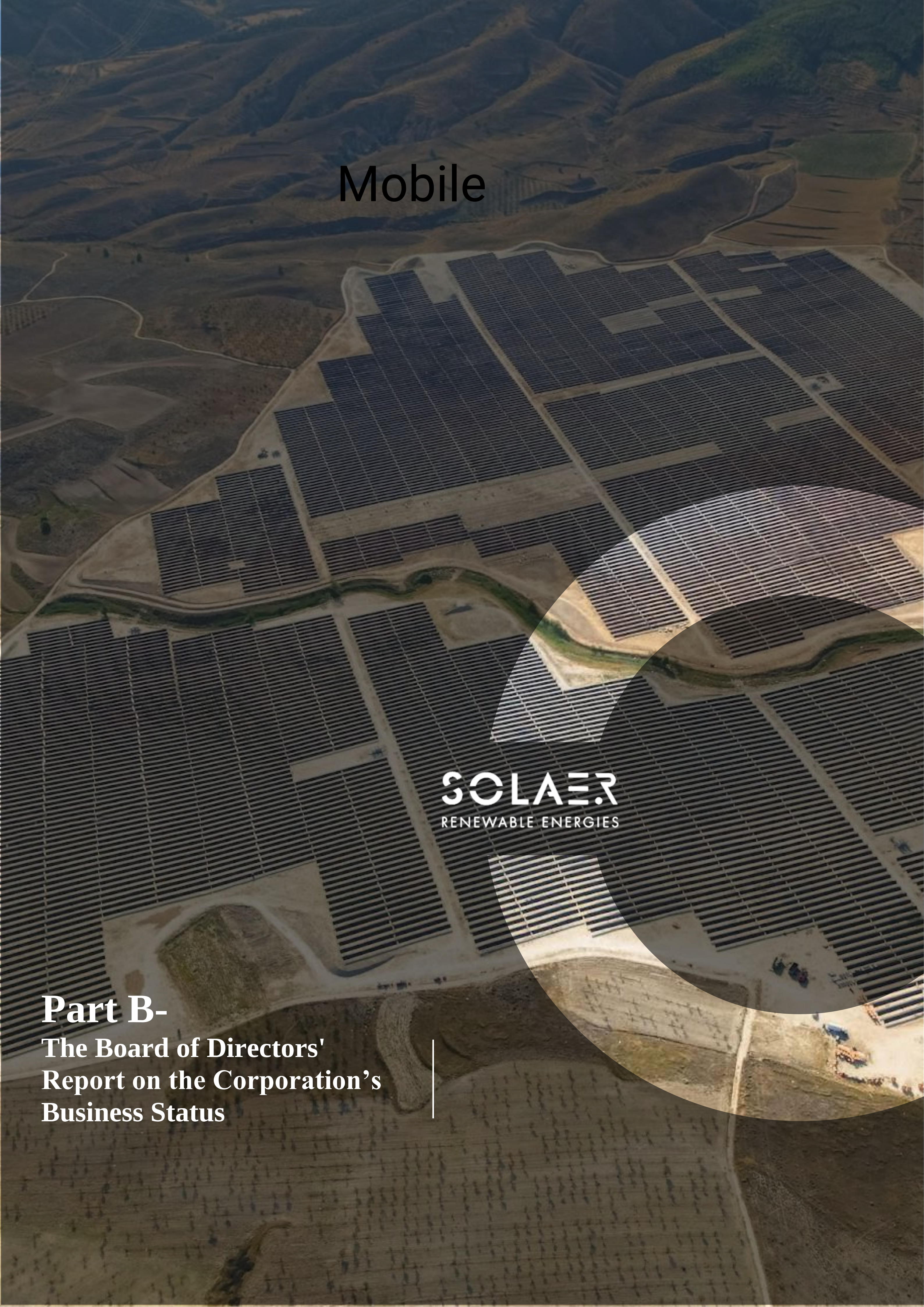

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Part B-

The Board of Directors' Report on the Corporation's Business Status

Solaer Renewable Energies Ltd.

The Company's Board of Directors' Report

as at December, 31 2023

The Company is traded on the High Tech Index and, accordingly, the Company's Board of Directors has chosen to adopt the alleviations listed in Regulations 3 and 5 of the Securities Regulations (Reports of a Corporation, the Shares of Which are Included in the TA High Tech Index), 5777 – 2016) relating to the mandatory comparative details for the Company, exemption from attaching Management's Affidavits and the alleviations by virtue of Regulation 5d(b)(1)-(4), the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970, which include: (a) An alleviation regarding the attachment of a very substantial valuation; (b) An alleviation regarding the attachment of the financial statements of an affiliate; (c) An alleviation regarding the reports relating to the effectiveness of the Internal Audit.

The Board of Directors' Report on the Status of the Company's Affairs

The Board of Directors of Solaer Renewable Energies Ltd. (hereinafter: "**the Board**" and "**the Company**", respectively) respectfully submits the Board's Report on the Status of the Company's Affairs for the year ended December 31, 2023 (hereinafter: "**the Report**

Period" and "**the Report Date**" according to the matter), which reviews the description of the Company and its business developments during the Report Period, pursuant to the Securities Regulations (Periodic and Immediate Reports), 5730 – 1970 hereinafter: "**The Reporting Regulations**")

Part 1 – The Board's Explanations Regarding the Corporation's Business Status, its Operational Results, Equity Capital and Cash Flows.

a. General

The Company was incorporated in Israel as a private company on September 26, 2019 pursuant to the Companies Law, 5759 – 1999 (hereinafter: "**the Companies Law**") and commenced operations on September 30, 2020.

b. A review of the Solaer Group's Operational Development

See Sections 2.4 and 6 of the Corporation's Business Description Report for a description of the major developments that occurred in the Group's businesses over recent years.

c. Fields of Operation

As at the present, The Company operates in four operational fields as detailed in

Section 2.2 in Part 1 of this Report:

1. The photovoltaic operational field in Israel;
2. The photovoltaic systems promotion operational field in Spain and Italy;
3. The photovoltaic systems promotion operational field in other territories;
4. Management and Construction

See Section 2.3 of the Corporation's Business Description Report for details about all the systems included in the Company's operations.

d. <u>The Impact of Macro Events on the Company</u>

1. <u>The COVID 19 Pandemic:</u>

   See Section 6.12 of the Corporation's Business Description Report for details about the COVID 19 pandemic and its impact on the Company and the business environment.

2. <u>The Russian-Ukrainian War</u>

   See Section 6.13 of the Corporation's Business Description Report for details about the Russian-Ukrainian War and its impact on the Company and the business environment.

3. <u>The Impact of Changes in the Inflation Indices and Interest Rates on the Company's Operations</u>

   See Section 6.14 of the Corporation's Business Description Report for details about the impact of changes in the Inflation Index and interest rates on the Company and the business environment.

4. <u>The Iron Swords War"</u>

   See Section 6.15 of the Corporation's Business Description Report for details about the "Iron Swords" War and its impact on the Company and the business environment.

e. <u>Major Events during the Report Period and as at the Report Approval Date</u>

1. See Section “E” of the Company’s Board’s 2023 Report (published on March 30, 2023) for details about events that took place from January 1, 2023 until the report publication date for Q3/23 on November 27, 2023; (reference: 2023-01-031219), Section “F” of the Company’s Q1/23 Board Report (published on May 31, 2023; (reference: 2023-01-050368), Section “G” of the Company’s Q2/23 Board Report (published on August 23, 2023; (reference: 2023-01-078718) and Section “H” of the Company’s Q3/23 Board Report (reference: 2023-01-128478).

2. On November 29, 2023, the Company announced that, further to its Report dated May 29, 2022, regarding authorizing a Compromise Agreement of the Company and Solaer Israel Ltd. (hereinafter in this subsection: “The Compromise Agreement” and “the companies,” respectively) with Mr. Oded Ein Dor (hereinafter: “Mr. Ein Dor"), and the Company’s Report dated May 30, 2022 regarding giving the force of a verdict to the aforementioned Compromise Agreement in the Tel Aviv Regional Labor Court. Mr. Ein Dor violated his commitments in the Compromise Agreement. In view of the aforementioned, on November 28, 2023, the companies approached Mr. Ein Dor in this regard and informed him that, in view of this, 168,682 gilt-edge stock had expired and, therefore, the arrangement established in the Compromise Agreement must be applied to them. Accordingly, on November 30, 2023, the companies approached the agreed-upon Arbitrator in the Compromise Agreement for the purposes of opening Arbitration proceedings. On January 28, 2024, the companies submitted a Statement of Claim against Mr. Ein Dor, in the framework of which the Arbitrator was requested to instruct that the gilt-edge stock had expired. On March 20, 2024, Mr. Ein Dor submitted his Statement of Defense. See Immediate reports dated May 29, 2022, May 30, 2022 and November 29, 2023 for additional details (references: 2022-01-066061, 2022-01-067123 and 2023-01-129786 respectively).

3. On September 27, 2023, Re Solar S.a.r.l, a company incorporated in Luxembourg

and held at the rate of 47.4% by the Company and under its control (hereinafter: "Re Solar") signed an agreement for the sale of a photovoltaic project with a total capacity of 140 MW DC located in the Apulia District, Italy (hereinafter: Garbina"). Exercising the agreement is subject to the presence of conditions precedent as detailed in the Immediate Report dated September 27, 2000 (reference 2023-01-110223) (hereinafter: "The Immediate Report") by June 30, 2024, when each of the Parties has a one-time right to extend the aforementioned date by an additional six months. On January 1, 2024, the Company extended the matter of the presence of some of the conditions precedent established in the Agreement (the approval of both the Buyer's Board of Directors Seller's Board of Directors), as detailed in the Immediate Report dated January 1, 2024 (reference: 2024-01-000115). See Section H of the Company's Board of Directors Q3/23 Report and the Company's Immediate Reports dated July 31, 2023, September 27, 2023, September 28, 2023 and January 1, 2024 (references: 2023-01-128478, 2023-01-087306, 2023-01-110223, 2023-01-110802 and 2024-01-000115, respectively).

It must be emphasized that exercising the agreement and the presence of conditions precedent are forward-looking information, as defined in the Securities Law, 5728 – 1968 (hereinafter: "The Securities Law"), based on information that the Company has as at the date of reporting and the Company's experience in the field. However, it is possible that the agreement will be exercised under different conditions to those in the Immediate Report and might not even be exercised at all and, it is possible that some or all of the conditions precedent will not eventuate, as a result of regulatory changes, delays in the project progress rate, eventuation of any of the risk factors that apply to the Company as published in its Periodic and Immediate Reports.

4. On January 20, 2023, the Company published an Immediate Report on an exceptional private offer, pursuant to the Securities Regulations (Private Offer of Securities in a Listed Company), 5760 – 2000, following a Company Board's

Resolution dated December 19, 2023, to allocate 2,597,500 of the Company's Ordinary Shares to 10 investors, without any nominal value; and, 1,818,250 of the Company's Option Warrants, not listed for trading that can be exercised to up to 1,818,250 of the Company's Ordinary Shares (hereinafter in this subsection: "**the investors**" and "**the securities**", respectively). On December 26, 2023, the securities were allocated to the investors for a total consideration of NIS 18 million, this after receiving Tel Aviv Stock Exchange Ltd's CEO's authorization (hereinafter: "**the Exchange**") for this allocation. See the Immediate Report on the exceptional private offer, the Supplementary Report to it and the Allocation Report, dated December 20, 2023, December 24, 2023 and December 26, 2023 for additional details (references: 2023-01-138321, 2023-01-116086, 2023-01-141354, respectively).

5. On December 20, 2023, Re Solar withdrew €8.6 million from the development loan that it had taken from Bank Austria AG KommunalKredit. See Section 3.1 below for details.

6. The Anpac Project in Chile – on January 26, 2024, the Company announced that, following its Immediate Report dated February 13, 2023 and the contents in the Company's 2022 Periodic Report and its Q3/23 Quarterly Report regarding the Chilean Anpac Project, which integrates green energy with a solar field in a capacity of 150 MW, water desalination and haulage in a volume of up to 1,750 L per second (hereinafter in this subsection: " **the project** "), after completion of classification and selection of a leading global investment bank, the Company – Agua Sol Development, a company incorporated in Spain and held at a rate of 51% by the Company and under its control (hereinafter in this subsection: "**the Project Company**"), engaged with one of the leading global investments banks, which will be solely responsible for the project for raising capital, the debt and hedges (should any be necessary for the project) in a total sum of $1.5 billion. The total cost of the project is expected at around $1.5

million and its construction is expected to commence in 2025. See the Company's Immediate Reports dated February 13, 2023, March 30, 2023 Section h7 of the Board of Directors Q3/23 Report that was published on December 27, 2023 and dated January 28, 2024 for additional details (references: 2023-01-013984, 2023-01-031219, 2023-01-128478 and 2024-01-008746, respectively)and Sections 9.2.1.b and 25.9 of the Description of the Corporation's Operations Part in this Report.

The aforementioned valuations about the anticipated capacities, the total estimated sum of the project, the total cost of the project and the construction date, are forward-looking information as this term is defined in the Securities Law, based on the information that the Company has and its experience. The actual results could eventuate differently from the assessments, in view of factors that are not under the Company's control, including delays in receiving the mandatory licenses for the project, including constructing and operating the systems, changes in the construction cost of the systems and the operating and maintenance costs facing those currently estimated by the Company, delays in the construction procedure, changes in the instructions of the law, changes in the final planning of the project, delays in signing the agreements for the sale of electricity, operational problems, changes in the economy in general and in the electricity economy in Chile, changes in the tax laws, lo er electricity and water tariffs then those currently predicted by the Company (that could prejudice the project's profitability and, as a result the feasibility of constructing it and in valuations regarding its financial data), changes in the market conditions, economic changes, global fiscal policy and the presence of one (or more) of the risk factors detailed in Section 26 of the Report, the Corporation's Operations Description Part, etc.

7. On February 14, 2024, Re Solar S.a.r.l, a company incorporated in Luxembourg and held at the rate of 47.4% by the Company and under its control (hereinafter:

"**Re Solar Financing**") withdrew €6.1 million by virtue of the loan agreement with a German investments fund about €12.9 million for the purposes of financing the construction of the Calasparra Project in Spain. See Section g3. below for further details.

8. On March 6, 2024, the Company Board of Directors resolved to convene a General and Special Meeting with the subjects detailed below on its Agenda. (1) Extending the tenure of the External Director, Mr. Daniel Avidan, for an additional period of three (3) years; and (2) extending the tenure of the External Director, Ms Jacqueline Natalie Stominger for an additional period of three (3) years. See the invitation to the General and Special Meeting that was published on March 7, 2024, the Company's Immediate Report for additional details (reference 2024-01-023310).

9. On March 6, 2024, pursuant to the Company's emoluments policy, the Company's Board resolved to approve allocating 15,222 options (not negotiable) to a Company employee who is not an Officer, Mr. Dudu Ben Yatach (hereinafter in this subsection " "**the Options**" and"**the Offeree**," respectively). The options can be exercised into up to 15,222 Ordinary Shares, each without a nominal value, subject to adjustments as detailed in Section 2 of the Allocation Report published on March 17, 2023 (hereinafter in this subsection "**the Allocation Report**"). The options will be allocated to the Offeree subject to the legal mandatory authorizations, including receiving the Exchange's authorization. As at the present, options have not yet been allocated. See the Company's Immediate Report dated March 17, 2024 for additional details about the Allocation Report (reference 2024-01-026850), the contents of which are hereby included by way of a referral.

10. Regarding details of the photovoltaic projects in which the Company has

engaged during the Report Period and as at its approval date, see:

I. In Spain – Section 8.2.1 of the Corporation's Operations Description Part.

II. In Italy – Section 8.2.2 of the Corporation's Operations Description Part, respectively.

III. In Poland – See Section 9.2.2 of the Corporation's Operations Description Part.

IV. In Chile – See Section 9.2.1 of the Corporation's Operations Description Part.

11. As at the Report Date, the Company has projects in Spain, Italy, Poland and Chile with a total capacity of 2,295 MW in the various promotional stages, in addition to the collection of projects that are in the testing stages by the Company in Spain, Italy, Poland and Chile with an additional capacity of 1,620 MW.

It must be emphasized that the aforementioned information and data about the accumulated capacities in the projects in the testing stages by the Company, constitute forward-looking information as this term is defined in the Securities Law, which are known to the Company as at that date and as with finished 285 the dpromoters of the aforementioned projects. The actual capacities could differ materially as a result of the Company's test of the projects, the conditions in the field etc.

12. On March 29, 2023, the examination of the suitability on the part of a potential acquirer was completed in relation to half of the Company's accumulation of projects in development stages in Italy with a total capacity of 273 MW (hereinafter in this section: "**the project for sale**" and " **the total capacity**," respectively), by virtue of a Memorandum of Understanding signed in that month. As stated in Section h3 above, on September 27, 2023, an agreement was signed for the sale of the Garbina Project with a capacity of 140 MW out

of the total capacity. According to the Company's Management, the sale is expected at a high certainty level during the forthcoming12 month period, in view of the identity of the potential buyers and the location and status of the development of the relevant project.

f. The Company's Major Financing Agreements, Electricity Sales Agreements and Investment Agreements :

Project:	Capacity (MW)	Expected construction commencement	The Company's share:	The effective share (weighting the Owners Loans)	PPA	Financing	JV with a European investment fund	Mezzanine for supplementing equity capital	Contractual profit	Revenues	EBITDA	FFO
									NIS millions			
									The Company's share:		In relation to a 100% holding	
Alizarsun	50	Connected	71.3%	91.4%	10 years about €54 (70% of the production), €3.80 3.60 (25% of the production)	Senior debt of €24 million at a fixed interest rate of 2.75% for 16 years		About €5.7 million	-	16	12	8
Roof-Tops (Israel)	71	Connected	93%	93%	24-45 agarot per kilowatt hour for the arrangement period (23 years)	Senior debt from the Phoenix for a period of 23 years. NIS 220 million at the interest rate of 2.6% above government bonds with a similar anticipated lifespan. The loan principal is partially linked to the Price Index		Not required	-	33	22	19
Calasparra&Villena	49	2024	47.4%	84.2%	Signed binding agreement €50 for 10 years (60%-70% of the production)	In the financial closure stages Vienna - Signed binding agreement Calasparra – Construction financing via a mezzanine		A signed agreement with a European investments	6	22	19	13

Mequinenza (RE 11)	125	2024	47.4%	84.2%	Signed binding agreement €50 for 10 years (60%-70% of the production)	loan. Makinnza – a signed Memorandum of Understanding Senior debt for a period of 18 years at a fixed interest rate of 5%. The debt is in euro		fund for financing at a fixed interest rate of 6.9% for a period of 15 years in the euro currency.	15	56	47	33
Alfonso El Sabio 1 RE 9)	200	2024	47.4% (24.2%)**	84.2% (43%)**	Signed binding agreement 15 years €50 (in relation to 60%-70% of the production)		A signed binding agreement for the sale of 49% for €30-40 million in relation to 300 MW as dependent on the project reaching RTB	No additional investment for the purposes of constructing the project is expected.	24	113	96	68
Alfonso El Sabio 2 RE 10)	200	2024	47.4% (24.2%)**	84.2% (43%)**	Signed binding agreement €50 (in relation to 60%-70% of the production) in relation to 25 MW out of 200 MW				24	113	97	69
Cacin (RE 15)	25	2024	11.9%	21%	Signed binding agreement €50 for 10 years (60%-70% of the production)	Advanced negotiations for senior the financing from a Spanish bank with leverage of 70% at a fixed interest rate of 4.85%. In euro currency	A joint acquisition with a European investments fund,		3	12	10	8

							which holds 75% of the Project Company.					

* he balance of the owners loans for the partners' share as at December 31, 2023 is NIS 171 million and it increases the flows arising from the projects to the Company and its effective share in the profits, accordingly.**The Company's share in the profits and equity on assuming completion of the European investments fund's investment. See Section g3. below for an expansion.

g. Financial Data

1. Statement on the Financial Position, pursuant to the Company's Consolidated Financial Statements as at December 31, 2023 (audited)

Entry	as at December 31, 2023	as at December 31, 2022	The Board's Explanations
	NIS thousands		
	Current Assets		
Cash and cash equivalents	152,578	69,616	The increase in relation to the previous corresponding period derives primarily from expanding the Bond Series A by NIS 55 million and from issuing capital in the sum of NIS 18 million.
Deposits	-	339	-
Encumbered deposits	4,242	8,738	The decrease in relation to the balance as at December 31, 2022, derives primarily from a deposit that was released in the project in Spain after its acquisition.
Trade receivables	8,170	12,284	The primary decrease in relation to the corresponding previous period, derives from an improvement in collection, in the manner in which, despite the sales increase, there is a reduction in the trade receivables entry.
Other accounts receivable	20,131	23,998	The primary reduction in relation to December 31, 2022 derives from testifying VAT receivable in Italy over the long-term.
Assets held for sale	85,731	22,442	The balance is for projects in Italy and Spain that are classified as assets held for sale and which are designated for sale during the forthcoming year.
Total Current Assets	**270,852**	**137,417**	
	Non-current assets		
Encumbered long-term deposits	14,903	14,235	-
Investments in affiliates accounted for in the equity method	5,891	323	The balance derives from an investment in a project in Spain through an affiliate, held at the rate of 25% by Re Solar.
Property, plant and equipment, net	430	502	-
Connected systems for generating electricity	205,120	193,756	The increase between the periods derives from an increase in the number of systems that were connected to the electricity grid in Israel, presented at their fair value, when, as at December 31, 2023, all the roof projects in Israel have been connected to the electricity grid.
Ground connected electricity	201,272	168,452	The increase between the periods derives primarily from a reevaluation of the Alizarsun in Spain and the rise in the euro rate.

Entry	as at December 31, 2023	as at December 31, 2022	The Board's Explanations
	NIS thousands		
	Current Assets		
generating systems			
Electricity generating systems under construction and initiation	365,986	321,503	The rise in relation to December 31, 2022, derives primarily from an additional investment in existing projects, a rise in the exchange rate and capitalization of the finance expenses, when the three of them amount to NIS 98 million. Furthermore, projects that were classified under "advances for the acquisition of project" were fully acquired and included under electricity generating systems under construction and initiation at a sum of NIS 28 million. Simultaneously, there was a reduction of NIS 21 million in the results from connecting systems in Israel and testifying them as connected and a reduction of NIS 63 million for systems that were classified as assets available for sale.
Advances for acquiring Projects	23,761	36,103	The reduction in relation to the corresponding previous period, derives primarily from completing Malinnza in Spain and the Hortensia and Esmerelda Projects in Chile and classifying them as "electricity generation systems under construction and initiation," which, during the previous period, the acquisition of which by the Company had not yet been completed and, therefore, there were classified under advances for the acquisition of projects.
Contract Asset for a Concession Arrangement	12,493	12,635	-
Right of use assets	138,932	133,582	The primary increase from the previous corresponding period, derives from the connection of the systems to the Israeli electricity grid, linkage to the Index and the rise in the euro-shekel exchange rate.
Goodwill	1,222	1,144	-
Deferred taxes	6,678	2,446	The primary increase derives from creating deferred taxes in view of expected future taxable revenues by virtue of granting management and construction services to the projects in Italy and Spain.
Long-term other accounts receivable	19,219	5,943	The primary increase derives from a rise in the value of a bridging asset for the Series A bonds and developing the Anpac Project in Chile via a loan to the Project Company for its development. In addition, the increase derives from classifying long-term VAT receivable in Italy.
Loan to a related party	6,935	6,292	The primary increase in relation to the corresponding previous period, derives from accrued interest and linkage.
Total non-current assets	**1,002,842**	**896,916**	
Total Assets:	**1,273,694**	**1,034,333**	
	Current Liabilities		
Credit and current	14,625	22,519	The reduction in relation to December 31, 2022, derives from the fact that the balance on that date, included a current

SOLAER RENEWABLE ENERGIES

Entry	as at December 31, 2023	as at December 31, 2022	The Board's Explanations
NIS thousands			
Current Assets			
maturities from banks and other corporations			dependence on the Phoenix for financing the roof projects, which was paid on January 1, 2023.
Current maturities of bonds	48,897	25,402	The primary increase derives from expanding Series A in July 2023 and payment of a future reserve of 15% at the end of 2024
Trade payables	9,260	4,777	The primary increase between the periods derives from development and construction commencement of projects in Spain and Chile.
Other accounts payable	13,874	13,255	-
Current maturities of liabilities for leasing	10,069	9,019	-
Total current liabilities	**96,725**	**74,972**	
Long-Term Liabilities -			
Liabilities to banks and other credit providers	489,399	379,059	The primary increase between the periods derives from an increase of NIS 90 million in the development loan from the Austrian bank, from an increase of NIS 18 million in the mezzanine loan and a rise in the euro shekel exchange rate.
Bonds	238,072	225,200	The primary increase derives from expanding the Bonds Series A alongside redeeming the principal on December 31, 2023.
Liability for employee benefits, net	203	286	-
Deferred taxation liability	53,194	44,123	-
Long-term leasing liability	133,074	125,299	The increase derives primarily from the new lease agreements for additional systems that were connected to the electricity grid.
Liability for dissolution and rehabilitation	677	596	-
Total non-current liabilities	**914,619**	**774,563**	
Total Equity	**262,350**	**184,798**	
Total Equity and Liabilities	**1,273,694**	**1,034,333**	

2. **<u>Operational Results (financial data in NIS thousands) pursuant to the Company's Consolidated Financial Statements as at December 31, 2023 (audited)</u>**

	Data in NIS thousands as at December 31		
	2023	2022	The Board's Explanations
Revenues	47,670	38,694	The increase derives from connecting additional systems to the Israel electricity grid. Total revenues of NIS 46.6 million from electricity sales.
Other Revenues	-	-	
	47,670	**38,694**	
Expenses			
Systems maintenance and accompaniments	(10,604)	(11,352)	The decrease in the system maintenance costs, presents an increase of 23% in revenues deriving from operational streamlining in relation to the roof systems in Israel.
Project development expenses	(1,782)	(1,895)	The decrease derives primarily from progress in developing projects, the cost of which can be capitalized.
Salary and social benefits	(10,123)	(8,079)	The increase in salary costs derives primarily from increasing the workforce in operations in Europe and Chile.
Administration, head office and others	(12,691)	(14,880)	The decrease in head office and other costs derives primarily from reducing the use of professional services.
	(35,200)	**(36,206)**	
Profit (loss) before taxes, financing, depreciation and amortization, earnings of Investee companies	**12,470**	**2,488**	
The Company's share in the earnings of an affiliate accounted for	102	71	

under the equity method.			
Profit (loss) before taxes, financing, depreciation and amortization	**12,572**	**2,559**	
Depreciation and amortization	(21,730)	(17,254)	The primary increase derives from connecting additional systems in Israel.
Impairment of systems	(2,297)	(4,295)	
Loss before taxes and financing	**(11,455)**	**(18,990)**	
Finance expenses	(50,754)	(48,417)	The primary increase in relation to the corresponding previous period, derives from interest and linkage expenses of loans to banks and the Series A bonds.
Finance revenues	28,691	25,266	The primary increase in relation to the corresponding previous period derives from rate differences.
Finance expenses, net	**(22,063)**	**(23,151)**	
Pre Taxes on income loss	**(33,518)**	**(42,141)**	
Taxes on income revenues (expenses)	4,280	(916)	
Loss for the year	**(29,238)**	**(43,057)**	
Other comprehensive income (loss)			
Sums that will not be reclassified later to earnings or loss (net of tax)			
Earnings from a reevaluation of the connected electricity production systems	21,467	20,359	
The Group's share in other comprehensive	-	(882)	

income (loss) of investee companies treated under the equity method			
Earnings (loss) from re-measuring programs for a defined benefit	76	186	
Sums that are likely to be reclassified to profit or loss			
Provisions from translating the financial statements of foreign operations	4,901	5,012	
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**	
Comprehensive loss net of taxes for the year	**(2,899)**	**(18,536)**	

3. Liquidity and Material Financing Sources

Cash flows (NIS thousands):

	For the year ended December 31 (In NIS thousands)		The Board's Explanations
	2023	2022	
Net cash used for regular operations	(3,346)	(11,376)	The improvement in relation to the corresponding previous period derives primarily from the gross profit increase that was created as a result of an increase in the sale of electricity and streamlining in maintaining the projects.
Net cash used for investment operations	(78,068)	(162,838)	The primary decrease in relation to the corresponding previous period, derives from a reduction in the volume of investments in projects in promotion and development.
Net cash that derived from financing operations	163,664	196,066	The primary decrease in relation to the corresponding previous period, derives from the issuance of Series A bonds in January 2022.
The effect of exchange rate fluctuations on cash and cash equivalent balances	712	(762)	-
Total cash flows	**82,962**	**21,090**	

Financing Sources

- As at December 31, 2023, the cash balance was NIS 153 million. Furthermore, the Company has balances of deposits and cash restricted for use (encumbered deposits) and deposits of NIS 4 million.
- In 2023, the average long-term credit balance, including current maturities, was NIS 722 million. The average short-term credit balance amounted to

immaterial sums.

- See Section 17.6 of the Corporation's Operations Description Part for details regarding the material loans taken by the Group's companies.
- On July 11, 2023, the Company made a private bonds issue (Series A) with a face value of NIS 58,500,000 to classified investors counted, among the investors detailed in the First Addendum pursuant to Section 15a(b)(1) of the Securities Law, by way of expanding the Company's bonds Series (Series A), in consideration for NIS 55 million (a consideration of 94.1 agarot for each NIS 1 face value bond (Series A), which the Company used for the purposes of its regular operations. See the Company's Immediate Report dated July 11, 2023 for an expansion relating to expanding the bonds series (reference: 2023-01-065497).
- On December 26, 2023, the Company completed a public issue of shares and options by virtue of the Exceptional Private Offer Report in consideration for NIS 80 million, as detailed in Section 1.3(e) in Part A of this Periodic Report.
- See the Company's Immediate Report dated June 29, 2023, for the Company's Report regarding amending the development loan agreement, a loan taken by Re Solar from Bank Austria AG KommunalKredit, which includes increasing the credit facilities to a total sum of €60 million (instead of €40 million), deferring the repayment date from June 30, 2024, to June 30, 2026, decreasing the interest rate that applies as of July 1, 2024 to Euribor+5.5% instead of Euribor+6.5% and Re Solar's option to use the loan funds as a capital supplement for certain projects that have reached the readiness for construction stage (RTB), on the presence of certain prerequisites established in the amendment to the agreement. See the Company's Immediate Report dated June 29, 2023 (reference 2023-01-060721), introduced in this Report by way of a referral. On July 2, 2023, the

Company also reported that Re Solar had withdrawn €15 million from the aforementioned loan (a sum of €13 million was used to extend guarantees by virtue of the electricity sales agreement (PPA) from the Company's projects in Spain, as detailed in the Immediate Report dated December 25, 2022) (reference: 2022-01-154636) and, the balance of the withdrawal sum for Re Solar's regular operation and, on December 20, 2023, a sum of €8.6 million (€7 million used for extending guarantees by virtue of the electricity sales agreement (PPA) from Re Solar's projects in Spain and, the balance of the withdrawal sum for Re Solar's regular operations), as detailed in the Company's Reports dated July 2, 2023 and December 21, 2023, respectively (reference: 2023-01-061570 and 2023-01-115153 respectively), which are included in this Report by way of a referral.

- On February 3, 2023, Re Solar Funding S.a.r.l, a company incorporated in Luxembourg and held at a rate of 47.4% by the Company and under its control (hereinafter: "**Re Solar Funding**") signed an agreement with a German 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 and for retiring an existing loan and extending new mezzanine funding at a fixed annual interest rate of 6.9% (hereinafter in this subsection: "**the loan**" and "**the loan sum**", respectively). The final loan retirement date shall be the earlier between: (a) 15 years from the date of signing the agreement or (b) 4 years from the termination of the last PPA to be signed for the projects that are the subject of the mezzanine loan. On June 2, 2023, a subsidiary, fully owned by Re Solar Funding, withdrew €6.1 million from the aforementioned loan (€5.7 million of the aforementioned withdrawal served for retiring the existing mezzanine loan in the Alizarsun Project and the balance for the purposes of regular operations). On November 28, 2023, €4.5 million were withdrawn from the aforementioned loan and, on February 14, 2024, an additional €12.9 million were withdrawn from the aforementioned loan for the purposes of funding the construction of the Calasparra Project in Spain. Thus, the total withdrawals amounted to €23.5 million.

Pursuant to the loan agreement, the withdrawal period terminated and it was no longer possible to make any additional withdrawals by virtue of the loan sum. See the Company's Immediate Reports dated February 5, 2023, June 4, 2023 and February 18, 2024 for additional details (references: 2023-01-012259, 2023-01-060576 and 2024-01-017139 respectively).

- On January 4, 2023, the Company signed a binding investments agreement with a European investment fund relating to the Company's projects in Spain with a capacity of 300 MW. In the framework of the agreement, it was established that the investment fund would invest €30-40 million in consideration for 49% of the rights in the holding companies in the projects 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. Furthermore, the Parties are in advanced contacts for signing a binding investment agreement relating to additional projects with a capacity of 300 MW under similar terms (see the Immediate Report dated January 5 2023,for details) (reference : 2023-01-002880).
- See Section A of the Corporation's Business Description Report attached to the 2022 Periodic Report for details of the initial public share offer, which the Company executed in February 2021, the total gross proceeds of which for the Company amounted to NIS 119 million
- See Section (5) of the Board of Directors Report attached to the 2022 Periodic Report, for details about the initial public bonds issue, which was

executed by the Company in January 2022 and, the total gross proceeds for the Company amounted to NIS 242 million.

See Note 15 to the consolidated financial statements dated December 31, 2023 and Section 17 of the Corporation's Operations Description Part for additional details regarding the funding source.

h. <u>Contractual Cash Flows</u>

Pursuant to Regulation 10 (b)(14) of the Reporting Regulations, the Company examined the existence of warning signs.

As at the date of publishing the Report, the Company had negative cash flows from regular operations, in the sum of NIS 3.3 million, in its consolidated financial statements as at December 31, 2023

The Company had negative cash flows from regular operations in the sum of NIS 9.7 million in its solo financial statements as at December 31, 2023.

The Company also had positive working capital of NIS 174 million as at December 31, 2023.

At its Meeting on March 24, 2024, the Company's Board discussed the contractual cash flows, reviewed the sources and existing and future cash needs and also reviewed the financing sources and the potential financing volumes available to the Company, the Company's cash balance, the funding agreements and the Memoranda of Understanding that had been signed and the anticipated cash flows of the projects during the forthcoming years which includes retirement of the owners loan that was extended to the partners.

Reliant on the examination of these data, the Company's Board established that there is no reasonable fear that, during the forecast cash flows period, the Company will not meet its existing and expected liabilities when reaching their due date and also established that the Company does not have any liquidity problem.

It must be emphasized that the aforementioned in this section regarding the anticipated cash flows from the projects and developments in the Group's macroeconomic environment that could have an impact on the contractual cash flows are within the bounds of forward-looking information, as this term is defined in the Securities Law, which are dependent on factors not under the Company's control and, thus, it is uncertain and, the actual results could differ materially from the estimated results or that are implied from this information.

i. <u>Supplier and Customer Credit</u>

The Company has engaged with many suppliers the payment terms with whom vary for the most part between current + 60 days and current + 90 days. However, the Company has a limited number of suppliers and service providers, the terms of payment with whom are shorter and vary between current and current +30 days. The Company regularly works at increasing the supplier credit days.

Most of the Company partners customers from electricity production are municipal customers or the Electric Corporation, the payment terms of which vary between current + 30 days and current + 60 days.

j. <u>Economic Risks</u>

Further to the provisions in Section 26 in the Corporation's Business Description Part, the Company's operations are accompanied by risk factors relating to liquidity and financing sources, as follows:

1. <u>Liquidity Risks</u>

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 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 established credit facilities. These forecasts take the Company's program to use debt for the purposes of financing its operations into account and, include complying with the financial covenants, which obligate maintaining a sufficient debt coverage ratio.

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.

The final responsibility for liquidity risk management applies to the Board of Directors, in the framework of liquidity risk management in relation to Management's requirements regarding short, medium and long-term financing and liquidity.

As at the date of approving the financial statements, the Company has systems connected to the electricity grid in Israel and Spain with a total capacity of 121 MW and projects under development, construction and nearing construction in Israel, Spain, Italy, Chile and Poland with a total capacity of 3,915 MW. The Company had a total loss of NIS 2.9 million and negative cash flows from regular operation of NIS 3. 3 million for the year ended December 31, 2023. Inter alia, the Company's business model includes revenues from ventures and enterprise premiums, when, at any points in time in the lifespan of the project, the Company examines maximizing its value via a full or partial realization of the project in various stages.

2. **Market Risks**

A market risk is a risk of changes in the market prices to which the Group is exposed, for example: The electricity sales tariff, raw material prices, exchange rates of foreign currency, interest rates and the Consumer Price Index, which could have an impact on the Group's revenues or the value of its holdings of financial instruments. The purpose of market risk management is to manage and inspect exposure to market risks using conventional parameters, while maximizing returns.

Consumer Price Index: In the course of its business, the Company is exposed to changes in the Consumer Price Index, inter alia, in instances in which the rentals are linked to the Index while the receipts deriving from the project located on the premises are not linked to the Index. This exposure for rentals is immaterial, because only a small part of the accumulation belongs to this category. However, the Company has an indexed Series A bonds balance of NIS 217 million (before linkage), of which 90 million are hedged and not exposed to any Index rise.

Electricity Sales Tariff: The Company is exposed to risks that involve electricity price declines primarily in projects in which the electricity sales are executed to end customers (for example projects in the framework of the net gauge setup) or to an electricity grid at spot prices (for example the project in Spain). To minimize the risk, the Company works at including a maximum quantity of the Company's projects in the framework of the various regulations of the Electricity Authority, which guarantees fixed electricity tariffs over the lifespan of the project. Furthermore, in relation to the project in Spain, the Company sees to engaging in electricity sales agreements at fixed prices vis-à-vis financially stable commercial entities for most of the projects' long-term production volume.

Raw Materials: The Company's operations are dependent on purchasing substantial volumes of equipment for the purposes of constructing the various projects. Because of this, the Company is, to a large degree, exposed to the cost and availability of the raw materials. Cost hikes of the raw materials and a decrease in their availability word result in prejudicing the profitability of the projects that the Company establishes and would make it difficult to complete the construction of the project on time. In order to minimize the risk, the Company operates in the following manner: (a) Creating balances for all the major components via engagement with a broad bank of suppliers; (b) Engagement in framework agreements intended to establish short and medium-term prices and availability; (c) Timing the Company's entry into projects is executed pursuant to the availability of raw materials.

Interest Rate Risk: The risk of interest rate changes derives from loans bearing variable interest rates that expose the Company to a cash flows risk and losses. The Company and corporations under its ownership have loans at a variable interest rates that are linked to the Euribor rate. On October 13, 2020, a loan agreement was signed with an Israeli insurance company, for financing the roofs project. This loan bears fixed interest and, therefore, is not affected by interest rate changes in the economy. Furthermore, the Company has credit facilities of senior debt in the Alizarsun Project at a fixed interest rate of 2.75% and a mezzanine loan bearing 6.5% above the Euribor rate which will not be reduced below (-2.5%) Furthermore, in June 2022, Re Solar signed a development loan agreement of the renewed credit facilities type from Bank Austria AG KommunalKredit, which was established in June 2023 and includes credit facilities in a total sum of €60 million for retirement on June 30, 2026, at an interest rate as of July 1, 2024, of Euribor+5.5% instead of Euribor+6.5% up to the aforementioned date (as detailed in Section 3.1 above.). Regarding this loan, any change of 0.5% in the interest rate will result in an annual interest expenses hike of €300 thousand.

Furthermore, on February 3, 2023, Re Solar signed an agreement with a German investments fund for extending mezzanine funding of up to €50 million for the purposes of supplementing equity capital for the Company's projects in Europe at a fixed annual interest of 6.9% and, therefore is not exposed to any interest rate risk for this loan. As provided in Section 3.1 above, as at the date of publishing the Report, pursuant to the loan agreement, the withdrawal period has terminated and it is not possible to make any additional withdrawals by virtue of the loan agreement.

The Company also has indexed bonds at an interest rate of 2.3%, NIS 90 million of which are hedged in a manner that reflects t a fixed interest rate of 4.96% for the aforementioned sum over the lifespan of the bonds.

Exchange Rate Risks: Some of the Company's financial debt has been extended in a foreign currency – euro). Therefore, changes in the shekel-euro exchange rate are likely to have an effect on the Company's financing costs and, as a result, on the Company's profitability.

Furthermore, the Company's operations in Spain and Italy are executed in euro, its operations in Poland are executed in zloty and in Chile in US dollars. While changes in the exchange rates are not expected to have an effect on the profitability of the project in these countries, they will have an effect on the value of the project in the Company's financial statements and their contribution to the results of the Company's operations.

Furthermore, some of the procurements of parts for the electricity generating systems, are executed from overseas suppliers in foreign currencies (primarily the dollar and euro). Accordingly, the Group is exposed to changes in the exchange rates of the currencies in which it procures or intends procuring parts for the systems However, exposure is limited to the period from the date of winning in a competitive procedure (when the price bid that was submitted in based on assumptions regarding certain exchange rates) until the date on which the full consideration for the equipment that is the subject of the system is paid.

Because most of the Company's funding agreements are in euro and, in view of the fact that the raw material costs in the projects under construction and nearing construction are also, for the most part, in euro, the Company does not have any material exposure due to the weakening of the shekel.

For the purposes of diminishing exposure to changes in the exchange rates, from time to time, the Group executes hedging transactions and, inter alia, as aforementioned, executed hedging for the Company's bonds.

As at the Report Date the Company does not have any hedging transactions, apart from hedging of NIS 90 million for the bonds reserve.

See Section 26 of the Corporation's Business Description Part for additional details regarding the financial risk factors.

The information regarding the aforementioned risk factors and their impact on the Company are in the bounds of forward-looking information, as defined in the Securities Law. Inter alia, this information relies on the Company's estimates that are based on past experience and familiarity with the relevant markets in its operational fields and, information on the subject of relevant regulatory developments for the Company's operational fields. The Company is likely to be exposed to additional risk factors in the future and the impact of each risk factor, should it eventuate, is likely to differ from the Company's assessments. As aforementioned, forward-looking

information is information based on existing information in the Company as at the Report date. The actual results could differ from the assessed or implied results from this information.

Part Two– Corporate Governance Aspects

a. Donations

As at the Report date, the Company does not have any policy regarding donations. From time to time, the Company donates immaterial sums to various associations and organizations, that are not associated in any manner whatsoever with the Stakeholders and Officers in the Company.

b. Directors with Accounting and Financial Expertise

Pursuant to Section 92(a)(1) of the Companies Law, the Company’s Board of Directors has established that the suitable minimum number of Directors with accounting and financial expertise, including External Directors, is 2 (including External Directors) (hereinafter: "**the suitable minimum number**").

The suitable minimum number was established, inter alia, taking into account the Company’s size, its operational fields and the nature of the accounting and bookkeeping issues that arise in the examination of the Company’s financial position, preparing the financial statements and approving them.

The Board Members that the Company’s Board perceives as Directors with accounting and financial expertise are Mr. Avishai Malcha, Mr. Amit Hayut, Mr. Daniel Avidan and Ms Jacqueline Strominger. See Regulation 26 of the Additional Details on the Company Report attached to this Report for details about them.

c. Independent Directors

As at this Report date, in its Articles, the Company had not adopted an instruction regarding the rate of Independent Directors as the term is defined in the Companies Law. it should be noted that Mr. Amit Hayut serves as an Independent

Director in the Company

d. Internal Auditor

The Auditor's Name: Rogozinsky Gil (CPA).

Date of Commencement of Office: April 8, 2021

To the best of the Company's knowledge, the Internal Auditor complies with the provisions in Section 146(b) of the Companies Law and the provisions in Sections 3(a) and 8 of the Internal Audit Law, 5752 – 1992 (hereinafter: "**the Internal Audit Law**"). To the best of the Company's knowledge, the Internal Auditor does not hold securities of the Company or an entity associated with it and he does not have any material business relationship with the Company or an entity associated with it and does not hold any additional position in the Company apart from his tenure as the Company's Internal Auditor.

The Appointment Method: The Company's Board approved the appointment of the Internal Auditor on April 8, 2021, pursuant to the recommendation of the Audit Committee. The reasons for approving the appointment were, primarily, in view of the nature of the Internal Auditor's work and experience, his professionalism and in view of the reasonability of the terms in his offer and, inter alia, taking the type and size of the Company, the scope and complexity of its operations into account.

The Organizational Supervisor over the Auditor: The Company's Board Chairperson has been established as the organizational supervisor over the Auditor.

The Internal Auditor's Work Plan: The Internal Auditor's workplan is annual. As at the date of this Report, the 2023 work plan has been completed. On January 7, 2024, the Company's Audit Committee approved the Internal Auditor's 2024 workplan, which was established reliant on the risks survey prepared by the Internal Auditor. The Internal Auditor is entitled to diverge from the workplan after professional consideration and after updating the Committee Chairperson.

Auditing Investee Corporations: The Internal Auditor's workplan also relates to the

Company's investee corporations in Israel and overseas.

The Scope of the Employment: During the Report Period, three jobs were executed as follows: Report on the subject of examining material transactions, report on the subject of penetrability and strength of the information systems and on the subject of monitoring implementing recommendations on the subject of promoting the projects.

The 2023 workplan included 635 hours of the Company's internal auditing. In the opinion of the Board, this scope is compatible with the activity reviewed by the Internal Auditor as at the Report date. Furthermore, the scope of the Internal Auditor's employment will be established every year with the approval of the work plan, inter alia, taking the risk survey, the scope of the work plan for the relevant year, the complexity of the work plan and the sensitivity of the subjects examined during that year, into account. The Company's Board believes that the current work scope of the Company's Internal Auditor and his current work plan are reasonable taking the date of issuing the Company, its size, organizational structure, the essence and volume of its operations and transaction into account and enables realizing the Internal Audit targets in the Company.

Professional Standards: Pursuant to his notice, which satisfied the Audit Committee, the Internal Auditor prepares the Internal Audit pursuant to the conventional professional standards, as provided in Section 4(b) of the Internal Audit Law and complies with the requirements of the professional standards. The Board believes that the Internal Auditor complies with the requirements established in the aforementioned standards, taking the Internal Auditor's professionalism, qualifications and his employment period in the Company, into account.

Examination of Material Transactions: As aforementioned, in March 2023, the report on the subject of material transactions for the Audit Committee Members, as they are defined in Section 5(f) of the Fourth Addendum of the Reports Regulations, that the Company executed during the Report Period, including their approval procedure, was completed. The report was discussed on March 28, 2023.

Access to Information: The Internal Auditor has free access, as provided in Section 9 of the Internal Audit Law, which includes constant and independent access to the Company's information system, including financial data.

The Dates for Submitting the Audit Reports Following are details of the dates on which the written report on the Internal Audit findings, regarding the Report Period was submitted.

No.	The report submission date	The discussion date of the report in the Audit Committee
1	March 13, 2023	March 28, 2023
2	November 14, 2023	November 21, 2023
3	January 28, 2024	January 31, 2024
4	January 28, 2024	January 31, 2024

Remuneration: The Internal auditor's fees for the services provided by him for the 2023 workplan is NIS 158 thousand. In the opinion of the Board, the Internal Auditor's remuneration does not have an effect on activating his professional opinion, inter alia, taking the Board's impression of the report that was submitted by him thus far and, to the best of the Company's knowledge, taking the volume of his fee as the Company's Internal Auditor into account.

The Board of Directors' Evaluation of the Internal Auditor's Activity: The Board believes that the Internal Auditor's scope, nature, continuity of action and work program are reasonable under the circumstances of the matter and are sufficient for submitting the objectives of the Internal Audit in the Corporation.

Details about the Corporation's Auditor

The office of KPMG Somekh Chaikin is the Company's Auditor (hereinafter: "**the accountant's office**"). The services provided by the accountant's office include the 2023 Audit Report and additional services relating to the audit. Immaterial tax services will also be provided.

The Auditor's fee for 2022 and 2023 for the audit and tax services and services relating to the audit and tax services was NIS 628,000 and NIS 891,000, respectively.

The fee of the auditors was brought for the Company's Board's approval. The fee level was established inter alia, based on market conditions and, in the opinion of the Company's Management, is reasonable and acceptable pursuant to the nature of the Company and the volume of its operations.

e. <u>Independent Authorized Signatories</u>

As at the Report date, the Company does not have independent authorized signatories, as they are defined in Section 37(d) of the Securities Law.

Part Three

a. In the financial statements, the Company uses accounting estimates that have a material effect on the Company's results, such as an examination of the existence of control, the fair value of the electricity generating photovoltaic systems; measuring tax assets and liabilities, capitalization rates for the purposes of measuring a liability for leaseholds an examination of the goodwill impairment, etc.

See Note 3 of the Financial Statements as at December 31, 2023 for additional details.

b. **Material and to Highly Material Assessments**

For the purposes of establishing the value of the data in the financial statements, inter alia, the Company used fair value assessments of the refundable amount in relation to the Alcha Project and in assisting the fair value for the Alizarsun Project in favor of a bookkeeping record in the framework of implementing the revaluation model. Apart from these fair values, which are highly material, the rest of the valuations of immaterial or not very material.

Following are details regarding the valuations made in relation to the refundable amount in the Alcha Project:

Identification of the Subject of the Valuation:	Examination of the Goodwill Impairment in the Alcha Project
Description of the Subject of the Valuation:	To examine and assess whether there is a need to recognize a loss for a goodwill impairment of the cash yielding units, Alcha Project as at December 31, 2023, pursuant to International Accounting Standard 36 Impairment of Assets (IAS 36).
Timing of the Assessment:	December 31, 2023
Appraiser's Identification:	The work was executed by a team headed by CPA Sagiv Mizrachi, a partner and staff manager in the-Corporate Finance Department at the BDO office Ziv Haft. Sagiv has an undergraduate degree in Applied Mathematics from the Bar Ilan University and a postgraduate degree in Business Administration (MBA) cum laude majoring in financial management from the Tel Aviv University. Sagiv has more than 10 years' experience in the economic and business consultation fields, valuing companies and financial instruments and various kinds of economic-accounting projects pursuant to International Financial Reporting

	Standards (IFRS) and American Standards (US GAAP). In the past, Sagiv lectured in Accounting and Valuation at the Bar Ian University. BDO Ziv Haft, Consulting and Management Ltd., which is a part of the international BDO chain, which provides a broad range of necessary business services for national and international businesses in all sectors, inter alia: Business appraisals, examinations of financial suitability and an examination of a particular suitability, valuation of goodwill and intangible assets, mergers and acquisitions etc.
Referral to the Indemnification Agreements with the Appraiser	Pursuant to the engagement agreement, if the Appraiser is charged with a payment of any sum whatsoever to a third party in relation to performing the services detailed in the engagement agreement in litigation or any other obliging proceedings, Solaer undertakes to indemnify the Appraiser for any amount, as aforementioned that shall be paid by him, beyond the amount equivalent to three times his fee, provided that Solaer has been given an opportunity for defense and all apart from instances of BDO's negligence or malice, when no indemnification or compensation whatsoever shall apply.
The Valuation Model	DCFDiscounted Cash Flows.
Assumptions Pursuant To Which The Appraisal Was Made:	The forecast years – 53 years Discount Rate – 7% Tax Rate - 25% Sales price forecasts – as detailed in the valuation Probabilities as detailed in the valuation.

It should also be noted that the main Appraiser of the Company's assets is BDO Consulting and Management Ltd (hereinafter: "**BDO Consulting and Management**"). The rate of assets directly affected by the Appraiser's valuations constitute 9% of the value of the assets in the Company's balance sheet as at December 31, 2023. The Appraiser, BDO Consulting and Management is not dependent on the Company. See below for details about the details of the engagement with the Appraiser, pursuant to Section 2 of the Third Addendum to the Reporting Regulations:

The identification of the corporation that ordered the appraisal and identification of the organization in the Corporation as aforementioned that resolved on the engagement with the Appraiser:	The Company, through Mr. Yair Eisen the Company's CFO.
The Date of the Engagement between the Valuations Contractee and the Appraiser:	The appraisal was ordered by the Company from the Appraiser on a number of different dates over the years.

The reasons, because of which the Corporation ordered the appraisal:	Annual Report Period.
The Appraiser's name:	BDO Consultation and Management Ltd.
Appraiser's details:	See the above table.
Details of the appraiser's education and experience:	See the above table.
Stipulations, should there be any, regarding the fee to which the Appraiser is entitled; furthermore, the degree of the impact that the stipulations should have on the valuation results:	The fee was established in advance as a part of the unconditional engagement.
Agreement, should there be any, for indemnifying the Appraiser for his work; if there was such an agreement, will be detailed together with the indemnification conditions and the identification of the indemnification provider:	Pursuant to the engagement agreement, if the Appraiser is charged with a payment of any sum whatsoever to a third party in relation to performing the services detailed in the engagement in agreement in litigation or any other obliging proceedings, Solaer undertakes to indemnify the Appraiser for any amount, as aforementioned that shall be paid by him, beyond the amount equivalent to three times his fee, provided that Solaer has been given an opportunity for defense and all apart from instances of BDO's negligence or malice, when no indemnification or compensation whatsoever shall apply.

Following are details regarding the valuations made in relation to the fair value of the Alizarsun Project

Identification of the Subject of the Valuation:	**Valuation of the Alizersan Project and a Part of Implementing the Revaluation Model**
Description of the Subject of the Valuation:	Valuation for the Alizarsun Project in favor of the bookkeeping records in the framework of implementing the revaluation model pursuant to Standard IAS 16.
Timing of the Assessment:	December 31, 2023
Appraiser's Identification:	The work was executed by a team headed by CPA Sagiv Mizrachi, a partner and staff manager in the-Corporate Finance Department at the BDO office Ziv Haft. Sagiv as an undergraduate degree in Applied Mathematics from the Bar Ilan University and a postgraduate degree in Business Administration (MBA) cum laude majoring in financial management from the Tel Aviv University. Sagiv has more than 10 years' experience in the economic and business consultation fields, valuing companies and financial instruments and various kinds of economic-accounting projects pursuant to the International Financial Reporting Standards (IFRS)and American Standards (US GAAP). In the past, Sagiv lectured in Accounting and Valuation at the Bar Ian University.

	BDO Ziv Haft, Consulting and Management Ltd., which is a part of the international BDO chain, which provides a broad range ofnecessary business services for national and international businesses in all sectors, inter alia: Business appraisals, examinations of financial suitability and an examination of a particular suitability, valuation of goodwill and intangible assets, mergers and acquisitions etc.
Referral to the Indemnification Agreements with the Appraiser	Pursuant to the engagement agreement, if the Appraiser is charged with a payment of any sum whatsoever to a third party in relation to performing the services detailed in the engagement in agreement in litigation or any other obliging proceedings, Solaer undertakes to indemnify the Appraiser for any amount, as aforementioned that shall be paid by him, beyond the amount equivalent to three times his fee, provided that Solaer has been given an opportunity for defense and all apart from instances of BDO's negligence or malice, when no indemnification or compensation whatsoever shall apply.
The Valuation Model	DCFDiscounted Cash Flows.
Assumptions Pursuant To Which The Appraisal Was Made:	The forecast years – 53 years Discount Rate – 5.75% Tax Rate - 25% Sales price forecasts – as detailed in the valuation Probabilities as detailed in the valuation.

It should also be noted that the main Appraiser of the Company's assets is BDO Consulting and Management Ltd (hereinafter: "**BDO Consulting and Management**"). The rate of assets directly affected by the Appraiser's valuations constitutes 16% of the value of the assets in the Company's balance sheet as at December 31, 2023. The Appraiser, BDO Consulting and Management is not dependent on the Company. See below for details about the details of the engagement with the Appraiser, pursuant to Section 2 of the Third Addendum to the Reporting Regulations:

The identification of the corporation that ordered the appraisal and identification of the organization in the Corporation as aforementioned that resolved on the engagement with the Appraiser	The Company, through Mr. Yair Eisen the Company's CFO.
The Date of the Engagement between the Valuations Contractee and the Appraiser:	The appraisal was ordered by the Company from the Appraiser on a number of different dates over the years.
The reasons, because of which the Corporation Ordered the Appraisal:	Annual Report Period.
The appraiser's name	BDO Consultation and Management Ltd.
Appraiser's details	See the above table.

Details of the appraiser's education and experience	See the above table.
Stipulations, should there be any, regarding the fee to which the Appraiser is entitled; furthermore, the degree of the impact that the stipulations should have on the valuation results	The fee was established in advance as a part of the unconditional engagement.
Agreement, should there be any, for indemnifying the Appraiser for his work; if there was such an agreement, will be detailed together with the indemnification conditions and the identification of the indemnification provider code	Pursuant to the engagement agreement, if the Appraiser is charged with a payment of any sum whatsoever to a third party in relation to performing the services detailed in the engagement agreement in litigation or any other obliging proceedings, Solaer undertakes to indemnify the Appraiser for any amount, as aforementioned that shall be paid by him, beyond the amount equivalent to three times his fee, provided that Solaer has been given an opportunity for defense and all apart from instances of BDO's negligence or malice, when no indemnification or compensation whatsoever shall apply.

c. Details Regarding the Bonds (Series A) that the Company Issued are Attached

Bonds (Series A)[1]	
First issue date	January 19, 2022
Series expansion date	July 11, 2023
Total value on the issue date (in NIS thousands)	242,000
Total face value after Expanding The Series (in NIS thousands)	300,500
The value of the bonds on the Exchange as at the Report approval date (NIS thousands)	278,050
Type of interest	2.3% fixed linked to the CPI
Interest payment dates	Twice a year on June 30 and December 31 of each year between 2022 and 2027 inclusive
Principal payment dates	In 5 unequal payments to be paid on December 31 of each year between 2023 and 2027 (inclusive), in a manner so that the first payment will constitute 10% of the face value of the bonds; each of the second and third payments must be 15% of the face value of the bond; the fourth payment will constitute 20% of the face value of the bonds and the fifth and final payment will constitute 40% of the face value of the bonds.
Is the series material (the	Yes

[1]See the Trust Deed dated January 23, 2022 (reference number: 2022-01-009501) for additional details regarding the bonds (Series A) (hereinafter: **The Trust Deed**") introduced in this report by way of a referral.

Bonds (Series A)[1]	
Corporation's total liabilities, pursuant to which, as at the end of the Report year constitute 5% or more of the Corporation's total liabilities)	
Face value as at December 31, 2023 (in NIS thousands)*	*270450
Book value of the bonds balance as at December 31, 2023 (NIS thousands)	286,969
Book value of the interest payable as at December 31, 2023 (NIS thousands)	-
Stock exchange value as at 31.12.2023 (NIS thousands)	270,531
Early redemption:	Should the Exchange resolve to remove the bonds from listing for trading, because the value of the bonds (Series A) is less than the sum established in the Exchange's stipulations, the Company must make early redemption, in the framework of which the Company must redeem the bonds (Series A) the holders of which have requested redemption. The redemption consideration must not be less than the sum of the adjusted value of the bonds (i.e. the face value of the bonds (Series A) with addition of linkage differentials and accrued interest up to the actual payment date as specified in the bonds conditions). Furthermore, at its sole discretion, the Company shall be entitled to make early redemption at any time, as of the termination of 30 days from the date of listing the bonds (Series A) for trading. In an event as aforementioned, the instructions detailed in Section 12.2 of the Trust Deed, dated January 23, 2022 shall apply (see the Immediate Report number 2022-02-009501 for additional details about the Trust Deed) ("**the Trust Deed**,") all subject to the stipulations of the Securities Authority and the instructions in the Exchange Regulations and the stipulations by virtue of it.
Guarantees	As at the date of the Trust Deed coming into force the bonds (Series A) are not guaranteed with collateral and/or guarantees and/or encumbrances of any kind and type whatsoever. The status of the bondholders is that of unsecured creditors of the Company with all implied from this.
Financial covenants	Until the full, final and precise settlement of the debt pursuant to the bonds conditions (Series A), the Company undertakes to comply with all the financial covenants detailed below vis-à-vis the bondholders (Series A).t - Equity capital (pursuant to the Company's Consolidated Financial Statements) must not be less than NIS 85 million during a period of two consecutive quarters – As at December 31, 2023, equity capital was NIS 262 million. **The Company Complies with the Covenants.** - The ratio between the solo equity capital and the net total solo balance sheet must not be less than a rate of 25% during a period of two consecutive quarters. As at December 31,

Bonds (Series A)[1]	
	2023,the ratio between the solo equity capital and the total net solo balance sheet was 51.1%. **The Company Complies with the Covenants.** - As of the Financial Statements as at December 31, 2023, the ratio between the net consolidated financial debt and the adjusted consolidated EBITDA must not exceed 15 during a period of two consecutive quarters. As at December 31, 2023, the ratio between the consolidated net financial debt and the adjusted consolidated -EBITDA was 6.2. **The Company Complies with the Covenants.** The calculation, as at December 31, 2023 was executed for the three month period commencing on October 1, 2023 (Q1) in the regulation for 4 quarters pursuant to the provisions in the Company's Trust Deed. Pursuant to the provisions in the Company's Trust Deed, the net consolidated financial debt includes – (1) Short-term debt from financial institutions and from any other entity dealing with extending loans in the sum of NIS 15,598 thousand; (2) long-term debt from financial institutions and any other entity dealing in extending loans in the sum of NIS 489,399; (3) Debt vis-à-vis the bondholders in the sum of NIS 286,968 thousand; (4) other interest-bearing financial liabilities (these liabilities include leasing liabilities (IFRS16) and loans from others) in the sum of NIS 143,922 thousand, less unrestricted cash and cash equivalents in the sum of NIS 152,578. The net consolidated financial debt includes the net financial debt as aforementioned less: (1) Leasing liabilities for leasing that are presented pursuant to International Financial Reporting Standard IFRS 16 in the sum of NIS 143,142 thousand; (2) Liabilities for assets that have not yet been commercially activated or a year from the date of activating them commercially has not yet transpired or from the date of completing their acquisition, whichever is the later, on the examination date, when, in this framework, liabilities that the Company took and that were extended by it as funding the construction of an asset as aforementioned or instead of funding for constructing an asset as aforementioned (at the level of the funding as aforementioned), provided that the is no other senior financial debt for funding that the Company extended in relation to that asset, as aforementioned, in the sum of NIS 196,255 thousand. Therefore, the net consolidated financial debt amounts to NIS 443,912 thousand. The adjusted consolidated EBITDA in Q4/23 includes an operating loss (loss before financing and taxes) of NIS 2,250 thousand with the addition of: (1) The results of installations accounted for under the equity method (interpretation of IFRIC 12) pursuant to the property, plant and equipment method in the sum of NIS 353 thousand; (2) Maintenance profits that the Company received from consolidated corporations or its investees in the sum of NIS 1,210 thousand; (3) Management fees and promotion fees that the Company received from consolidated corporations or from investees in the sum of NIS

Bonds (Series A)[1]	
	18,243 thousand[2]. On neutralizing: (1) The effects of installations accounted for under the equity method (interpretation of IFRIC 12) in the sum of NIS 47 thousand; (2) Expenses for a share-based payment of NIS 333 thousand, which amounts to a sum of NIS 17,842 thousand and in the regulation for four quarters is 71,368. Accordingly, the ratio between the net consolidated financial debt and the consolidated adjusted EBITDA is 6.2.
Restrictions on distributing a dividend	There are no restrictions on distributing a dividend apart from the requirement for complying with the financial covenants as aforementioned.
Compliance with all the conditions and commitments pursuant to the Trust Deed, on the termination of and during the Period Report	Yes.
Were there conditions that constitute grounds for placing the bonds (Series A) for immediate redemption?	No
Trustee's details	Custody – The Trust Services Company Ltd. Name of the responsible person for the Series at the Trustee CPA Rami Sabati Means of Communications – Telephone No: 03-637-4352 Fax No: 03-637-4344 E-mail :RamiS@Mtrust.co.il. Mailing Address: 46-48 Menachem Begin Road, Tel Aviv.

*On December 31, 2023, a partial redemption of 30,050,000 bonds from Series A was executed. See the Company's Immediate Report dated January 3, 2024) for details (Reference: 2024-01-001521).

Paula Vilin Segev, Chairperson of the Board

Alon Segev, Dir. And CEO

Date: March 26, 2024

[2] It must be clarified that, it is impossible to see the management and promotion fees that the Company received from the consolidated corporations all from its investees, in the consolidated reports, because these are canceled in the consolidation. The source of the aforementioned revenues is by virtue of services that the Company provides to the consolidated corporations or its investeesby virtue of the management and construction operational fields.