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Econergy Renewable Energy Ltd.

Board of Directors' Report of the Company's State of Affairs

As of September 30, 2021

The Board of Directors of Econergy Renewable Energy Ltd. ("**Company**") is pleased to submit the Company's Board of Directors Report as of September 30, 2021, pursuant to Securities Regulations (Periodic and Immediate Reports) 5730-1970 ("**Reporting Regulations**")

As of the date of the Report, the Company is a "small corporation", within the meaning of the term in Regulation 5C of the Reporting Regulations. On August 26, 2021, the Company's Board of Directors decided to discontinue implementation of the exemption from publication of quarterly reports.

Part A - Board of Directors explanations of the Company's business position

1. General - The Company's activities and material events during and after the reporting period

The Company was incorporated and registered in Israel as a private company on February 9, 2021 as a private company limited by shares, in accordance with the Companies Law, 5769-1999 ("**Companies Law**"). The Company was established for the purpose of raising capital from the public in Israel through the issuance of Company shares on the Tel Aviv Stock Exchange, and operates itself and through corporations under its control (hereinafter: "**Group**"), in the field of renewable energy in Europe.

On July 7, 2021, the Company published a supplementary prospectus and a shelf prospectus (Dated July 8, 2021, reference no.: 2021-01-049951), and on July 9, 2021, the Company published a supplementary notice (Reference no.: 2021-01-050950) (hereinafter collectively: "**Prospectus**"). The Company's shares are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter: "**Exchange**") as of July 13, 2021 under the symbol ECNR.

1.1. Areas of Activity

The Company has five business activity segments divided by geographical location, which are described as areas of activity in the description of the corporation's business, as detailed below:

1.1.1. Field of activity Italy;

1.1.2. Field of activity UK;

1.1.3. Field of activity Romania;

1.1.4. Field of activity Poland;

1.1.5. Field of activity Spain;

1.2. Structure of holdings

For details regarding the structure of the Company's holdings, see Section 6.3.5 in Chapter 6 of the prospectus.

1.3. Business Environment

For details regarding the Company's business environment, see Sections 6.7, 6.8.1, 6.9.1, 6.10.1, 6.11.1 and 6.12.1 in Chapter 6 of the prospectus and Section 1.5 of this Report.

1.4. Material events during the reporting period up to the publication of the Report - status of project development and forecast of the Company's business results

1.4.1 Material events during the reporting period to the publication of the Report

A. Acquisition of rights in the Ratesti project in Romania

Further to what is stated in Section 6.10.2 in Chapter 6 of the prospectus regarding the signing of a binding agreement between the Company and A.I. Nofar Energy Ltd. (hereinafter: **"Nofar"**) of the first part, and Portland Trust Renewables S.R.L of the second part, for the acquisition of the full rights in the Ratesti project with a forecasted capacity of 155 MWp to be held in equal parts by the Company and Nofar, on November 4, 2021 the pending warranties were met, mainly the completion of the project development (obtaining building permits and obtaining a grid connection permit) and achieving a state of Ready to Build (RTB). Accordingly, Econergy International Ltd, a corporation wholly owned and controlled by the Company, in collaboration with Nofar, through its wholly owned subsidiary, completed the acquisition of the Company's full issued and paid-up share capital incorporated in Romania and holder of the rights in the project.

The Company entered into agreements with Nofar under which as of the date of completion of acquisition of the project the Company will provide management services for project construction works (EPCm) as well as project management services following its connection to the electricity grid for a period of 10 years from the project's commercial operation, with the parties entitled to extend the management services agreement in accordance with the terms provided therein. For further details regarding the project status, its costs and expected revenues, see Section 1.4.2 (H) below, as well as in an immediate report published by the Company on November 7, 2021 (Reference No.: 2021-01-094702).

B. Acquisition of rights in the Parau project in Romania

On August 23, 2021, the Company entered into a binding agreement for the acquisition of the full issued share capital of Heliolux s.r.l. The acquired company is in advanced stages of developing solar systems in Romania amounting to 87 megawatts. The Company estimates that the acquisition cost is immaterial relative to the total investment in the construction of the project. Moreover, the Company estimates that it will enter into an engagement for the introduction of a partner into the project as joint investor.

As of the date of publication of this Report, the project has matured to a status of ready for construction and to the best of the Company's knowledge the closing date is expected to occur shortly following the date of this publication.

For further details regarding the project status, its costs and expected revenues, see Section 1.4.2 (H) below.

C. Acquisition of rights in the Swangate project

On 1 October 2021 the Company entered into a binding agreement for the acquisition of the full issued share capital of a company holding rights for construction, operation and maintenance and connection to the electricity grid of a 50-megawatt storage project (through batteries) located in Yorkshire UK and which is ready for construction. The Company estimates that the acquisition cost is immaterial relative to the total investment in the construction of the project.

To the best of the Company's knowledge, the project is in a ready for construction status and has received the necessary licenses for construction, including a permit for connection to the electricity grid. Construction work is expected to commence immediately upon completion of the acquisition agreement in the fourth quarter of 2021 and be completed in the third quarter of 2022 (when the Company expects the facility to be connected to the grid). The acquired company has a binding lease agreement on the land intended for the construction of the project, for a period of 25 years with an option to extend the lease for a further 10 years.

Completion of the acquisition agreement is contingent upon the fulfillment of pending warranties as specified in the acquisition agreement and which are mainly administrative and related to formal agreements required from the landowners (who signed a lease agreement enabling the execution of the project), changes the Company seeks to make pertaining to the approval of the connection to the grid and which are expected to cut costs as well as an update of the insurance policy. The deadline for fulfillment of the pending warranties and the completion of the transaction is December 30, 2021, but the Company may extend this date to the end of March 2022. For further details regarding the project status, its costs and expected revenues, see Section 1.4.2 (H) below, as well as in an immediate report published by the Company on November 3, 2021 (Reference No.: 2021-01-082408).

1.4.2 Status of project development

A. It should be noted that the Company's predictions are based on the Company's existing work plan for the realization of projects as detailed in Section 6.3.4 in Chapter 6 of the prospectus, whilst taking into account updates made since the date of publication of the prospectus as detailed in this Section 1.4 and which does not consider further initiation and development of additional projects.

The development status of the projects is determined according to the following rules:

- "Early development" - systems in the preliminary initiation stages, which have not yet matured to licensing and for which feasibility tests for connection to the grid are being performed; Comprehensive testing of land type and licensing restrictions; Commercial conversations vis-à-vis relevant landowners towards consent; Economic feasibility tests; Compilation of a comprehensive internal report; And with regards to which the Company estimates there is a high probability that they will move to the licensing phase within a period not exceeding 6 months.

- "Systems Under License " - systems with an interest in the land and which are in the process of obtaining a license to connect to the electricity grid and a building permit.
- "Systems Pre-construction " - systems for which a connection to the grid has been approved and which are in the final licensing procedures and whose actual construction is expected to commence within twelve months.

B. The following is a summary of the status of projects under development, and the predicted vendors, in the countries in which the Company operates, as of the date of publication of the Report (data presented in MW):

Status[1]	Italy	UK	Romania	Spain	Poland	Total
Pre-construction	337	412	363	50	-	1.162
Under License	1,009	267	336	-	127	1,740
Early development	14	215	1,271	412	442	2,354
Total projects under development	**1,361**	**894**	**1,970**	**462**	**569**	**5,256**
Total storage	-	770	-	-	-	770
Total MW under development	**1,361**	**1,664**	**1,970**	**462**	**569**	**6,026**
Quantity of PV, wind and storage projects	**126**	**35**	**17**	**8**	**23**	**209**

(1) For projects with connection expected by 2024, incl.

C. Storage area

The global increase in renewable energies requires storage solutions for it to function and grow. Between 2021 and 2050, pollutant sources are expected to decrease by approx. 50% compared to an increase of approx. 250% in renewable energy sources and approx. 550% in flexible energy sources, mainly storage.

The revenue model for storage in the English market is primarily based on two types of revenue: First, price optimization - a platform trading of electricity that enables the charging of batteries during off-peak hours and their discharge during peak hours. And the second, frequency stabilization - the grid frequency stabilization service which was damaged as a result of a sharp increase in renewable energies and enables a balance of demand and supply at given points in time.

The UK is leading the storage market in Europe and is expected to be a catalyst for more countries to follow suit.

The Company continues to explore the field of storage alongside electricity generation projects under development as well as an independent storage business model. The Company focuses on this area in the UK, a country which has regulation supporting such facilities and in light of the Company's assessment that the UK is the most advanced country in Europe in this field.

The latest forecasts in this field in the UK as a whole include forecasts for the construction of approx. 1.7 Gw storage projects in the UK during 2022, alongside approx. 7 Gw projects that are under development[1]. The Company began developing projects through its local development team, a substantial and experienced local development team with proven experience in the field of storage and access to quality grid connection points.

The Company develops storage projects in two configurations:

The first, as co-location projects in conjunction with the PV and wind projects in development by the Company - will create significant synergy both at the point of connection to a shared network and also produce significant savings in shared costs.

And the second, as independent storage projects that support the electricity grid.

The following is the distribution of the Company's storage projects under development according to development status and project type (MW):

Storage projects in the UK	Independent storage projects	Existing projects in the development of the Company - Shared location with PV projects	Total
Pre-construction	50	110	160
Under License	100	130	230
Early development	210	170	380
Total MW storage	**360**	**410**	**770**

D. The following is a summary of the projects by type of project (data presented in MW):

Type of project	Italy	UK	Romania	Spain	Poland	Total
PV	1,074	894	1,721	462	569	4,719
Wind	287	-	249	-	-	536
Storage	-	770	-	-	-	770
Total projects under development with expected connection by 2024	**1,361**	**1,664**	**1,970**	**462**	**569**	**6,026**

The Company conducts an ongoing assessment of development status and expected connection dates in each country, which are derived from the expected duration of the

[1] Market Consultant Report Aurora GB Distributed and Flexible Energy Market Outlook - April 2021

development process in each country and the expected duration of construction subsequent to the Ready to Build stage and up to the connection to the electricity grid.

The licensing process in Italy, up to the construction readiness stage and according to the Company's estimate, is expected to last 18 to 30 months for PV projects, depending on the project capacity, and 36 months for wind projects. For details regarding the licensing and regulation process in Italy, see Section 6.8.1.5 in Chapter 6 of the prospectus.

The licensing process in the UK, up to the construction readiness stage and according to the Company's estimate, is expected to last 15 to 24 months for PV projects, depending on the project capacity. For details regarding the licensing and regulation process in the UK, see Section 6.9.1.3 in Chapter 6 of the prospectus.

The licensing process in Romania, up to the construction readiness stage and according to the Company's estimate, is expected to last 15 to 24 months for PV projects, depending on the project capacity, and 24 to 30 months for wind projects. For details regarding the licensing and regulation process in Romania, see Section 6.10.1.3 in Chapter 6 of the prospectus.

The licensing process in Poland, up to the construction readiness stage and according to the Company's estimate, is expected to last 18 to 24 months for PV projects, depending on the project capacity. For details regarding the licensing and regulation process in Poland, see Section 6.11.1.3 in Chapter 6 of the prospectus.

The licensing process in Spain, up to the construction readiness stage and according to the Company's estimate, is expected to last 24 to 30 months for PV projects, depending on the project capacity. For details regarding the licensing and regulation process in Spain, see Section 6.12.1.3 in Chapter 6 of the prospectus.

Moreover, the project construction period, in all the countries, from the construction readiness stage up to connection to the electricity grid and commercial operation, according to the Company's estimate, is expected to last 6 to 12 months for PV projects, depending on the project capacity, and 12 to 18 months for wind projects, depending on the project capacity. The following is a summary of the projects by project type (data presented in MW):

Type of project	Italy	UK	Romania	Spain	Poland	Total
PV	1,074	894	1,721	462	569	4,719
Wind	287	-	249	-	-	536
Storage	-	770	-	-	-	770
Total projects under development with expected connection by 2024	**1,361**	**1,664**	**1,970**	**462**	**569**	**6,026**

The Company conducts an ongoing assessment of development status and expected connection dates in each country, which are derived from the expected duration of the development process in each country and the expected duration of construction subsequent to the Ready to Build stage and up to the connection to the electricity grid.

The licensing process in Italy, up to the construction readiness stage, is expected in the Company's estimate to last 18 to 30 months for PV projects, depending on the project capacity, and 36 months for wind projects. For details regarding the licensing and regulation process in Italy, see Section 6.8.1.5 in Chapter 6 of the prospectus.

The licensing process in the UK, up to the construction readiness stage, is expected in the Company's estimate to last 15 to 24 months for PV projects, depending on the project capacity. For details regarding the licensing and regulation process in the UK, see Section 6.9.1.3 in Chapter 6 of the prospectus.

The licensing process in Romania, up to the construction readiness stage, is expected in the Company's estimate to last 15 to 24 months for PV projects, depending on the project capacity, and 24 to 30 months for wind projects.is expected in the Company's estimate to last For details regarding the licensing and regulation process in Romania, see Section 6.10.1.3 in Chapter 6 of the prospectus.

The licensing process in Poland, up to the construction readiness stage, is expected in the Company's estimate to last 18 to 24 months for PV projects, depending on the project capacity. For details regarding the licensing and regulation process in Poland, see Section 6.11.1.3 in Chapter 6 of the prospectus.

The licensing process in Spain, up to the construction readiness stage, is expected in the Company's estimate to last 24 to 30 months for PV projects, depending on the project capacity. For details regarding the licensing and regulation process in Spain, see Section 6.12.1.3 in Chapter 6 of the prospectus.

Moreover, the project construction period in all the countries, from the construction readiness stage up to connection to the electricity grid and commercial operation, is expected in the Company's estimate to last 6 to 12 months for PV projects, depending on the project capacity, and 12 to 18 months for wind projects, depending on the project capacity.

E. The following is an analysis of the evolution of project development in the various sectors since the publication of the prospectus (data presented in MW):

Segment	Status of development	Date of report	Date prospectus published (7.7.2021)	Change
Italy	Pre-construction	337	342	-1%
	Under License	1,009	936	8%
	Early development	14	190	-92%
	Total Italy	**1,361**	**1,468**	**-7%**
UK [1]	Pre-construction	572	90	535%
	Under License	497	463	7%
	Early development	595	330	80%
	Total UK	**1,664**	**883**	**88%**
Romania	Pre-construction	363	197	84%
	Under License	336	470	-28%
	Early development	1,271	853	49%
	Total Romania	**1,970**	**1,520**	**30%**
Spain	Pre-construction	50	50	0%
	Under License	-	53	-100%
	Early development	412	149	177%
	Total Spain	**462**	**252**	**83%**
Poland	Under License	127	17	645%
	Early development	442	443	0%
	Total Poland	**569**	**459**	**24%**
Total	Pre-construction	1,322	696	90%
	Under License	1,970	1,921	3%
	Early development	2,734	1,965	39%
Total under development		**6,026**	**4,582**	**32%**

(1) Data from the UK as of the publication of the Report includes storage projects totaling 770MW, with a development status distribution as follows: 160MW Pre-construction , 230MW Under License and 380MW Early development.

<u>Italy</u> - The Company has continued to advance projects in development since the publication of the prospectus, while the development process of some of the projects intended for construction is not expected to be completed and therefore these projects were removed from the list of projects in development (due to development risks). The rate of entry of new projects has slowed since the publication of the prospectus due to

increased competition for new projects, and the Company's team has focused on advancing the development of existing projects. The Company has increased and strengthened its initial development team in order to once again increase the pipeline of projects under development in Italy.

UK - The Company has continued to expand and deepen its development activities in the UK. Projects in the development stages progressed as planned and the Company initiated additional projects. As of the date of publication of the prospectus, there has been an 88% increase in the pipeline of projects under development, mainly due to the introduction of storage projects in the sector, and the Company expects that the scope of projects expected to reach Ready to Build over the next 12 months (RTB) will increase significantly.

Romania - The Company has continued to expand and deepen its development activities in Romania. During the period there was a 30% increase in the pipeline of projects under development, and the Company expects the scope of projects reaching Ready to Build (RTB) over the next 12 months to increase significantly. For further details, see subsection D below.

Spain - The Company has initiated additional new projects in conjunction with the removal of existing projects that were in the licensing stages but are not expected to materialize. In total during the period there was an 83% increase in the pipeline of projects under development.

Poland - The Company has continued to expand and deepen its development activities in Poland. During the period there was an 24% increase in the pipeline of projects under development.

F. The Company's management anticipates that not all projects in the various stages of development will reach maturity and be readiness for construction, and therefore the Company conducts ongoing assessments regarding the chances of success and the development completion date. According to the Company's assessment, the expected investment, construction and connection of projects is lower than the number of developed projects and the projected capacity of projects under development.

The probabilities of successful completion of the development processes according to their status vary from country to country in line with different regulatory procedures, and on the basis of its experience, the Company evaluates them as follows:

- Systems Pre-construction - 85-95%.
- Systems Under License - 60-80%.
- Systems in Early development - 35-40%.

On the basis of schedules for completion of development, and framework agreements with the contractors, it is possible to estimate the duration of the facility's construction and its connection to the electricity grid. The Company estimates that in the next three years, systems are expected to be connected to the electricity grid and move to a commercial operating phase.

G. The following is the expected connection (total MW) based on the Company's existing project pipeline, with the exception of storage projects mentioned above:

Expected connection (total)	Italy	UK	Romania	Spain	Poland	Total
2022	281	225	447	45	-	999
2023	525	339	151	-	105	1,120
2024	283	66	437	165	167	1,117
Total connections expected by 2024	**1,089**	**630**	**1,036**	**210**	**272**	**3,236**

The total expected connection for 2024 has increased by approx. 18% compared to the Company's estimate at the time of the prospectus. From this figure, the portfolio of projects for connection in 2024 increased significantly (by 116%), whilst in the short term the portfolio of projects for connection in 2022 increased by 5%, and the portfolio of projects for connection in 2023 decreased by 13%, due to realization of some development risks.

Based on the table above, in accordance with the Company's holding rate in the various projects, and based on the assumptions regarding the realization of project as presented in Section 1.4.2 (H) above, the expected connection (total MW) including the Company's share in the project pipeline is as follows:

Expected connection (Company share)	Italy	UK	Romania	Spain	Poland	Total
2022	76	225	224	45	-	570
2023	164	339	101	-	105	709
2024	207	66	243	165	167	847
Total connections expected by 2024	**447**	**630**	**568**	**210**	**272**	**2,126**

In total, there was an 18% increase in the Company's share of projects expected to be connected by 2024, compared with the Company's assessment regarding PV and wind projects on the date of the prospectus.

H. Details of the projects in 'Pre-construction ' status or which the Company expects will commence construction within the next 12 months (amounts in thousands of euros):

Country	Name of project	Development status	Installed MWp	Company share [1]	Expected rate	Expected connection year	Leverage rate Expected	Total forecasted construction costs [2]	Forecasted revenues [2, 3]	EBITDA [2,3]
Italy	Pipeline of 52 projects	Pre-construction	290.9	5%	Market prices	2022	50%	183,265	31,926	26,703
Romania	Ratesti	Pre-construction	155.0	50%	Market prices	2022	50%	98,000	14,770	11,850
	Oradea	Pre-construction	83.0	50%	Market prices	2022	50%	51,460	8,318	6,996
	Parau PV	Pre-construction	87.0	50%	Market prices	2022	50%	54,810	8,318	6,996
	Scurtu Mare	Pre-construction	44.0	50%	Market prices	2022	50%	30,360	4,409	3,709
	Mihailesti	Under License	54.3	50%	Market prices	2022	50%	32,309	5,442	4,577
	Bobicesti	Under License	25.0	50%	Market prices	2022	50%	14,875	2,505	2,107
	Melinesti-Goesti	Under License	21.2	50%	Market prices	2022	50%	12,614	2,125	1,787
	Iancu Jianu	Under License	38.2	50%	Market prices	2022	50%	22,729	3,828	3,220
UK	Park Farm	Pre-construction	60.0	100%	Market prices	2022	50%	39,600	3,945	3,009
	Hamer Warren	Pre-construction	24.0	100%	Market prices	2022	50%	15,840	1,578	1,204
	Leighton Road	Pre-construction	18.5	100%	Market prices	2022	50%	11,008	1,217	928
	Low Farm	Pre-construction	18.0	100%	Market prices	2022	50%	10,710	1,184	903
	Hayton House Farm	Pre-construction	59.0	100%	Market prices	2022	50%	35,105	3,880	2,959
	Lightrock pipeline Woolpots Farm	Pre-construction	53.0	100%	Market prices	2022	50%	31,535	3,485	2,658
	Swangate Storage [4]	Pre-construction	50.0	100%	Market prices	2022	50%	31,000	5,638	4,118
Spain	Marbrumau I	Pre-construction	50.0	100%	Market prices	2022	50%	32,987	5,398	4,608
	Total		**1,131.1**					**708,205**	**107,966**	**88,335**
	Total Company share		**600.9**					**366,363**	**52,778**	**42,345**

(1) The Company's share in the table above reflects its management's estimates in relation to future partnerships, as specified in the prospectus, and not the actual holding rate as of the date of publication of the report.

(2) Construction costs, forecasted revenue and EBITDA are presented in the above table at 100% and not according to the Company's share.

(3) Average revenue and projected EBITDA for the first five years of operation.

(4) The Company is considering setting up the project on the basis of 50MWp/100MWh.

1.4.3 Investment plan

The Company is prepared to start construction through EPC contractors who are due to establish the projects under the management and control of the Company. The construction cost taken into account includes: engineering, procurement and construction with a principal contractor (EPC), network connection costs, development and initiation costs.

It should be noted that in the Archmore Ecoenergy portfolio, carried out in collaboration with the UBS fund, the Company is not required to provide equity.

Moreover, the Company assumes that the projects will be financed by senior debt at market-accepted rates.

Based on these assumptions, the Company anticipates the following investments in the various countries over the coming years (millions of euros):

Expected investment [1]	Italy	UK	Romania	Spain	Poland	Total
2021	-	-	23.2	2.5	-	25.6
2022	29.2	88.9	34.6	9.9	4.3	166.8
2023	79.4	69.2	39.4	-	15.6	203.6
2024	65.4	26.3	74.2	45.3	5.9	217.1
Total cumulative investment expected by 2024	**174.0**	**184.4**	**171.3**	**57.7**	**25.7**	**613.2**

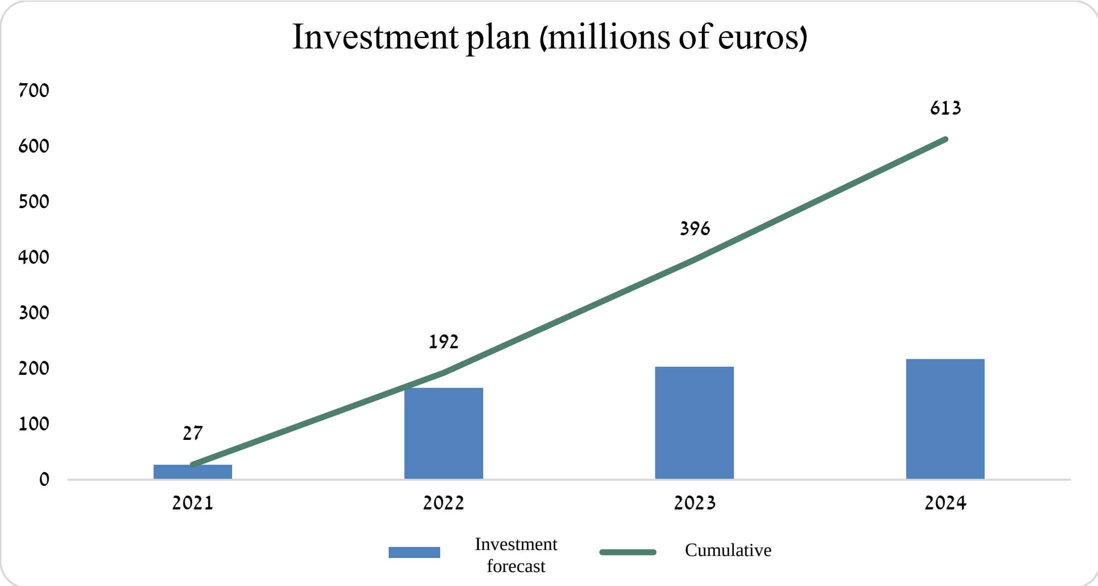
(1) Data in the table does not include storage projects.

The Company's future investment plan, on the basis of which, inter alia, the Company's business forecasts regarding its projects are provided as set forth in this Report, assumes that the Company will have available capital for investment in excess of its current sources of capital. The Company estimates that it will be required to raise additional capital as early as 2022 onwards in order to provide its share of the equity required for the construction of the projects presented in this report and in accordance with the investment plans described above. In order to meet the investment plan, the Company is examining various options for financing alternatives, including raising capital from the public, and/or raising private capital for the Company's subsidiaries, as well as introducing partners for projects under its development. As of the date of the report, there is no certainty that the raising of capital will be completed in full in accordance with the Company's forecasts. Failure to raise sufficient capital for the purpose of implementing the Company's future investment plan described above is expected to materially affect the Company's forecasts set forth in the Report, including the projected annual revenue estimates, the projected EBITDA estimates, the projected FFO estimates and the FCF projections, as set out in this Report. However, according to the Company's estimates, insofar as the Company does not meet future capital raising plans, it has alternatives to the implementation of its investment plans, including the sale of projects, or some of them, at the construction maturity stage (RTB) in anticipation of value flooding for the Company and/or debt raising in the capital market.

Meanwhile, the Company intends to examine and promote the possibility of raising debt from the public by issuing a new series of debentures and listing them on the Tel Aviv Stock Exchange Ltd. For further details, see the immediate report published by the Company on November 8, 2021 (Reference No.: 2021-01-095389).

<u>Summary of the investment plan (millions of euros):</u>

	2021	2022	2023	2024
Investment forecast	26	167	204	217
Cumulative	26	192	396	613



The Company's investment program continues to grow in line with the development of its 'projects under development' portfolio. The investment plan for the years 2023-2024 has grown following an increase in the pipeline of the Company's projects under development presented above.

1.4.4 <u>Revenue forecast</u>

In relation to each project, the Company has an assessment based on planning tools (which enable planning of the expected facility layout according to the terrain and planning constraints, to arrive at the expected facility size and efficiency rate) and multi-year databases of predicted radiation or wind speed. Based on the assessment of the installed capacity and the solar radiation or wind speed, the Company performs its assessments regarding the expected electricity output from the facility.

The Company usually uses current forecasts (on a quarterly level) from leading external market consultants regarding the expected sales prices in each region or country, depending on the facility's technology, over the coming years. The external consultants' forecast is based on electricity demand and supply forecasts in the region or country, on alternative energy prices and multi-year models. The market consultants' forecasts, which the Company is assisted by, are acceptable to lending banks in the countries of operation.

For the purpose of calculating the Company's revenues and the profitability of its operations over the coming years, and based on estimates from external market consultants, the Company assumed projected electricity prices in the countries of operation, by technology, as follows[2]:

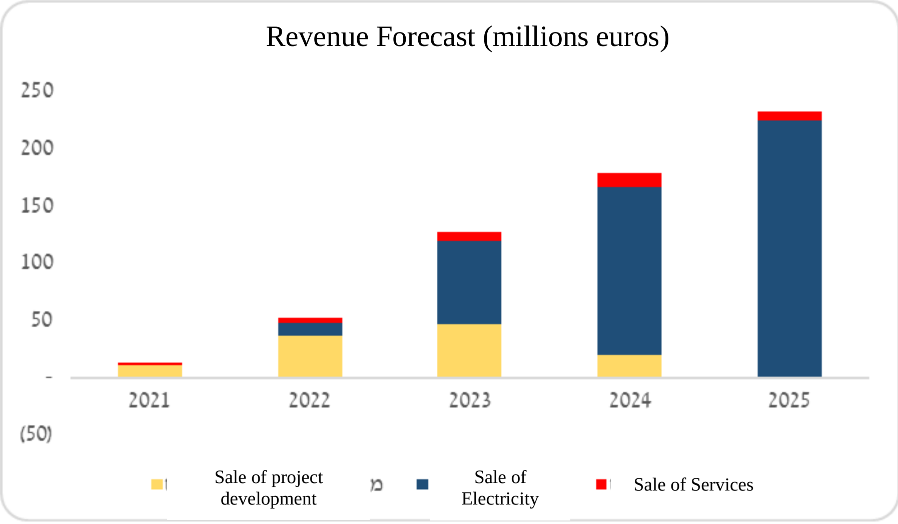
			First year of operation	First ten years of operation	
				Min	Max
Italy	Wind	Euro	74.9	67.0	74.9
	PV	Euro	96.6	56.3	96.6
UK	PV	Pound	84.5	51.9	84.5
Romania	Wind	Euro	77.6	68.7	77.6
	PV	Euro	75.1	60.1	75.1
Spain	PV	Euro	63.2	38.6	63.2
Poland	PV	Euro	87.0	87.0	87.0

The operating expenses assumed by the Company for the purpose of estimating revenue and future profitability are based on quotes from vendors and existing agreements in facilities managed by the Company in day-to-day operations as well as knowledge gained by its management from many years of operating facilities.

The following is an analysis of the sales forecast based on the Company's investment plan presented by projects with an updated development status as of the date of publication of the Report, excluding storage projects (millions of euros):

Revenue forecast	2021	2022	2023	2024	2025
Revenue from project development	11.5	44.9	38.4	20.0	-
Revenue from the sale of electricity	(0)	9.2	74.1	146.7	224.1
Revenue from the sale of services	2.0	6.9	7.0	11.2	7.7
Total	**13.6**	**60.9**	**119.5**	**178.0**	**231.8**

[2] Prices are presented at their real rate, without indexation.



The revenue forecast increased accordingly compared to the forecast on the date of the prospectus in line with the increase in the Company's portfolio of projects under development. The Company also anticipates an increase in the expected revenues from project initiations in Romania in light of the growing development therein.

1.4.5 <u>Forecast Business Results</u>

Based on the sales and operating expenses forecast as detailed above, the Company estimates the development of project business results in the following years as follows (millions of euros):

Millions of Euros	2021	2022	2023	2024	2025
Revenue	13.6	60.9	119.5	178.0	231.8
EBITDA	10.1	54.9	102.4	147.8	189.1
FFO	8.4	44.3	71.4	98.2	121.5
FCF	8.4	44.3	61.1	72.8	83.0

EBITDA and FFO indices are Non-Gaap indices, calculated on the basis of the assumptions underlying the business results forecast.

The EBITDA index (Earnings Before Interest, Tax, Depreciation and Amortization) is an accepted index in renewable energy projects, representing the system's operational efficiency and used by the Company's decision makers. The index is calculated as operating profit (revenue from electricity generation less operating and maintenance costs) less the depreciation of the systems.

The FFO index (Funds From Operations) is calculated on the basis of the EBITDA index, taking into account the expected tax and financing expenses. This index is an accepted index in renewable energy projects and reflects the ability to service the debt fund out of the receipts generated by the systems.

The projected free cash flow (FCF) after servicing the debt is calculated on the basis of the FFO less payments in respect of the loan principal.

The Company's estimates regarding forecasted capacities, projected connection dates, probabilities for connecting facilities, investment plan forecast, revenue forecast, business results forecast (including revenue, EBITDA, FFO and available cash flow) of the Company for 2021-2025 are forward-looking information, as defined in the Securities Law, based on the Company's plans at the date of the Report, under the assumptions as set forth above, the realization of which is uncertain and not under the sole control of the Company. Estimates are based on the Company's plans with regard to each system and its characteristics, which may not materialize due to factors beyond the Company's control, such as delays in obtaining the permits required to set up the systems, changes in system setup costs, construction delays, delays in supply of system parts, exchange rate changes, regulatory changes, changes in financing costs including insufficient raising of capital sources from vendors for the implementation of the Company's future investment plan described above that asof the date of the Report there is no certainty that these will be fully completed in accordance with the Company's forecasts, changes in interest rates, system defects, weather effects, changes in consumer electricity rates, changes in electricity consumption, changes in tax rates, changes in the electricity economy, the consequences of the corona crisis, etc. It should be emphasized that there is no certainty regarding the implementation of projects preparing for construction, inter alia, due to the fact that these projects are subject to receipt of permits and licenses whose receipt is uncertain, as well as due to a concern regarding the existence of any of the risk factors specified in Section 6.28 in Chapter 6 of the prospectus.

1.5 The effect of the corona virus (COVID-19) and effects of global supply chains on the Company's operations

During the reporting period and to the date of publication of the Report, there was a declining trend in morbidity in Israel from the corona virus, but worldwide morbidity levels are still high. Alongside the increase in morbidity, there is a marked increase in vaccination efforts in some countries and prospects for finding a cure to the disease.

In light of these developments, the Company estimates that there is still uncertainty regarding the future development of the corona pandemic and its various effects, especially in light of the rising trend in morbidity as of the date of this Report. However, the Company estimates that the cumulative experience of the health systems around the world (especially in Europe where the Company's activities are concentrated) in dealing with the pandemic, including with regards to vaccinating the population in conjunction with complementary measures, will curb the increase in morbidity in the short term and enable a return to routine alongside the corona pandemic in the long term.

So far, in the Company's view, the spread of the corona virus, the delays, restrictions and the economic crisis created therefrom have had an insignificant effect on the Group's activities in the short term. The initiation, licensing and planning activities of projects in the various countries, as a rule, continue as planned. The Company is preparing to begin construction of projects, as of the date of publication of the Report, with the Company experiencing an increase in prices of the principal equipment components as a result of delays in production and supply rising transport prices.

As stated above, at this stage the Company is not in a position to assess how and to what extent the Group's activities will be affected, especially in the medium and long term. On the one hand, there is a fear of a global recession that could lead to adverse changes in financing prices and exchange rates, as well as to changes in electricity tariffs. On the other hand, the increase in demand leads to an increase in electricity prices in the short term and may also have an effect in the medium term.

For further details see Section 6.7.10 in Chapter 6 of the prospectus.

The Company's assessments regarding trends, forecasts and developments in the Group's macroeconomic environment as set forth above, including the implications of the spread of the corona virus, is forward-looking information as defined in the Securities Law, based, inter alia, on publications and expectations or assessments regarding economic or industry developments, the realization of which is uncertain and not under the Company's control. Therefore, it is possible that the developments and trends listed above will differ in practice, due in part to factors that by their very nature are not under the Company's control or due to the realization of risk factors as set forth in Section 6.28 in Chapter 6 of the prospectus.

2. Financial position

The following table presents the sections in the Report on the financial position in accordance with the consolidated interim financial statements, and explanations of the main changes that took place therein:

Section	As of September 30		As of December 31	
	2021	2020	2020	
	(Thousand Euro)			
Cash and cash equivalents	41,060	2,526	1,897	Increase resulting from IPO fund raising.
Accounts receivables	99	199	98	No significant change relative to end of 2020.
Debtors and debt balances	4,920	723	524	Increase resulting from payment of advances on account of the acquisition of the Ratesti and Parau projects (approx. EUR 3 million).
Total current assets	**46,079**	**3,448**	**2,519**	
Systems under construction and initiation	9,334	167	949	Continued investment in projects under development.
Other fixed assets, net	284	25	19	Increase in the purchase of computers, equipment and furniture in line with the increase in Company staff and entry into new offices.
Right-of-use asset	462	161	152	On July 1, 2021, the Company entered into an agreement to lease the Company's offices in Israel.
Investment in investee companies accounted for at equity	6,762	4,914	6,337	No material change from annual. The change compared to the same period last year is due to the inflow of capital to the investee company and the withdrawal of equity.
Total non-current assets	**16,482**	**5,267**	**7,457**	
Total assets	**62,921**	**8,715**	**9,976**	
Accounts payables	338	73	74	Increase resulting from acquisitions and system development.
Creditors and credit balances	990	556	899	No significant change relative to end of 2020.
Total current liabilities	**1,328**	**416**	**973**	

Lease liabilities	431	120	115	On July 1, 2021, the Company entered into an agreement to lease the Company's offices in Israel.
Other long term liabilities	200	-	200	Unchanged relative to the end of 2020.
Convertible loans	-	-	2,500	As part of the shareholders' agreement signed in December 2020, investors undertook to provide the Company with EUR 20 million in a convertible loan. This amount was converted into capital during the reporting period.
Total non-current liabilities	**631**	**120**	**2,815**	
Total liabilities	**1,959**	**749**	**3,788**	
Share capital and premium	58,922	845	845	
Capital funds	10,536	-	(15)	
Surpluses (Balance of Loss)	(9,282)	(125)	(1,234)	
Capital attributable to parent company owners	60,176	720	(404)	
Minority interests	786	7,246	6,592	
Total capital	**60,962**	**7,966**	**6,188**	For capital development see Section 5.
Total liabilities and capital	**62,921**	**8,715**	**9,976**	

3. Results of activity

The following table presents the sections in the Report on gross profit in accordance with the financial statements, and explanations of the main changes that took place therein (thousand Euros)

Section	For the 9 months period ended September 30		For the 3 months period ended September 30		As of December 31	
	2021	2020	2021	2020	2020	
(Thousand Euro)						
Revenue from rendering of services	552	267	130	118	849	Increase compared to the corresponding period last year resulting from the entry into force of the service agreement with UBS in July 2020 for a period of 10 years. Decrease in quarter due to decrease in non-recurring income from services provided to the portfolio under development with RG
Expenses						
Cost of revenues	603	24	368	24	723	Revenue expenses are wage expenses. During the period there was an increase resulting from the expansion of activity and an increase in the number of employees and the recording of wage expenses in respect of share-based payment.
General and administrative expenses	7,971	753	6,530	8	1,822	The main revenue expenses are wage expenses. During the period there was an increase resulting from the expansion of activity and an increase in the number of employees and the recording of wage expenses in respect of share-based payment.
Cost of construction and initiation	995	36	664	36	-	Assignment of expenses to initiation and development of new projects as well as an increase in wage expenses as a result of the expansion of activity and an increase in the number of employees and the recording of wage expenses in respect of share-based payment
The Company's share in the investee companies results accounted for at equity	(324)	89	(230)	-175	512	
Operating loss	**(9,341)**	**(457)**	**(7,662)**	**(50)**	**(2,208)**	

Financing revenue	1,605	-	6	-	4	Revaluation of shekel balances in the bank.
Financing expenses	675	10	73	-	26	Interest accrued to July 13, 2021 in respect of a convertible loan.
Financing expenses, net	**930**	**(10)**	**(67)**	**-**	**(22)**	
Loss after financing expenses, net	**(8,411)**	**(467)**	**(7,729)**	**(50)**	**(2,230)**	
Income taxes	**24**	**-**	**17**	**-**	**-**	
Loss for year	**(8,435)**	**(467)**	**(7,746)**	**(50)**	**(2,230)**	
Attributable to:						
Owner of parent company	(8,048)	(99)	(5,992)	12	(1,208)	
Minority interests	(387)	(368)	(168)	38	(1,022)	
Adjustments arising from the translation of financial statements of foreign activities	132	-	168	-	(15)	
Total other gross profit (loss)	132	-	168	-	(15)	
Total gross profit attributable to:						
Owner of parent company	(7,916)	(99)	(5,824)	12	(1,223)	
Minority interests	(387)	(368)	(168)	38	(1,022)	

4. Liquidity

Section	As of September 30		As of September 30		As of December 31	
	2021	2020	2021	2020	2020	
(Thousand Euro)						
Net cash flow for current activity	(7,920)	(687)	(5,862)	18	(808)	
Net cash flow used for investment activity	(9,401)	(2,820)	(3,610)	(167)	(5,823)	
Net cash flow from financing activity	54,898	4,357	37,652	(16)	6,852	

5. Capital development

Against the backdrop of events in the balance sheet period, see the consolidated statement of changes in capital in the consolidated interim financial statements, which expresses the value of loans converted into capital, the transfer of shares of subsidiaries to the Company, share-based payment and the value of shares allotted. For further details, see also Notes 3A, 3C, and 1B to the consolidated interim financial statements as of September 30, 2021.

6. Working capital

The Company's working capital according to the consolidated interim financial statements as of September 30, 2021 amounts to approx. EUR 44,751 thousand (compared to EUR 1,546 thousand as of December 31, 2020), and consists of current assets less current liabilities as detailed below:

A. Current assets amounted to approximately EUR 46,079 thousand and included mainly cash and cash equivalents.

B. Current liabilities amounted to approximately EUR 1,328 thousand and mainly included creditors and credit balances.

7. Financing sources

Financing activity for the initiation and construction of projects (Project Finance) that generate electricity using renewable energy technology, is expected to be partly financed by project-bank financing, through dedicated bank loans procured as senior debt by the project's corporations or the Company, and partly by shareholders' loans (provided to the project as equity). As of the date of the report, the Company has yet to take out project financing loans for projects under construction. For further details see Section 6.19 in Chapter 6 of the prospectus.

In order to meet the investment plan, the Company is examining various options for financing alternatives, including raising capital from the public, and/or raising private capital for the Company's subsidiaries, as well as introducing partners for projects under its development.

Moreover, the Company intends to examine and promote the possibility of raising debt from the public by issuing a new series of debentures and listing them on the Tel Aviv Stock Exchange Ltd. For further details, see the immediate report published by the Company on November 8, 2021 (Reference No.: 2021-01-095389).

Part B - Aspects of Corporate Governance

8. Donations

The Company has not adopted a policy regarding donations, and as of the date of the report, the Company has no obligation to make donations in the future.

9. Minimal number of directors with accounting and financial expertise

Pursuant to the provisions of Section 92(A)(12) of the Companies Law, 5759-1999 ("**Companies Law**"), the Company's Board of Directors has determined that the minimum number of directors required in the Company who possess accounting and financial expertise shall be two (2), including external directors (appointed in accordance with the provisions of the Companies Law, subject to the Company becoming a public company), and this in consideration of the nature of the Company's activities, the complexity of its operations and its size.

10. Independent Directors

In its Articles of Association the Company has not adopted provisions regarding the proportion of independent directors pursuant to the provisions of the First Schedule to the Companies Law. On September 29, 2021, the Company's General Meeting approved the appointment of two external directors to the Company, and on August 9, 2021, the Company appointed an additional director who will be classified as an independent director at the forthcoming meeting of the Audit Committee.

11. Disclosure regarding the Company's internal auditor

The Company has appointed an internal auditor, CPA Niv Levin from the G. Monarov & Co. firm.

12. Disclosure regarding the Company's auditor

The Company's auditors are Kost, Forer, Gabbay and Kassirer, Accountants (E&Y). The auditor's fee is determined, inter alia, on the basis of market conditions and in the opinion of the Company's management is reasonable and acceptable in line with the nature of the Company and its scope of activity.

13. Independent signatory

As of the date of the prospectus, the Company does not have an independent signatory, as per its definition in the Securities Law.

14. Events during the reporting period and following the date of the Report on financial position

For further details regarding events following the balance sheet date, see Note 3 to the consolidated interim financial statements as of September 30, 2021.

A. On June 25, 2021, an agreement was signed between the Company and investors (Ms. Hadar Yitzhaki Bar, Avraham Khoury and Yossi and Liat Sagol), to invest in the Company's shares at issuance price, amounting to EUR 1.5 million in exchange for the issuance o shares on the eve of listing at the issuance price. Further to Note 17A to the consolidated annual financial statements proforma regarding investment agreements and convertible loans, during the reporting period, the investors invested an additional EUR 17.5 million. On July 13, 2021, the balance of the loan plus the accrued interest amounting to approx. EUR 20.6 million was converted into ordinary Company shares according to the conversion rate applicable at the time.

B. On July 1, 2021, the Company entered into a binding preliminary agreement with A.I Nofar Ltd. (hereinafter: "Nofar") under which they would jointly acquire, in equal parts (50% each side), a project for the construction of solar systems in Romania, at a scope of 155 MW (hereinafter: "Ratesti project"), and following the balance sheet date, on November 4, 2021, the acquisition of the full issued and paid-up share capital of a company incorporated in Romania who holds the rights in the Ratetsi project was completed. For further details, see Section 1.4.1(A) above.

C. On July 13, 2021, the Company completed an initial public offering of its shares, in which 5,938,280 ordinary shares were issued as part of a uniform offer for a total net consideration of approx. EUR 36 million of the issue expenses (amounting to approx. EUR 1.5 million).

D. On August 23, 2021, the Company entered into a binding agreement for the acquisition of the full issued share capital of Heliolux s.r.l. The acquired company is in advanced stages of developing solar systems in Romania amounting to 87 megawatts. For further details see Section 1.4.1(B) above.

E. On 1 October 2021 the Company entered into a binding agreement for the acquisition of the full issued share capital of a company holding rights for construction, operation and maintenance and connection to the electricity grid of a 50-megawatt storage project (through batteries) located in Yorkshire UK and which is ready for construction. Completion of the purchase agreement is contingent on the fulfillment of pending warranties. For further details see Section 1.4.1(C) above.

F. On June 30, 2021, the Company granted 963,031 warrants to 35 of its employees at an exercise price of zero. For details regarding the valuation of the warranties as aforesaid, see Section 16 below. For further details, see Note 3G to the consolidated interim financial statements as of September 30, 2021.

15. The effectiveness of internal control over financial reporting and disclosure

As of the date of the Report, the Company is a "small corporation", within the meaning of the term in Regulation 5C of the Reporting Regulations. Moreover, the Company has adopted the relief enumerated in Regulation 5 of the Securities Regulations (Reports of a Corporation whose Shares are Included in the Tel Aviv Tech-Elite index), 5776-2016, and therefore, the executive statement below appears in its limited form.

16. Valuation

For the purpose of determining the value of the warrants, the Company relied on the attached appraised value, summarized as follows:

Identification of the subject of valuation:	**Value of warrants granted to the Company's employees on June 30, 2021**
Timing of the valuation:	November 21, 2021
The value of the subject of the valuation in accordance with the valuation:	Value of warrants granted to the Company's employees on June 30, 2021 and which matured during the reporting period, estimated at approx. NIS 1,809 thousand.
Identification of appraiser:	JSA Economic Consulting Ltd. (hereinafter: the "Appraiser") is a subsidiary of Giza Singer Even Ltd., which is a financial consulting firm with 25 years experience in the Israeli economy. The work was performed by a team headed by CPA Eitan Cohen, managing partner, with over 13 years experience in the fields of economic and business consulting, company valuations and financial instruments. Previously served as director of the economics department of an entrepreneurial company in the field of infrastructure and as director of the economics department at KPMG (Somekh Chaikin). Eitan Cohen is an accountant, with a bachelor's degree in economics and business administration from Ben Gurion University and a master's degree in financial mathematics from Bar Ilan University. The Company has previously contracted with an appraiser for a non-material valuation.
Reference to indemnity agreements with the appraiser:	Insofar as the appraisal company is liable for any payment to a third party following a final judgement, in connection with the valuation, the Company will pay the appraising company the amount which it is charged less the total consideration for performing the valuation multiplied by 3.
Main methodology and assumptions according to which the valuation was performed:	It was assumed that no material change occurred in the value of the company between the grant date and the Company's value on the date of issuance (the probability of issuance at the grant date is approximated at 100% of the Company's value on the actual issuance date) and therefore the value of the underlying asset for the purpose of warranties calculation is NIS 25 per share. The exercise price of the warranties is zero and therefore the value of the warranties is equal to the value of the Company's share at the time of the grant (NIS 25 per warranty).

Part C - Provisions for disclosure in connection with the corporation's financial reporting

17. Critical Accounting Estimates

Information regarding major issues of uncertainty in estimates and critical considerations in the implementation of the accounting policy is provided in Note 3 to the Company's consolidated interim financial statements as of September 30, 2021.

18. The Company's liabilities according to repayment dates as of September 30, 2021

As of September 30, 2021, the Company and the corporations under its control had no liabilities, banking or non-banking.

____________	____________	____________
Mr. Eyal Podhorzer, Chairman of the Board of Directors and CEO	Ms. Meital Guetta, Treasurer and responsible for financial affairs	Mr. Yoav Shapira, Director and Deputy CEO[3]

Date: November 16, 2021

[3] Mr. Yoav Shapira, Director of the Company and Deputy CEO, was authorized by the Company's Board of Directors on XX November 2021 to sign the Board's Report since Mr. Eyal Podhorzer serves as Chairman of the Board and as Company CEO.

Executive Statements

Managing Director Statement

I, Eyal Podhorzer, declare that:

1. I have examined the semi-annual statement of Econergy Renewable Energy Ltd. (hereinafter: "**Company**") for the third quarter of 2021 (hereinafter: "**Statements**");
2. To my knowledge, the statements do not include any misrepresentation of a material fact and do not lack a representation of a material fact which is necessary so that the representations included therein, in light of the circumstances in which they were included, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the financial statements and other financial information contained in the statements adequately reflect, in all material respects, the Company's financial position, operating results and cash flows for the dates and periods to which the they relate;
4. I have disclosed to the Company's auditor and Board of Directors any fraud, whether material or immaterial, involving the Managing Director or its subordinates directly or in which other employees are involved who have a significant role in the financial reporting, and in the disclosure and control thereof.

The aforesaid shall not derogate from my liability or the liability of any other person, under any law.

Date: November 16, 2021

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Eyal Podhorzer, CEO and Chairman of the Board of Directors

Statement of most senior finance officer

I, Meital Guetta, declare that:

1. I have examined the interim financial statements and other financial information included in the interim financial statements of Econergy Renewable Energy Ltd. (hereinafter: "**Company**") for the third quarter of 2021 (hereinafter: "**Statements**");
2. To my knowledge, the interim financial statements and other financial information included in the interim financial statements do not include any misrepresentation of a material fact and do not lack a representation of a material fact which is necessary so that the representations included therein, in light of the circumstances in which they were included, will not be misleading with respect to the reporting period;
3. To the best of my knowledge, the interim financial statements and other financial information included in the interim financial statements adequately reflect, in all material respects, the Company’s financial position, operating results and cash flows for the dates and periods to which the they relate;
4. I have disclosed to the Company's auditor and Board of Directors any fraud, whether material or immaterial, involving the Managing Director or its subordinates directly or in which other employees are involved who have a significant role in financial reporting, and in the disclosure and control thereof.

The aforesaid shall not derogate from my liability or the liability of any other person, under any law.

Date: November 16, 2021

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Meital Guetta, Responsible for Financial Affairs