

## Econergy Renewable Energy Ltd. (the "Company")

September 11, 2022

To  
Securities Authority  
[www.isa.gov.il](http://www.isa.gov.il)

To  
Tel Aviv Stock Exchange Ltd.  
[www.tase.co.il](http://www.tase.co.il)

Dear Sir/Madam,

Re: **Signing of an EPC agreement for construction work and equipment procurement for the first project in Poland**

The Company is pleased to announce that on September 9, 2022, the Company entered into an agreement to perform the construction work and the equipment procurement for a solar PV project with a capacity of approx. 51 MW located in the city of Resko in Poland, for which construction has started in accordance with the following details (hereinafter - the "EPC Agreement" and the "Project", respectively). The engagement in the EPC agreement and the work to establish the project constitute a significant milestone in the Company's activities in that country, being the Company's first project to reach this stage in Poland.

**Additional information regarding the EPC agreement and the project**

The agreement was signed with a recognized and significant EPC contractor in Europe that operates in 12 countries establishing projects with a total capacity of approx. 1.7 GW (hereinafter - the "Contractor"). The EPC agreement includes generally accepted conditions, such as the contractor's commitment to complete the work by the end of the first half of 2023 (the project is expected to be connected to the electricity grid by the end of the second quarter of 2023), accepted warranty periods from the date of completion of the work, full guarantees to ensure the contractor's obligations, full compensation for loss of revenue in the event of a delay in the execution of the work, accepted grounds for terminating the agreement, insurance, etc.

The agreement also includes the assignment of the purchase orders and the operations that the Company had performed so far in the beginning of the project's construction to the EPC agreement and the contractor's responsibility for them.

The following are the Company's estimates regarding the project:

Total installed capacity	51 MW
Projected date of commercial operation	July 2023
Total Projected Construction Costs (EUR thousands) <sup>1</sup>	37,300
Total projected revenue at an average annual level for the first 5 years of operation (EUR thousands) <sup>2</sup>	5,500
Total projected project EBITDA at an average annual level for the first 5 years of operation (EUR thousands)	4,575
Company's rate of holdings in the project <sup>3</sup>	100%

<sup>1</sup>Includes the EPC agreement, equipment procurement, connection to the electricity grid and the project development cost.

<sup>2</sup>Revenues are based on the sale of 70% of the electricity output in the PPA agreement according to the Company's assumptions and 30% at market prices based on the Company's market consultants.

<sup>3</sup>As of the date of this report. According to the Company's report dated February 16, 2022 (Ref: 2022-01-018907), it intends to add a partner who will hold 49% in the project, which is in accordance with a letter of intent signed with that partner.

For additional information regarding the project, see Section 1.4.2(g) of the Company's Board of Directors' Report as of June 30, 2022, which was attached to the Company's financial statements as of June 30, 2022, the information therein is included in this immediate report by way of reference (hereinafter - the "Board of Directors' Report as of **June 30, 2022**")<sup>4</sup>.

### **Additional information regarding the energy market in Poland and the Company's activities in the country**

#### **The energy market in Poland**

In the strategic plan for the energy policy for 2040 (PEP – Polish Energy Policy 2040) adopted by the Polish government in February 2021, among other things, two targets were set: A reduction in the share of coal in electricity generation to 56%, and an increase in the proportion of renewable energies in electricity generation to at least 23% by 2030 (compared to approx. 13% of electricity generation from renewable energies in 2021).

According to the Company's market consultant<sup>5</sup>, the renewable energy market in Poland is expected to grow significantly in the coming years: the installed capacity of photovoltaic installations in Poland is expected to grow to over 9 GW by the end of 2022, compared to 6.4 GW at the end of 2021, and the cumulative installed capacity of photovoltaic energy is expected to be approx. 17 GW at the end of 2030. According to these estimates, Poland is expected to surpass the target of the European Union (NECP)<sup>6</sup> of an installed capacity of 7.3 GW of solar installations in 2030.

#### **The Company's activities in Poland**

The Company is developing 41 photovoltaic projects with a total capacity of 940 MW according to the following breakdown:

- 50 MW Under construction;
- 18 MW Approaching construction;
- 360 MW Under license;
- 511 MW in Early development;

The Company is continuing to expand and deepen its development activities in the country. During the period from the date of publication of the 2021 Annual Report to the publication of the Q2/2022 Report, there was a significant increase of approx. 63% in the Company's project pipeline in Poland, in all stages of development. The Company has an experienced local development team in Poland consisting of 9 development and project management personnel.

For additional information regarding the energy market in Poland and the Company's activities therein, see also Section 1.11 of Chapter A - Description of the Corporation's Business, which is attached to the Company's 2021 annual report<sup>7</sup> and Section 1.4.2 of the Company's Board of Directors' Report as of June 30, 2022.

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<sup>4</sup>As published by the Company on August 14, 2022 (Ref: 2022-01-083259).

<sup>5</sup>Baringa Update Report Q2/2022, "Poland Wholesale Power Market Report"

<sup>6</sup>[https://ec.europa.eu/energy/sites/default/files/documents/staff\\_working\\_document\\_assessment\\_necp\\_poland\\_en.pdf](https://ec.europa.eu/energy/sites/default/files/documents/staff_working_document_assessment_necp_poland_en.pdf)

<sup>7</sup>As published by the Company on March 8, 2022 (Ref: 2022-01-027184).

**The Company's assessments regarding the costs of establishing the project, the date of commencement of construction and commercial operation, tariffs, revenues and returns are forward-looking information, as this term is defined in the Securities Law, the realization of which is uncertain and not under the sole control of the Company. The aforesaid estimates are based on the Company's plans and assessments, as well as on the characteristics of the project, and may not materialize due to factors beyond the Company's control such as delays in the system's construction, changes in construction costs, changes in financing policy and/or costs, operational issues, weather changes, changes in electricity tariffs, in its sales costs or in the volume of its consumption in Poland, changes in tax rates, changes in the Polish economy and in particular in the electricity sector and regulatory changes. It should be emphasized that as of the date of this immediate report, there is no certainty regarding the completion of the project due to the above, as well as due to a concern regarding the existence of one of the risk factors specified in Section 1.28 of Chapter A - Description of the Corporation's Business, which is attached to the Company's 2021 annual report, the information therein is included in this immediate report by way of reference.**

**Sincerely,**

**Econergy Renewable Energy Ltd.**

By: Eyal Podhorzer, CEO and Chairman of the Board of Directors

Yoav Shapira, Deputy CEO and Director