374	(30)	(56)	288
Derivative financial instruments	-	(129)	45	(84)
Right of use asset	(1,473)	156	-	(1,317)
Leasing liability	1,569	(245)	-	1,324
Connected systems for electricity production	(5,598)	(3,024)	5,411	(3,211)
Losses carried down for taxation purposes	4,569	(651)	-	3,918
	<u>(559)</u>	<u>(3,923)</u>	<u>5,400</u>	<u>918</u>

Additional information to the Solo financial data**Note 7 - Revenues**

	For the year ending December 31		
	2023	2022	2021
	NIS thousands		
Management revenues (*)	18,243	-	-
Maintenance and operating revenues	5,279	3,581	1,447
Construction revenues	3,185	12,147	69,724
	<u>26,707</u>	<u>15,728</u>	<u>71,170</u>

(*) See Note 8g3 below for additional details.

Note 8 - Transactions and Balances with Stakeholders and Related Parties:

See Note 28 of the Consolidated Statements as at December 31, 2023 for additional information regarding balances and transactions with stakeholders and related parties.

a. Balances With Stakeholders and Related Parties

	Note	As at December 31	
		2023	2022
		NIS thousands	
Net debit balances for associated companies		1,998	(45,601)
Loans to investee companies	2g8	417,405	356,797
Loans to a sister company		6,935	6,292

b. Transactions with related parties

	Note	As at December 31		
		2023	2022	2021
		NIS thousands		
Construction revenues from investee companies		2,701	13,400	64,483
Maintenance revenues from investee companies		4,913	3,260	1,043
Management revenues from investee companies	3c8	18,243	-	-
Interest revenues from loans to investee companies	2c8	34,316	24,116	8,479
Interest revenues from the sister company		643	640	392

c. Additional Details1. Credit/Debit Balances of Related Parties

The Company grants the project companies under its control, project construction services, the balance bears interest pursuant to Section 3j of the Income Tax Ordinance and for the most part will be repaid on receipt of financing from a third party in the project companies.

During the report period, the Company executed a set off in the inter-company balances that

Additional information to the Solo financial data

resulted in reducing the debit and credit balances according to the agreement signed between the companies.

2. Loans to Investee Companies:

The Company extends financing for acquiring projects to the project companies in Italy and Spain. The loans bear interest at a rate varying between 8% and 12% pursuant to the progress of the projects. The Company classified short-term loans to investee companies following expectation of the sale of the projects See Note 18 of the consolidated reports for additional details.

3. Agreement for Providing Management Services

On December 29, 2023, the Company engaged in a management agreement with a subsidiary for providing development and construction services in projects in Spain, Italy and Chile. The terms of the agreement for providing the services, as aforementioned, were established pursuant to market conditions for this type of services. The principal revenue in Q4/23 in the aforementioned context from management and promotion fees derive from the development services as aforementioned and the balance from promotion services that are anchored in the management agreements. See Note 28f to the consolidated financial statements for additional details.

Note 9 – Additional Information about Events after the Report Date

See Note 30 of the Consolidated Financial Statements as at December 31, 2023 for additional information regarding events after the report date.