Board of Directors' Report on the State of Affairs of Econergy Renewable Energy Ltd.

For December 31, 2022

The Board of Directors of Econergy Renewable Energy Ltd. (hereinafter: the "**Company**") is pleased to submit the Company's Board of Directors' Report as of December 31, 2022, in accordance with the Securities Regulations (Periodic and Immediate Reports) 1970 (hereinafter: the "**Reporting Regulations**")

Part A - Board of Directors' Explanations of the Company's Business Situation

1. General - The Company's activities and significant events during and subsequent to 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, 1999 (hereinafter: the "**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 it operates by itself and through corporations under its control (hereinafter: the "**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, Ref: 2021-01-049951), and on July 9, 2021, the Company published a supplementary notice (Ref: 2021-01-050950) (hereinafter collectively: the "**Prospectus**"). The Company's shares are traded on the Tel Aviv Stock Exchange Ltd. (hereinafter: the "**TASE**") starting July 13, 2021 under the symbol ECNR.

1.1 **Areas of Activity**

The Company has six business activity segments divided by geographical location, which are described as areas of activity in the Description of the Corporation's Business, as follows:

1.1.1. Area of activity - Italy;

1.1.2. Area of activity - UK;

1.1.3. Area of activity - Romania;

1.1.4. Area of activity - Poland;

1.1.5. Area of activity - Spain;

1.1.6. Area of activity - Greece;

1.2 **Structure of Holdings**

For information regarding the structure of the Company's holdings, see Section 1.3.7 of Chapter A – Description of the Corporation's Business, attached to the company's annual report for 2022, As published by the company on March 28, 2023 (reference number: 2022-01-027184), which is presented in this report by way of reference ("**the annual report for the year 2022**").

During the reporting period, the subsidiary in England established additional subsidiaries, one in Greece and three in Cyprus, and additional project companies in the active countries, as part of the expansion and deepening of the company's development activities.

1.3 **Business Environment**

1.3.1 Below are the main developments in the business environment in the countries where the company operates:

Italy

- **Updated government targets for 2030**: pledged to produce 78GW of Solar PV- an average annual increase of 6.9GW
- Italy is expected to receive **70 Billion EURO in financial assistance** for the "Green Revolution", **24 Billion EURO** will be allocated for increasing the share of production from renewable sources
- TERNA, the national transmission grid, has announced a **18 Billion EURO investment plan** for the next 10 years to upgrade the electricity transmission

Romania

- **Government incentives**: the first auctions within CFD contracts for Solar PV and Wind projects will be held in 2023
- The Romanian Ministry of Energy allocated **a budget of 458 million euros** for the deployment of Solar PV and wind projects - total capacity of 950MW
- In order to meet the national goal for 2030, installed capacity from renewables is expected to grow by an additional of 7GW, **3.7GW of which from Solar PV**

UK

- The REMA plan: number of reforms to optimize the electricity sector by developing a policy that supports investment **in renewable energy systems and encouraging a variety of storage systems**
- The NeuConnect project: **construction of a strategic electricity transmission line** connecting between The UK and Germany with capacity of 1.4GW
- Government target for Solar PV systems for 2035 is 70GW, **5 times more compared to currently installed capacity.**

Poland

- **Electricity prices remain high in 2022:** Poland relies significantly on coal in the generation mix
- **Ranked third in Europe in installations of Solar PV systems** - an increase of 32%- 4.9GW
- Poland expected **to triple the installed capacity from renewable energy** between 2022-2027 - adding 31GW, **half of it will be from Solar PV systems.**

Greece

- Publication of an updated NECP that **significantly increases the renewable targets for 2030:**
- The share of renewable energy is expected reach **28GW compared to 19GW in the previous plan**
- The installed capacity from Solar PV is expected to reach 14GW compared to 7.7GW in the previous plan - **constitute the majority of the increase in the installed capacity for 2030**

Spain

- **All-time record in Solar PV project installations**: an increase of 7.5GW, 33% more than in 2021
- A Leader for the **second year in a row in PPAs transactions in Europe**
- The share of electricity generation from renewable energy sources will amount to 74% in 2030 and **100% in 2050**

1.3.2 Below are the main points of temporary legislation to limit the price of electricity for producers of electricity from renewable energy in the countries where the company operates:

Country	**Details of local temporary legislation**
England	**Validity:** *January 2023 until March 2028* **Levy amount**: 45% of total annual income at an average price of over £75 per MWh** **Notes**: • Starting with revenues that will cross the £10 million per year threshold • Only on companies that produce more than 50 GW per year.
Italy	**Validity:** *December 2022 until June 2023* **Price ceiling:** A ceiling for income from the sale of electricity, which will be calculated as the difference between: A target price of €180 per MWh and the market price (equal to the monthly average of the market where electricity is traded)
Spain	**Validity:** *until December 31, 2023* **Price ceiling**: Revenues from the sale of electricity at a rate higher than €67 per MW will be taxed in excess at a rate derived from the impact of natural gas-based systems on electricity prices and gas prices.
Romania	**Validity:** *September 2022 until March 2025* **Price ceiling:** Some electricity producers will be limited to a maximum rate of 450 Leu (approximately €91)*** Note : The regulation does not apply to electricity producers who began their activities after 01.09.2022
Poland	**Validity:** ***December 2022*** *to December 2023* **Price ceiling**: 355 Zlotys (approx. €75)*** per MW produced from PV facilities **Notes**: The regulation does not apply to projects that sell electricity via tender procedures, projects that include financial hedging agreements and projects with a capacity of up to 1 MW.
Greece	**Validity:** *July 2022 to June 2023* **Price ceiling:** The sale of electricity will be subject to a variable price ceiling, which is approximately €85*** per 1MW produced from PV facilities.

In light of the expected connection dates and production scope of the company's projects, in the company's estimation presently there is no material impact on the results of the company's activity, nor is there expected to be, as a result of the aforementioned legislation.

For information regarding the Company's business environment, see Sections 1.7, 1.8.1, 1.9.1, 1.10.1, 1.11.1 and 1.12.1 of Chapter A – Description of the Corporation's Business for 2021, attached to this report and Section 1.5 below.

1.4 **Significant events in the reporting period and until the publication of the Report - status of project development and forecast of the Company's business results**

1.4.1 Significant events in the reporting period and until the publication of the Report

a) Acquisition of rights in the Orrell project in the UK

On June 7, 2022 the Company entered into a binding agreement for the acquisition of the full issued share capital of a company that holds rights for the construction and connection to the electricity grid of a storage project (using batteries) with a capacity of approx. 70 MW (140 MWh) in the UK and which is at "approaching construction" status. The consideration for the acquisition of the project will be paid subject to the meeting of the milestones specified in the agreement.

b) Purchase of shares of a company that owns Greek companies that have rights to establish solar facilities in Greece with a capacity of approximately 460 megawatts

On April 18, 2022, the Company entered into a binding agreement for the acquisition of 49% of the issued share capital of a Company that was incorporated and registered in Greece and that owns all the shares of two companies incorporated and registered in Greece that are each in the process of developing photovoltaic facilities for electricity generation, one with a capacity of approx. 240 MW and the other with approx. 220 MW, in the Kilkis district in Greece.

On May 16, 2022, the transaction was completed and as of the date of approval of the report, the company invested an amount of approximately 500 thousand euros for this purchase. The remaining consideration will be paid accordingly, subject to the fulfillment of the milestones detailed in the agreement. The Company and the other shareholder in the project's companies provided a guarantee of EUR 35,000 per megawatt, each according to its relative share, as part of the procedure for obtaining the license to connect the projects to the electricity grid in Greece. As part of providing this guarantee, as of December 31, 2022, the company has a pledged deposit with the bank in the amount of 5 million euros, as of the date of publication of this report, most of the amount of the deposit has been returned to the company and the balance of the deposit stands at 400 thousand euros.

For further details regarding status, costs and expected revenues for the projects, see Section 1.4.2 below, as well as in an immediate report published by the Company on April 24, 2022 (Reference No.: 2022-01-041196).

c) Acquisition of rights in the Immingham project in the UK

On March 22, 2022 the company entered into a binding agreement for the acquisition of the full issued share capital of a company that holds rights for the construction and connection to the electricity grid of a storage project (using batteries) with a capacity of approx. 80 MW (160 MWh) in the UK and which has a Ready to Build status. As of the date of approval of the report, the company has invested an amount of approx. EUR 2.7 million in cash. The company is expected to start building the project in the coming months. The acquired assets are presented in 'systems under construction and development'.

d) Purchase of rights in the Scurtu Mare project in Romania

On February 18, 2022, the Company entered into an agreement for the acquisition of the full issued share capital of Alternativ Investment Solution SRL, which holds all the rights to establish a solar system in Romania in the amount of 44 megawatts. The company invested an amount of approximately EUR 3.1 million in this project, the transaction was completed during the quarter, and as of the date of approval of the report, the company began the construction of the project.

The project is located in Scurtu Mare Comune in the Teleorman County in Romania, and a binding lease agreement has been signed in respect of the land designated for the construction of the project for a period of 35 years.

e) On September 9, 2022, the company entered into an agreement to perform the construction works and purchase the equipment (hereinafter in this section: "**EPC Agreement**") for the Resko photovoltaic project with a capacity of approximately 51 megawatts located in the city of Resko in Poland, which is in the status of systems under construction.

The agreement includes generally accepted conditions, such as the contractor's commitment to complete the work in time, 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 works, accepted grounds for terminating the agreement, insurance, etc. The agreement also includes the verification of the purchase orders and the operations that the company has performed so far as part of the beginning of the construction of the project as it relates to the EPC agreement and the contractor's responsibility therefor.

For further details regarding the project status, its costs and expected revenues, see section 1.4.2 below, as well as an immediate report published by the company on September 11, 2022 (reference no.: 2022-01-115603).

f) On September 9, 2022 the company entered into an agreement for the purchase of the entire share capital issued by the following companies:

-Wind Park Renewables s.r.l is in advanced development stages of solar systems in Romania with a capacity of 126 MW; the present status of said systems is 'preparatory development'.

As of the date of approval of the consolidated interim financial statements, the conditions precedent to the consummation of the transaction have not yet been met and the company has invested in this project an amount of EUR 500 thousand which is presented in the section on initiatives and systems under construction.

-On September 9, 2022, the company has entered an agreement to purchase the full issued share capital for Photovoltaic Green Renewables s.r.l which is in advanced development stages of solar systems in Romania with a capacity of 285 MW; The present status of said systems is 'Preparatory Development'.

As of the date of approval of the consolidated interim financial statements, the conditions precedent to the consummation of the transaction have not yet been met and the company has invested in this project an amount of EUR 500 thousand which is presented in the section on initiatives and systems under construction.

On September 9, 2022, the company has entered an agreement to purchase the full issued share capital for Sun Green Renewables s.r.l which is in advanced development stages of solar systems in Romania with a capacity of 348.21 MW; the present status of said systems is 'preparatory development'.

As of the date of approval of the consolidated interim financial statements, the conditions precedent to the consummation of the transaction have not yet been met and the company has invested in this project an amount of EUR 500 thousand which is presented in the section on initiatives and systems under construction.

g) On September 13, 2022, the company entered into an agreement to purchase the entire issued share capital of San Bernardo wind farm s.r.l which owns a wind project in Italy in the amount of 14.4 MW which are in the status of systems Ready to Build (RTB).

As of the date of approval of the consolidated interim financial statements, the Company has invested an amount of approx. EUR 1,235 thousand in respect of this acquisition. The balance of the consideration will be paid accordingly, subject to the meeting of the milestones detailed in the agreement, which is presented under 'Liabilities in Respect of Contingent Consideration'. The acquired assets are presented in 'systems under construction and development'.

h) In October 30, 2022, the company entered into an agreement to perform the construction work and purchase the equipment (hereinafter in this subsection: "**EPC Agreement**") for the Photovoltaic Parau project, with a power of about 91.5 MWs located in Parau in Romania, which started construction. The agreement includes generally accepted conditions, such as the contractor's commitment to complete the work in time, 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 works, accepted grounds for terminating the agreement, insurance, etc. the agreement also includes the verification of the purchase orders and the operations that the company has performed so far as part of the beginning of the construction of the project as it relates to the EPC agreement and the contractor's responsibility therefor.

i) On December 15, 2022, the company, through Econergy England, signed a binding agreement with the 4IG fund in the RGreen group regarding entering into a capital partnership and providing financing for the company's Parau project in Romania in a total amount of approximately EUR 55 million, in accordance with the investment principles established in the cooperation agreement between the company and RGreen (for more details regarding the aforementioned cooperation agreement, see section 1.4.1(K) below).

For more details regarding the status of the project, costs and the expected revenues, see section 1.4.2 below, as well as the company's immediate reports from October 30, 2022 and December 15, 2022 (reference number: 2022-01-106008 and 2022-01-151759, respectively), which are presented in this report in full by way of reference.

j) On October 31, 2022, the company entered into an agreement to perform the construction works and purchase the equipment (hereinafter in this section: "**EPC agreement**") for the Oradea solar photovoltaic project with a capacity of approximately 86.5 MW, located in the Bihore area in Romania, which is in the status of systems under construction. The agreement includes generally accepted conditions, such as the contractor's commitment to complete the work in time, 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 works, accepted grounds for terminating the agreement, insurance, etc. The agreement also includes the verification of the purchase orders and the operations that the company has performed so far as part of the beginning of the construction of the project as it relates to the EPC agreement and the contractor's responsibility therefor.

For more details regarding the status of the project, as well as costs and the revenues expected thereby, see section 1.4.2 below, as well as the company's immediate report from October 31, 2022 (reference number: 2022-01-106335), which is presented in this report in its entirety by way of reference.

k) Entering into a binding agreement with the French Infragreen Fund regarding the investment of 87.5 million euros in the capital of a subsidiary as well as investment and provision of financing for the company's projects totaling approximately EUR 163.3 million

On November 17, 2022 ("**Closing Date**") Econergy International Ltd ("Econergy England"), a wholly owned subsidiary of the Company, signed binding agreements with several companies from the Rgreen Invest group, a leading investment fund in renewable energy in France incorporated as a company in France (hereafter collectively: "**RG**"), regarding RG's investment of EUR 87.5 million in the capital of Econergy England, as well as regarding entering into a partnership in capital and placing financing for the company's projects in Europe in an additional total amount of approximately EUR 163.3 million ("**the agreements**"), as detailed below:

A. <u>The Principal Terms of the Agreement Regarding the Investment of EUR 87.5 Million in the Share Capital of Econergy International UK</u> -

RG will invest EUR 87.5 million in the share capital of Econergy International UK, pursuant to the following:

- EUR 50 million will be invested by the IG4 fund from the RG group shortly after the closing date, in consideration for an allocation of shares amounting to 12.5% of the issued share capital of Econergy International UK at the closing date.
- In addition, RG has undertaken to invest an additional amount of EUR 37.5 million in the share capital of Econergy International UK by the IG5 fund from the RG group ("Additional Capital Investment"), subject to the completion of a minimum raising of capital by this fund, no later than the end of March 2023 ("Condition Precedent to the Additional Capital Investment"). In consideration for the Additional Capital Investment, the Company will allocate to IG5 shares of Econergy International UK amounting to 7.5% of the issued share capital of Econergy International UK at the closing date. On March 5, 2023, the company reported that the parties to the agreements signed an amendment according to which the bulk of the additional capital investment in the amount of EUR 30 million will be brought forward and carried out on March 2, 2023 (in exchange for the allocation of Econergy England shares which will amount to 6.1% of the issued share capital of Econergy England on the date of closing the deal), and that this investment was made and received by the company. The balance of the additional capital investment in the amount of EUR 7.5 million (in return for the allocation of Econergy England shares which will amount to 1.4% of the issued share capital of Econergy England at the closing date) will be carried out no later than April 30, 2023, subject to the fulfillment of the precondition for the additional capital investment.
- The investment is made at a pre-money valuation of Econergy International UK of EUR 350 million.
- Control of Econergy International UK. (including the right to appoint directors) will remain with the Company, while RG will be entitled to appoint one director to the Econergy International UK board of directors, as well as to receive standard minority protection and veto rights, among other things, regarding transactions between the Company and Econergy International UK and other interested party transactions, if any, in Econergy International UK.
- RG will receive a tag along right in the event of a sale of Econergy International UK shares by the Company, while the sale of Econergy International UK shares by RG will be subject to the Company's right of first offer.
- Concurrently with the signing of the agreement with RG, the controlling shareholders of the Company gave RG, pursuant to its request, a unilateral undertaking according to which for 7 years from the date of signing the agreement the controlling shareholders will not enter into a transaction that would lead to a situation where another shareholder in the Company ("**Third Party** ") will hold a greater number of shares than the controlling shareholders hold collectively,

except if the Third Party undertakes to also purchase RG's holdings in Econergy International UK (insofar as RG is interested in selling).

B. <u>The Principal Terms of the Agreement Regarding the Collaboration with RG</u>

According to the framework agreement between Econergy International UK and RG, RG will invest an amount of approximately EUR 163.3 euros for the construction of renewable energy projects of Econergy International UK and/or its subsidiaries in the countries in which the latter operates ("Project/s" and "RG Collaboration"), according to the following principles:

- When a Project meets the conditions set forth in the agreement, RG will be obligated to invest in that project as detailed below.
- Econergy International UK and RG will hold the shares of each project company in equal parts (50/50), and in addition RG will provide each Project with a loan convertible into shares in an amount equal to 50% of the total investment required for the development of the project ("50% Loan"), and the parties will each provide loans equal to 25% of the total required investment (the "Parties' Loans").
- The 50% Loan will be for a term of 7 years. If there are no additional investments in the same Project, repayments of the principal of the 50% Loan may be repaid in an amount not exceeding 14.29% of the principal each year. Standard encumbrances will be registered in favor of RG by each project company to secure the 50% Loan, as applicable.
- The 50% Loan and Parties' loan will bear annual interest of 8%. The repayment of the parties' loans will be according to the agreement between the parties. If a bank loan is received at the project company level, then the funds (received from the bank loan after the repayment of the interest accrued in respect of the 50% Loan will be used for RG's investment in additional Project/s, according to the terms specified in the RG Collaboration Agreement. If the Company does not present additional Project(s) to RG, the loan will be repaid to RG over 7 years as stated above.
- RG was granted an exclusive right to invest in any electricity generation project with photovoltaic or wind technology of the company that will reach the Ready To Build (RTB) stage, subject to the company's previous commitment to Phoenix Insurance Company Ltd. to make investments in projects in Romania in the amount of approximately EUR 100 million (apart from the Parau project for which an express commitment was given to RG as detailed below) and in Poland in the amount of approximately EUR 50 million.
- Development fees for Econergy International UK - For each project in which RG will invest under the collaboration with RG, Econergy International UK will be entitled to receive development fees at a rate of between EUR 100,000 and EUR 140,000 per installed MW, according to the expected return in each project. In the Company's estimation, based on its expected returns from the Projects as of the date of this report, and assuming that the Company successfully obtains bank financing for the Projects during this period, the Company's expected revenues from the execution of the development out of RG's portion, in connection with this agreement (including

for the Parau project as detailed below) during the next 3 years, estimated at approximately EUR 40 million.

- Engineering, Procurement and Construction Management agreements (EPCm) as well as project management services - Econergy International UK (or a company under its control) will provide each project company with management services for the construction work (EPCm) inconsideration for 1.5% of the Project's construction cost, as well as management services for the project after it is connected to the electricity grid for an initial term of 10 years from the date that the Project's commercial operation commences, amounting to 4% of the Project's annual revenues, after which the arrangement regarding project management services will be renewed automatically for another 10 year term, all in accordance with the terms of the aforementioned management agreements.

The RG Collaboration will be Carried Out Pursuant to the Following Allocation:

- A total of approximately EUR 55 million will be invested by IG4 in the Company's Parau project in Romania. As a result of the framework agreement and according to its terms, Econergy International UK intends to sign an investment agreement with RG regarding the Parau project in Romania in the near future. The agreements to be consummated regarding the Parau project will be used, with the necessary changes, for investment in the other projects pursuant to the framework agreement.
- The balance of the investment in the projects, amounting to approximately EUR 108.3 million, will be made by IG5, subject to the condition precedent of raising a certain amount by said fund no later than the end of June 2023.

It should be noted that as of this date, companies from the company group have additional cooperation agreements with RG. For more details, see the company's immediate reports from January 20, 2022, June 26, 2022, November 17, 2022, and March 5, 2023 (reference numbers: 2022-01-027184, 2022-01-064605, 2022-01-110790, and 2023 -01-019789, respectively).

The fulfillment of the conditions for making IG5 investments according to the agreement, as well as the company's estimates regarding its expected revenues from the agreement and the projects, constitute forward-looking information, as this term is defined in the Securities Law, the realization of which is not certain and is not under the sole control of the company. The aforementioned estimates are based, among other things, on the company's plans and estimates, and may not materialize due to factors beyond the company's control, as well as due to a fear of the existence of one of the risk factors detailed in Section 1.28 of Chapter A - Description of the corporation's business attached to the annual report for 2022.

l) Binding agreement with the Phoenix Insurance Company Ltd. regarding starting a cooperation, investment and provision of financing for the company's projects in Romania and Poland in a total amount of about EUR 150 million

On January 4, 2023 (in this section: "**closing date**"), Econergy England signed a cooperation agreement, convertible loan and fixed loan agreements, and a shareholders' agreement with Phoenix Insurance

Company Ltd. and entities related to it (hereafter together: "**Phoenix**") regarding starting a cooperation and the provision of loans by Phoenix for the purpose of financing part of the construction costs of the company's photovoltaic projects in Romania and Poland (in this section: "**the project(s)**") in a total amount of approximately EUR 150 million (in this section: "**the agreements**" and "**the loans**", respectively), as detailed below:

A. <u>Cooperation agreement with Phoenix on projects</u>

- Phoenix was granted an exclusive right to invest through loans in the company's projects in Romania in the amount of approx. EUR 100 million (with reference to projects that have not yet been financed), and in Poland in the amount of about EUR 50 million (including projects that also include storage).
- The loans will be provided by Phoenix to the legal entities with control over the projects ("**project entities**") in two ways:
    - directly through a conversion loan in the amount of approximately 49% of the project's construction costs according to the terms of the conversion loan agreements ("**the conversion loan**"); and also -
    - Indirectly through a fixed loan amounting to approximately 17.67% of the project's construction costs according to the terms of the fixed loan agreements ("**the fixed loan**") that will be given to a wholly owned subsidiary of Econergy England (dedicated to the financing of the projects by Phoenix according to the cooperation agreement ("**the dedicated company**")), who in turn will provide the project entity with a loan in the amount of 51% of the project's construction costs, which includes the fixed loan and the loan it will receive from Econergy England in the amount of 33.33% of the project's construction costs ("**Econergy Loan**");
- The Phoenix will provide a fixed loan and a convertible loan amounting to 66.67% of the project's construction costs, for each project that reaches the RTB stage and meets the conditions specified in the cooperation agreement ("Approved Project") and Econergy England will finance the rest of the project's construction cost through an investment in the capital of the project entity and/or through an Econergy loan.

B. <u>The details of the loans</u>

- Out of the loaned amount, a total of approximately EUR 110.2 million will be put forward by Phoenix as convertible loans and a total of approximately EUR 39.75 million will be put up by Phoenix as fixed loans.
- The following conditions will apply to the loans:
    - The convertible loan will be given directly to each project entity;
    - Once an approved project reaches the commercial operation phase and for 60 days from that date ("**realization period**") Phoenix will have the right to convert the balance of the convertible loan given to the project entity for that project (principal + interest), to 49% of the ownership in the entity of the project and to 49% of the Econergy loan at the time of the conversion ("**conversion**").

  - In the event of a conversion, with respect to projects in Romania, Phoenix will be granted customary minority protections. In addition, the parties will be obligated not to make any disposition in the holdings of the project's entities for a period of 24 months from the date of commercial operation of the project ("**blocking period**"), Phoenix will receive the right to tag along in the event of the sale of the project's entity holdings, And the sale of the project entity holdings by Phoenix will be subject to the company's right of first offer.
  - If Phoenix does not exercise the conversion right of any project loan, then the relevant project entity will have the right to early repayment of the full project loan, without payment of a penalty.

- Among other things, the following conditions will apply to the convertible loans and fixed loans:
  - Withdrawals from loans will be possible for 24 months from the closing date (Phoenix will be entitled to extend this date for up to 24 additional months);
  - The loans will carry an annual interest rate of 7.25% plus a transfer price, as required;
  - The interest rate will be updated in the following cases:
    - If the project entity takes on senior debt in relation to the loan (before repayment), the interest rate will be updated to 8% or to the euro interest plus 3%, whichever is higher;
    - In the event of a default, the interest rate will increase by an additional 3%;
  - The first date for repaying the loans will apply according to the earliest of: (a) 36 months from the first withdrawal; or (b) 180 days from commercial operation. Loan repayment (principal and interest) will be paid every 3 months from the free cashflow of the project entity. The final repayment date of each loan will be 48 months from the first withdrawal date, with the possibility of adding an additional 12 months' extension.
  - In respect of the loan, a list of acceptable grounds for immediate repayment of the loan and customary securities for loans of this type will be made available to Phoenix

C. Payment to the company for services provided to the project entities

The company is entitled to receive from each project entity, for approved projects, amounts as follows:

- In respect of EPCM services for each approved project – 1.5% of the project's construction cost;
- In respect of project management services – an amount of EUR 3,600 per year for each MW for each approved project for an initial period of 10 years from the date of the project's commercial operation (the arrangement will be automatically renewed for another 10 years under the conditions detailed in the agreements).
- For realization of initiative -
  - An amount of EUR 100,000 per MW installed and connected ("**sum of realization of initiative**") if a convertible loan has been converted into capital; or
  - If the company's costs to third parties related to the development of the project exceed the total realization of the initiative in relation to each project, the total realization of the initiative will be paid, plus 20%.

For more details, see the immediate report from January 5, 2023 (reference number: 2023-01-002413).

The Company's assessments regarding its expected revenue from the agreement and the projects are forward-looking information, as this term is defined in the Securities Law of 1968, the realization of which is uncertain and not under the sole control of the Company. The aforementioned estimates are based, among other things, on the company's plans and estimates, and may not materialize due to factors beyond the company's control, as well as due to a fear of the existence of one of the risk factors detailed in Section 1.28 of Chapter A - Description of the corporation's business attached to the annual report for 2022.

m) Funding of the Ratesti project in Romania

The Ratesti project is the largest photovoltaic project under construction in Romania, and as of the date of publication of the report, the construction of the project has been completed and it is in a state of readiness for connection to the electricity grid. On January 5, 2023, Ratesti Solar Plant, ("**the project company**"), a corporation owned (50%) by Econergy England, signed a non-binding memorandum of understanding with Raiffeisen Bank International AG, one of the leading banks in Austria and Central Europe and with its subsidiary, Raiffeisen Bank S.A (collectively, "**Raiffeisen Group**"), regarding the provision of project financing in the total amount of approximately EUR 60 million by the Raiffeisen Group for the Ratesti project with the capacity of approximately 155 MW in Romania. The memorandum of understanding includes two alternatives for the financing period, at the borrower's discretion: short-term financing, and long-term financing of up to 10 years. The repayments for the financing will be paid on the basis of revenues from the sale of electricity generated in the Ratesti project. Also, the financing position is subject to the provision of acceptable collateral for project financing of this type. To clarify, a binding financing agreement has not yet been signed between the parties, and the final terms of the transaction will be determined within the framework of a binding agreement, assuming one is signed. Signing a binding financing agreement is conditional on receiving all the required approvals, including approvals from the relevant bodies of the Raiffeisen Group, the project company and its shareholders, and regulatory approvals as required, as well as the completion of adequate inspections to the satisfaction of the Raiffeisen Group. In the company's estimation, the closing of the financing and the signing of a binding financing agreement, to the extent that it is signed, is expected during the second quarter of 2023.

For further details regarding the project status, its costs and expected revenues, see Section 1.4.2 below, as well as in an immediate report published by the Company on January 8, 2023 (Reference No.: 2023-01-003640), which is presented in this report in its entirety by way of reference.

The company's estimates regarding the signing of a binding financing agreement, the date of signing and its terms, as well as regarding the date of the completion of the Ratesti project, are forward-looking information, as this term is defined in the Securities Law of 1968, the realization of which is uncertain and not under the sole control of the Company. The aforementioned estimates are based on the company's plans and estimates, and may not materialize due to factors beyond the company's control, such as changes in policy and/or financing costs, operational problems, regulatory changes, the COVID-19 crisis and the restrictions that have been and/or will be imposed

as a result thereof. It should be emphasized that, as of the date of this immediate report, there is no certainty regarding the signing of a binding financing agreement due to the above, as well as due to a fear of the existence of one of the risk factors listed in Section 1.28 of Chapter A - Description of the Corporation's Business, attached to the annual report for 2022.

n) Winning tenders for the supply of electricity at a guaranteed rate from the company's storage facilities in England

On February 21, 2023, Econergy England won two government tenders for the supply of electricity through storage facilities for a period of 15 years, at a rate of GBP 63 per hour, linked to the index, and this is due to the company winning the tenders for the Swangate and Immingham projects. The company, as the winner of the tenders, will be required to be available with a 4-hour notice in any case where there is a fear of disconnections in the electricity system in order for the company's storage systems to be used as an alternative for the flow of electricity. According to the company's estimation, during the winning period (starting in 2027) the company is expected to receive revenues for winning the tenders, in the aggregate amount of about GBP 8.21 million, before linkage to the consumer price index. To clarify, these revenues constitute a relatively small portion of the total expected revenues from the projects, noting that in accordance with the regulation in England, the company will be able to enter into market contracts for the sale of electricity and additional electricity network services.

For additional details, see the company's report dated February 26, 2023 (reference number: 2023-01-020727).

1.4.2 Status of project development

A. It should be noted that the company's forecasts are based on the company's existing project backlog as detailed in section 1.3.6 of Chapter A -Description of the Corporation's Business attached to the annual report for 2022, and which does not take into account the continued initiation and development of additional projects.

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

- “Early development systems" - Systems in the early development stages, which have not yet matured to licensing and for which feasibility tests for connection to the grid are being performed; comprehensive examination of land type and licensing restrictions; commercial conversations with relevant landowners for consent; economic feasibility tests; preparation 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 stage within a period not exceeding 6 months.
- “Systems under license” - Systems for which there is an interest in the land and which have obtained a license to connect to the electric grid, or are in the advanced process of obtaining, a license to connect to the electricity grid and a building permit
- “Pre-construction systems” - Systems that have received all the required approvals and are in the Ready to Build process or systems for which there is approval for connection to the grid and which

are in the final licensing procedures and the actual start of construction is expected within twelve months.

- “Systems under construction” - Systems whose construction process has begun
- "Systems in ‘ready to connect’ phase" - Systems whose physical construction phase has been fully completed or for which a connection request has been submitted, but have not yet been connected to the electricity grid.

It should be noted that the company's projects are presented below with a separation between the installed voltage (MWp) of photovoltaic and wind projects and the nominal storage volume (MWh) of battery storage projects.

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

Status	Italy	UK	Romania	Spain	Poland	Greece	Total
Ready to connect	-	-	155	-	-	-	155
Under construction	22	-	222	-	52	-	295
Pre-construction	393	112	181	50	13	-	749
Licensing	997	172	327	52	530	460	2,538
Early development	289	372	801	234	1,054	500	3,250
Total MW in development	**1,701**	**656**	**1,686**	**336**	**1,649**	**960**	**6,987**
Number of PV and wind projects	**126**	**13**	**19**	**4**	**42**	**3**	**207**
Of them, Number of PV, wind and storage projects		**10**					**10**

B. The following is a summary of the status of storage projects under development and the predicted power supplies, as of the date of publication of the report (the data are presented in MWh):

Storage projects in the UK	BESS stand-alone as of 31.12.2022	BESS co-located as of 31.12.2022	Total as of December 31, 2021	Total as of December 31, 2022	Change
Ready to connect	-	-	-	-	-
Under construction	102	-	-	102	-
Pre-construction	306	61	545	367	-33%
Licensing	1,016	280	816	1,296	59%
Early development	439	801	1530	1,240	-19%
Total MWh storage	**1,863**	**1,142**	**2,891**	**3,005**	**4%**
Number of storage projects	**9**	**10**	**19**	**19**	**-**

C. The following is a summary of the projects by project type (for PV and wind projects the data is presented in MW, for storage projects the data is in MWh), as of the date of publication of the report:

Type of Project	Italy	UK	Romania	Spain	Poland	Greece	Total
PV	1,212	656	1,525	336	1,649	960	6,337
Wind	489	-	161	-	-	-	650
Total projects under development	**1,701**	**656**	**1,686**	**336**	**1,649**	**960**	**6,987**

Type of Project	Italy	UK	Romania	Spain	Poland	Greece	Total
BESS (co-located)		1,142					1,142
BESS (stand-alone)		1,863					1,863
Total projects under development		**3,005**					**3,005**

Regarding storage projects, it should be noted that apart from the projects that are already in the development process in England as detailed in the table above, the company is also examining and promoting entry into the field of storage in the other markets in which it operates.

The Company conducts an ongoing assessment of the development status and the 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. Following delays in the equipment supply chain resulting from macroeconomic effects (as detailed in Section 1.7 of Chapter A - Description of the Corporation's Business attached to the annual report for 2022), according to the British Electric Company, the number of projects over the last four years seeking to connect to the electricity grid in the United Kingdom has increased fourfold, which factors into delays in connecting new projects to the electricity grid. As of the end of 2022, approximately 600 projects, in various stages of development, with a total capacity of 176GW are in line to be connected to the electricity grid in England, compared to 64GW of existing connection capacity.

In response to the lack of connection power supply, the British Electric Company is promoting changes in the licensing mechanism to advance the connection of projects in advanced development stages, instead of managing connection requests based on a "first come, first served" mechanism. Also, GBP 9 billion is being invested in improving connections by 2026. In addition, the British Electric Company operates a one-time waiver mechanism (amnesty) on the queue for connection in favor of projects with a high chance of success, which will allow entrepreneurs to remove projects from the queue for connection at no cost or at a reduced fee to make room for projects in advanced stages of development.

The company's connection forecasts, both in England and in the other territories, are based, among other things, on connection dates according to the applications submitted and connection approvals actually received. The company anticipates in the coming period, temporarily, certain delays during the construction period of some of the projects, which are not expected to have a material impact on the company's activities, as detailed below:

The licensing process in Italy, up to the Ready to Build stage, is expected in the Company’s estimate to last 24 to 30 months for PV projects, depending on the project capacity, and 36 months for wind projects. For information regarding the licensing and regulation process in Italy, see Section 1.8.1.5 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2022.

The licensing process in the UK, up to the Ready to Build stage, is expected in the Company’s estimate to last 18 to 24 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in England, see Section 1.9.1.4 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2022.

The licensing process in Romania, up to the Ready to Build stage, is expected in the Company’s estimate to last 18 to 24 months for PV projects, depending on the project capacity, and 24 to 36 months for wind projects. For information regarding the licensing and regulation process in Romania, see Section 1.10.1.3 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2022.

The licensing process in Poland, up to the Ready to Build stage, is expected in the Company’s estimate to last 24 to 36 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in Poland, see Section 1.11.1.3 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2022.

The licensing process in Spain, up to the Ready to Build stage, is expected in the Company’s estimate to last 24 to 36 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in Spain, see Section 1.12.1.3 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2022.

- The licensing process in Greece, up to the Ready to Build stage, is expected in the Company’s estimate to last 24 to 36 months for PV projects, depending on the project capacity. For information regarding the licensing and regulation process in Greece, see Section 1.13.1.3 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2022.

In addition, the duration of the project construction period, in all of the countries, from the Ready to Build stage and until connection of the project to the electricity grid and commercial operation, is expected, according to the Company’s estimate, to last 9 to 12 months for PV projects, depending on the project capacity, and 12 to 18 months for wind projects, depending on the project capacity.

D. The following is an analysis of the development of the projects in the various territories where the company operates since the annual report for 2021 (with the exception of storage, the data is presented in MW):

Country	Status of Development	31/12/2021	Date of Report 31/12/2022	Date of Report 31/12/2022
Italy	Ready to connect	-	-	-
	Under construction	-	22	-
	Pre-construction	304	393	29%
	Licensing	1,085	997	-8%
	Early development	44	289	557%
	Total Italy	**1,432**	**1,701**	**19%**
UK	Ready to connect	**-**	-	
	Under construction	**-**	50	
	Pre-construction	504	292	-42%
	Licensing	675	807	20%
	Early development	990	980	-1%
	Total UK	**2,169**	**2,128**	**-2%**
Romania	Ready to connect	-	155	
	Under construction	155	222	**43%**
	Pre-construction	315	181	-42%
	Licensing	664	327	-51%
	Early development	1,068	801	-25%
	Total Romania	**2,202**	**1,686**	**-23%**
Spain	Ready to connect	**-**	-	
	Under construction	**-**	-	
	Pre-construction	50	50	0%
	Licensing	52	52	0%
	Early development	-	234	
	Total Spain	**102**	**336**	**230%**
Poland	Ready to connect	-	-	
	Under construction	50	52	3%
	Pre-construction	13	13	0%
	Licensing	225	530	135%
	Early development	289	1,054	265%
	Total Poland	**576**	**1,649**	**186%**
Greece	Ready to connect	-	-	
	Under construction	-	-	
	Pre-construction	-	-	
	Licensing	-	460	
	Early development	-	500	
	Total Greece	**-**	**960**	
Total	Ready to connect	-	155	
	Under construction	205	345	68%
	Pre-construction	1,186	929	-22%
	Licensing	2,701	3,173	17%
	Early development	2,390	3,857	61%
Total under development and construction		**6,481**	**8,459**	**31%**
Total storage under development	Total storage (MWh)	**2,891**	**3,005**	**4%**

Italy - The company has continued to promote new projects and the development process since the last report, while the development process of a small portion of the projects that were designated for construction is not expected to be completed and therefore those projects have been removed from the list of projects under development (due to the materialization of development risks). The company increased and strengthened the initial development team in order to return to and increase the backlog of projects under development in Italy and therefore a significant increase in the backlog of projects under development in Italy can be seen compared to the publication date of the annual report for 2021. Also, several projects have already started construction during the last quarter.

UK - The Company has continued to expand and deepen its development activities in the UK. At the same time, due to the problem of the overload on the electricity network in England, as detailed in section 1.4.2-d above, a 2% decrease in total photovoltaic projects was recorded. For additional information, see Subsection F below.

Romania - The company started the construction of the Parau project, the Oradea project and the Scurtu Mare project with a capacity of 91.5, 86.5 and 44 megawatts respectively. During the period since the annual report for 2021, there was a 23% decrease in the backlog of projects under development, and the Company expects the scope of projects reaching readiness for construction (RTB) over the next 12 months to increase significantly. For additional information, see Subsection F below.

Spain - In light of regulatory changes that have occurred in recent months in connection with the development procedures of new projects and licensing, an increase of approximately 230% can be seen in the backlog of projects under development by the company as of the date of this report compared to the date of the annual report for 2021. The Company is working to promote new projects under new regulation in various development stages.

Poland - The Company has continued to expand and deepen its development activities in Poland. During the period starting from the date of publication of the 2021 Annual Report there was a significant increase of approx. 186% in the Company’s project pipeline in Poland, in all stages of development.

Storage projects in England - During the year 2022, the scope of the storage projects under development increased by about 4%.

E. The Company's management anticipates that not all projects in the various stages of development will reach maturity and be Ready to Build, and therefore the Company conducts ongoing assessments regarding the chances of success and the date of completion of development. According to the Company's assessment, the expected investment, construction and connection of projects is lower than the number of projects under development 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 depending on different regulatory procedures, and on the basis of its experience, the Company assesses them as follows:

Systems in pre-construction – 85-95%.

Systems under license – 60-80%.

Systems in early development – 35-40%.

F. The following is the estimated connection for PV and wind projects, based on the Company's existing project pipeline:

Expected connection (MW)	Italy	UK	Romania	Spain	Poland	Greece	Total
2023	31	-	333	-	52	-	415
2024	410	90	239	45	92	-	875
2025	512	63	412	-	307	-	1,294
2026	288	-	122	133	376	345	1,265
Total connections expected by 2026	**1,241**	**153**	**1,106**	**178**	**826**	**345**	**3,849**

G. The following is the expected connection for storage projects based on the Company's existing project pipeline:

Expected connections (MWh)	Italy	UK	Romania	Spain	Poland	Greece	Total
2023		102					102
2024	-	393	-	-	-	-	393
2025	-	173	-	-	-	-	173
2026	-	61	-	-	-	-	61
Total connections expected by 2026	**-**	**729**	**-**	**-**	**-**	**-**	**729**

As stated, the numbers in the table above assume the probabilities of success in completing the project development process in the various countries and at the various stages of the project, according to the Company's estimation as of the writing of this report.

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 the projects as presented in Section 1.4.2(F) above, the expected connection including only the Company's share in the project pipeline, is as follows:

Estimated PV and Wind Connection (MW)	Italy	UK	Romania	Spain	Poland	Greece	Total
2023	4	-	167	-	26	-	198
2024	136	90	121	22	71	-	440
2025	256	63	206	-	307	-	833
2026	236	-	61	133	376	169	976
Total connections expected by 2026	**633**	**153**	**555**	**155**	**780**	**169**	**2,446**

Estimated storage connection (MWh)	Italy	UK	Romania	Spain	Poland	Greece	Total
2023	-	102	-	-	-	-	102
2024	-	393	-	-	-	-	393
2025	-	173	-	-	-	-	173
2026	-	61	-	-	-	-	61
Total connections expected by 2026	**-**	**729**	**-**	**-**	**-**	**-**	**729**

In addition, the following are the expected connections (total MWs) which includes only the company's share in the backlog of projects according to development stages as of the date of the report:

Estimated PV and Wind Connection (MW)	**2023**	**2024**	**2025**	**2026**	**Total**	%
Early development	-	57	262	420	**739**	30%
Licensing	-	74	571	556	**1,201**	49%
Pre-construction	3	286	-	-	**289**	12%
Under construction	117	22	-	-	**140**	6%
Ready to connect	77	-	-	-	77	3%
Total	**198**	**440**	**833**	**976**	**2,446**	100%

Estimated storage connection (MWh)	**2023**	**2024**	**2025**	**2026**	**Total**	**%**
Early development	-	-	97	61	**158**	22%
Licensing	-	46	77	-	**122**	17%
Pre-construction	-	347	-	-	**347**	48%
Under construction	102	-	-	-	**102**	14%
Ready to connect	-	-	-	-	-	-
Total	**102**	**393**	**173**	**61**	**729**	100%

H. Details of the projects with a Ready for Connection status (amounts in EUR thousands):

Country	Name of Project	Technology	Installed Capacity MWp	Company Share[1]	Expected Tariff	Expected Year of Connection	First full year of operations	Expected Leverage Rate	Total Projected Construction Costs [2]	Revenue Projected[2, 3]	EBITDA [2, 3]	Total Invested Construction Costs[5]
Romania	Ratesti	Solar PV only	155	50%	70% PPA, 30% market	2023	2024	60%	101,928	16,539	13,943	95,936
	Company Share (not leveraged)		**77**						**50,964**	**8,270**	**6,972**	**47,968**

I. Details of the projects with the status of "Under Construction" (amounts in EUR thousands):

Country	Name of Project	Technology	Installed Capacity MWp	BESS MWh Capacity	Company Share [1]	Expected Tariff	Expected Year of Connection	First full year of operations	Expected Leverage Rate	Total Projected Construction Costs [2]	Revenue Projected[2, 3]	EBITDA [2, 3]	Total Invested Construction Costs[5]
Italy	Backlog of 8 projects - UBS deal	Solar PV only	22	-	5%	70% PPA, 30% market	2023	2024	60%	14,920	3,192	2,781	9,599
Poland	Resko	Solar PV only	52	-	51%	70% PPA, 30% market	2023	2024	60%	37,375	4,615	3,747	13,878
Romania	Parau	Solar PV only	92	-	50%	70% PPA, 30% market	2023	2024	60%	64,167	9,982	7,682	6,300
Romania	Scurtu Mare	Solar PV only	44	-	51%	70% PPA, 30% market	2024	2024	60%	32,640	4,975	4,237	4,920
Romania	Oradea	Solar PV only	87	-	51%	70% PPA, 30% market	2023	2024	60%	62,461	8,303	6,500	17,080
UK	UK - West Melton	BESS stand-alone	-	102	100%	Market prices	2023	2024	60%	42,261	10,344	8,876	6,114
	Total		**295**	**102**						**253,823**	**41,410**	**33,823**	**57,892**
	Company Total Share (not leveraged)		**140**	**102**						**141,907**	**24,619**	**20,243**	**27,562**

A. Details of the projects with a pre-construction status (amounts in EUR thousands):

Country	Technology	Installed Capacity MWp	BESS MWh Capacity	Company Share[1]	Expected Tariff	Expected Year of Connection	First full year of operations	Total Projected Construction Costs[2]	Revenue Projected [2, 3, 4]	EBITDA [2, 3]
Italy	Solar PV only	287		5%	70% PPA, 30% market	2023-2024	2024	197,308	41,130	35,587
Italy	Solar PV only	82.3		100%	70% PPA, 30% market	2023-2024	2024	56,488	12,636	11,040
Italy	Onshore Wind	9.6		100%	70% PPA, 30% market	2024	2024	11,935	1,557	1,289
Italy	Onshore Wind	14.4		100%	70% PPA, 30% market	2024	2024	18,555	2,822	2,420
Poland	Solar PV only	13.0		51%	70% PPA, 30% market	2024	2025	8,015	1,180	958
Romania	Solar PV only	31.8		50%	70% PPA, 30% market	2024	2024	26,259	3,676	3,143
Romania	Solar PV only	22.0		50%	70% PPA, 30% market	2024	2024	16,720	2,588	2,219
Romania	Solar PV only	54.3		51%	70% PPA, 30% market	2024	2025	46,757	6,015	5,085
Romania	Solar PV only	38.2		51%	70% PPA, 30% market	2024	2024	24,847	4,404	3,763
Romania	Onshore Wind	35.0		50%	70% PPA, 30% market	2024	2024	44,650	8,683	7,704
Spain	Solar PV only	50.0		50%	70% PPA, 30% market	2024	2025	34,486	4,854	3,827
UK	Solar PV only	28.0		100%	70% PPA, 30% market	2024	2025	18,252	2,299	1,716
UK	Solar PV + Co-located BESS	47.0	61	100%	70% PPA, 30% market	2024	2025	55,131	9,324	7,444
UK	BESS stand-alone		163	100%	Market	2024	2025	64,472	14,975	12,570
UK	BESS stand-alone		143	100%	Market	2024	2025	57,659	13,103	10,999
	Total	**713**	**367**					**681,532**	**129,246**	**109,766**
	Total Company share	**319**	**367**					**384,154**	**74,588**	**62,706**

(1) The company's share in the above tables reflects estimates by the company's management regarding existing and future partnerships, published by the company, and not the actual holding rate as of the date of the report's publication.

(2) Construction costs, projected revenue and EBITDA are presented in the above table at 100%, and not according to the Company's share (except in relation to the total Company share in the data contained in the table as stated).

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

(4) The revenues are calculated based the assumption of transactions for the purchase of electricity closing at a fixed price (PPA) for a period of 10 years starting from the first year of full operations and for 70% of the output, and the rest at expected market prices according to the Company's market consultants. The PPA prices in the various markets are based on the estimates of the Company and its consultants.

(5) Total Invested Construction Costs as of December 31st, 2022

The company started building projects through EPC contractors who build the projects under the management and control of the company. The construction cost taken into account includes: engineering, procurement and construction with a turnkey contractor (EPC), grid connection costs, development and initiation costs. Following delays in the equipment supply chain resulting from macroeconomic effects (as detailed in Section 1.7 of Chapter A - Description of the Corporation's Business attached to the company's annual report for 2022), and a significant increase in the price of some of the raw materials, the company anticipates a significant increase in the total construction cost of the projects it owns at the estimated rate as of the date of this report of about 20%. The company expects that these costs will remain at a similar level for at least the next 12 months. For additional information, see Section 1.6 above.

It should be noted that in the Econergy Archmore 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 the market-accepted rate of approx. 60% leverage.

Based on these assumptions, the Company is anticipating the following investments in the various countries over the coming years (EUR millions):

Expected Investment	**Italy**	**UK**	**Romania**	**Spain**	**Poland**	**Greece**	**Total**
2023	28	73	16	1	2	-	121
2024	61	42	21	2	65	7	199
2025	66	20	6	34	102	41	268
2026	8	6	-	-	12	37	63
Total expected investment by 2026	163	142	43	38	180	84	650

The table above includes, among other things, investments in projects throughout the projection years, that will be connected during 2027 and 2028. The investments required between 2023 and 2026 in order to meet the connection expectations by the end of 2026 only, which were presented above, amount to approx. EUR 586 million.

In the forecast of the company's investment expectations relative to the previous quarter's report, a decrease was recorded, and this in light of the delay in starting the construction of projects due to delays in the completion of their development and delays resulting from problems in the supply chain.

The Company's future investment plan, on the basis of which, among other things, the Company's business forecasts regarding its projects are provided as set forth in this Report, assumes that the Company will need capital for investment which exceeds the Company's current sources of capital. Accordingly, the Company estimates that it will be required to raise additional capital and/or debt as early as 2023 onwards in order to provide its share of the equity required for the construction of the projects presented in this report and according to the investment plans described above. In order to comply with the investment plan, the Company is examining various possible financing alternatives, including raising capital from the public and/or raising private capital and/or debt for the Company's subsidiaries, as well as introducing partners for projects under the Company's development.

The company's forecasts are based on the assumption of the introduction of partners in all the projects for which the company has reached agreements (Phoenix, RGREEN and UBS agreements) , and for the rest of the projects, Econergy will hold 100%. In the company's estimation, in order to meet the connection goals by the end of 2026, i.e. Connecting 2,446MW + 729MWh (company share), the total additional capital/debt required is estimated at aboutEUR 170 million.

Under the assumption of continued introduction of equity partners in all of the Company's projects, in addition to the projects that are committed according to the existing agreements with the Company's partners, the company will be required to raise capital/take out debt amounting to an additional EUR 50 million by the end of 2026.[1]

As of the date of the report, there is no certainty that the raising of capital will be completed in full according to the Company's forecasts. Failure to raise sufficient capital for the implementation of the Company's future investment plan described above is expected to significantly 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 projected FCF estimates, 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 Ready to Build stage (RTB) in anticipation of unlocked value for the Company and/or debt raising in the capital market.

1.4.3 Revenue forecast

[1] Additional required capital/debt at the company level is calculated on the basis of projected investments minus a scheme of liquid assets in the company's balance sheet as of the date of the report and the projected net cash flow (FCF) of the company until the end of 2026.

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, until the expected facility size and efficiency rate are reached) and multi-year databases of expected sun radiation or wind speed, as the case may be. Based on the assessed installed capacity and the solar radiation or wind speed, the Company performs its estimates 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, in 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 assist the Company, are accepted by lending banks in the countries of operation.

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

			Expected price 2023	Market Prices over the First 10 Years of Operation	
				Min	Max
Italy	Wind	€/MWh	102	70	163
Italy	PV	€/MWh	98	54	154
UK	PV	£/MWh	78	38	135
UK	BESS	£/kW/year	216	103	216
Romania	Wind	€/MWh	85	71	145
Romania	PV	€/MWh	80	57	135
Spain	PV	€/MWh	73	39	139
Poland	PV	€/MWh	75	45	124
Greece	PV	€/MWh	83	51	128

Note: Expected electricity prices during the year 2023 are calculated based on the assumption of closing transactions for the purchase of electricity at a fixed price (PPA) for a period of 10 years for 70% of the output, and the rest (30%) at the expected market prices according to the company's market advisors. The PPA prices in the various markets are based on the estimates of the Company and its consultants. Also, the price forecast for storage systems includes rates that the company won as part of government tenders in England for the supply of electricity starting from 2027.

The operating expenses assumed by the Company for estimating future revenue and profitability are based on price quotes from suppliers and existing agreements in facilities managed by the Company in ongoing

[2] The prices are presented at their real rate, without linkage.

operations, inflation assumptions based on market consultants, as well as its management's knowledge from many years of operating facilities.

The following is an analysis of the company's revenue forecast based on the Company's investment plan, presented by project with the current development status as of the date of publication of the Report (the company's share, in EUR millions):

Revenue Forecast	**2023**	**2024**	**2025**	**2026**	**Total**
Revenue from the implementation of project initiation and development[3]	28	62	12	-	102
Revenue from the sale of electricity[4]	18	111	246	325	700
Revenue from the sale of services	5	10	10	7	31
Total	**50**	**183**	**268**	**332**	**834**

In the forecast of the company's revenues from the implementation of the initiation and development of projects for the years 2023-2025, there was a decrease of approximately 3% compared to the forecast included in the previous quarter's report. The total revenue forecast until the end of 2025 decreased by about 19% compared to the previous quarter's forecast and this is due to an expected decrease in electricity prices in the years of the forecast.

As mentioned above, electricity prices for the benefit of revenue forecasting are calculated based on the assumption of closing transactions for the purchase of electricity at a fixed price (PPA) for a period of 10 years starting from the first full year of operation and for 70% of the output and the rest at the expected market prices according to the estimates of the company's market consultants and the PPA prices in the various markets.

Alternative scenario*: Continued introduction of equity partners in all of the Company's projects, in addition to the projects that are committed according to the existing agreements with the Company's partners, the income from realization of initiation and services until 2026 is expected to grow from ERUR 133 million to 266 million. Likewise, the expected revenue forecast (the Company's share) in the year 2026 is expected to decrease from EUR 332 to 244 million.

It should be noted that the revenue forecast, for all its components, is a Non-Gaap forecast, that is, it was not constructed according to the accepted accounting rules.

1.4.4 Business Results Projection

The company estimates the development of the **recurring project business results** (revenues from the sale of electricity and services) in the following years as follows (the company's share, in EUR millions): [5]

[3] The company designates revenues arising from the realization of an initiative within the framework of strategic partnerships and financing agreements with RGreen and Phoenix for use as its share in investments in projects under those agreements.
[4] Assuming a sales volume of 70% according to the expected PPA rate for 10 years starting from the first year of full operation and 30% market price.
[5] The recurring results are results of a cyclical nature, that is, they are not of a one-time nature. The recurring project business results of the company derive from sales of electricity and services.

Business Results Projection	**2023**	**2024**	**2025**	**2026**	**Total**
Revenue	23	121	256	332	732
EBITDA	21	109	225	282	637
FFO	19	90	172	206	487
FCF	19	83	139	149	390

1.4.5 <u>Projection of business results **from electricity sales only** by development stages:</u>

Below is the development of the project business results resulting from the sale of electricity according to development stages (the company's share, in EUR millions):

Revenue from the sale of electricity	**2023**	**2024**	**2025**	**2026**	Total	%
Early development	-	3	42	76	**120**	17%
Licensing	-	5	91	149	**245**	35%
Pre-construction		65	79	69	**213**	30%
Under construction	6	29	26	23	**84**	12%
Ready to connect	12	9	9	8	**38**	5%
Total	**18**	**111**	**246**	**325**	**700**	100%

EBITDA	**2023**	**2024**	**2025**	**2026**	Total	%
Early development	-	3	37	64	**103**	17%
Licensing	-	5	80	128	**213**	35%
Pre-construction		59	69	58	**186**	31%
Under construction	5	25	22	19	**70**	12%
Ready to connect	11	8	7	7	**33**	5%
Total	**16**	**99**	**215**	**275**	**606**	100%

FFO	**2023**	**2024**	**2025**	**2026**	Total	%
Early development	-	2	31	48	**81**	18%
Licensing	-	4	65	95	**164**	36%
Pre-construction		50	48	39	**137**	30%
Under construction	5	19	14	12	**50**	11%
Ready to connect	9	5	5	5	**24**	5%
Total	**14**	**80**	**163**	**198**	**456**	100%

FCF	2023	2024	2025	2026	Total	%
Early development	-	2	29	37	**68**	19%
Licensing	-	4	59	75	**139**	39%
Pre-construction		48	31	22	**102**	28%
Under construction	5	15	8	5	**32**	9%
Ready to connect	9	3	3	2	**18**	5%
Total	**14**	**73**	**130**	**142**	**359**	100%

It should be noted that the revenue forecast from the sale of electricity is a Non-Gaap forecast, that is, it was not constructed according to the accepted accounting rules. In addition, 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 index representing the system’s operational efficiency, and is 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 reflecting the ability to service the debt fund out of the receipts generated by the systems.

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

As can be seen in the tables above, more than 48% of the revenue expectations and more than 42% of the company's profitability index expectations stem from systems under construction and soon-to-be constructed for which, in the company's estimation, the probability of realization is very high (85%-95% probability of realization). In contrast, only approx. 17-19% of the revenues and profitability indicators are expected from systems in early initiation.

1.4.6 The effect of the interest rate increase on the company and sensitivity analysis

As of the publication date of this report, inflation for the last 12 months in the UK stands at 8.8%, and in the Eurozone at 9.9%.[6] The monetary policy of the Central Bank of England works to ensure that inflation in the country in the medium and longer term will remain at 2%, a similar trend is reflected in the forecasts of the European Central Bank. [7]

In order to curb the continued rise in inflation and cool demand, as well as in response to similar moves in the US, central banks in the UK and Europe have begun raising interest rates in recent months. The interest rate increases that have been carried out, further expected interest rate increases and expectations that inflation will remain above the target in the short term, are expected to lead to an increase in the company's financing costs in future financing rounds.

[6] Office for National Statistics, Consumer price inflation, UK: February 2023 and Eurostat.
[7] UK's central bank, European Central Bank February 2023 projections.

The company has fixed interest financing agreements with strategic partners ("Infragreen Fund", "Phoenix") to finance projects whose construction has begun and/or is expected to begin in the next 12 months. The agreements allow the company flexibility if it wants to refinance these projects, when market conditions will improve its situation compared to the existing loan agreements.

The company does not have the financing agreements or material obligations that are linked to inflationary changes. On the other hand, the electricity prices in the countries of activity are affected by the rising inflation and therefore in the company’s estimation in the short-to-medium term it might even enjoy the rising inflation.

In view of the expected increase in interest rates in the markets in the short term, below is a sensitivity analysis for the company's FFO forecast based on an interest rate increase of 0.5%, 1% and 1.5% compared to the existing interest rate at the time of the report.

FFO sensitivity analysis to changes in interest rates	**2023**	**2024**	**2025**	**2026**
Change in FFO following a 0.5% change in interest on debt	-0.1%	-0.61%	-1.35%	-2.06%
Change in FFO following a 1.0% change in interest on debt	-0.2%	-1.25%	-2.79%	-4.17%
Change in FFO following a 1.5% change in interest on debt	-0.2%	-1.30%	-3.01%	-4.41%

1.4.7 <u>The effects of the geopolitical situation in Europe and Israel</u>

The geopolitical situation in Europe, and in particular in the countries where the company operates, may have an impact on the economy in Europe, on the prices of goods, transportation and energy, and as a result - on the company's activities. During the year 2022, Russia's military attack on Ukraine and the rise in inflation created great pressure in the energy market which resulted in a very substantial increase in the gas, oil, and carbon markets which led to a considerable increase in electricity prices in Europe. However, in the fourth quarter of 2022, there was a new drop in energy in general and gas prices in particular, among other things following a series of measures taken by the European Commission to diversify gas supply, reducing energy consumption in the Eurozone and preventing a sharp increase in energy prices, as part of the comprehensive RepowerEU program, among them limits on the price of electricity. For additional information about this matter and the effects of the company’s operations and forecasts, see Sections 1.7.4 and 1.7.5 of Chapter A - Description of the Corporation’s Business, attached to the annual report for 2022.

During January 2023, the government of Israel began to promote a plan to make fundamental changes to the legal system in Israel, which provoke widespread controversies and criticisms that may lead to social and political instability, alongside a negative impact on the state of the Israeli economy and market, and this in accordance with the statements and assessments of senior economists (including the head of the Bank of Israel and officials in the Ministry of Finance), as well as according to reports from international credit rating companies. At the time of the approval of the report, the aforementioned events did not have a material impact on the company's activities. However, to the extent that the estimates described above come true in whole or in part, this may affect foreign exchange rates, and the availability and cost of the company's financing sources related to the Israeli economy. That said, in light of the fact that all of the company's activities are concentrated in Europe and a significant portion of the company's funding sources are from Europe, the company anticipates that the impact of the aforementioned will be, at most, limited.

The Company's estimates regarding forecast 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 the years 2022-2025 are forward-looking information, as defined in the Securities Law, based on the Company's plans on 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. The 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 for the construction of the systems, changes in system construction costs, construction delays, delays in the supply of system parts, changes in exchange rates, regulatory changes, changes in financing costs including failure to raise sufficient capital sources for the implementation of the Company's future investment plan described above that, as of the date of the Report, there is no certainty that these will be fully completed according to the Company's forecasts, changes in interest rates, system defects, weather effects, changes in the consumer's 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 in pre-construction, among other things, due to the fact that these projects are subject to the receipt of permits and licenses for which their receipt is uncertain, as well as due to concern regarding the existence of any of the risk factors detailed in Section 1.28 of Chapter A – Description of the Corporation's Business, attached to the annual report for 2021.

1.5 Impact of the Coronavirus (COVID-19)

During the COVID-19 crisis in 2021, there has been a slowdown in the issuance of building permits for construction projects of renewable energy systems in Europe following the restrictions on movement imposed as part of dealing with the crisis, and as of the date of the report in the active countries there is an evident readiness, along with actions being taken by the governments, with the aim of facilitating and promoting the process. In addition, in the context of the corona crisis, during 2021 there were increases in the prices of raw materials for the production of solar panels and in transportation costs. This phenomenon still exists in the various markets and has recently been affected by additional macro-economic factors beyond COVID-19, as detailed in section 1.6 below.

For additional information, see Section 1.7.12 of Chapter A - Description of the Corporation's Business, attached to the annual report for 2022.

1.6 **The impact of global supply chains on the Company's operations**

In the context of the corona crisis, during 2021 there were increases in the prices of raw materials for the production of solar panels and in transportation costs. This trend became more and more acute during the reporting period with the outbreak and continuation of the war in Ukraine and the global energy crisis. Together with these factors, the effect of the increase in price indices and increases in interest rates also affect the costs of equipment and services. In 2022 there was a decrease in the transportation costs of products around the world and they returned to their pre-COVID levels due to a decrease in the volume of trade and the rate of growth in China along with a gradual decrease in port congestion coinciding with an increase in the supply of containers, but the Company estimates that this decrease does not materially affect the costs of raw materials, which remain at a high level.

In accordance with these trends and with the expectation that the price level will remain high during the next 9-12 months, the company has updated its estimates regarding the costs of establishing projects in the future and in accordance with its investment plan for the coming years. However, the company anticipates that towards the end of 2023, equipment prices and project construction costs will resume a downward trend, but their full return to their pre-COVID levels is only expected, in the company's estimation, in a few years.

For additional information about the macroeconomic effects of the company’s operations, see Section 1.7.12 of Chapter A - Description of the Corporation’s Business, attached to the annual report for 2022.

The Company's assessments regarding trends, forecasts and developments in the Group's macroeconomic environment as detailed above is forward-looking information as defined in the Securities Law, based, among other things, on publications and on expectations and assessments regarding economic or sectoral developments, the realization of which is uncertain and not under the Company’s control. Therefore, it is possible that the aforementioned developments and trends will materialize differently, 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 detailed in Section 1.28 of Chapter A – Description of the Corporation’s Business, attached to the annual report for 2022.

2. The financial position

The following table presents the Statement of Financial Position items in accordance with the consolidated financial statements, and the explanations for the main changes that took place therein:

Item	As of December 31 2022	As of December 31 2021	Explanations
	(EUR thousands)		
Cash and cash equivalents	20,017	87,499	Cash balance in 2021 includes the IPO and bond raising funds.
Customers	23	99	
Accounts receivable and debit balances	13,120	3,112	An increase which is mainly due to an increase in the balances due for VAT.
Total current assets	**33,160**	**90,710**	
Restricted cash	5,036	36	The increase is due to a mortgaged head office in favor of a bank guarantee given as part of the purchase of 49% of the share capital of a company in Greece in the amount of EUR 5 million for guaranteeing a connection to the grid.
Systems under construction and development	80,187	28,711	Continued investment in projects under development and acquisition of "development" assets as part of the acquisition of companies in the period.
Fixed assets, net	527	191	Increase in the purchase of computers, equipment and furniture according to the increase in Company staff and entry into new offices in Israel during 2021.
Right-of-use asset	9,352	458	An increase in the reporting period is due to the lease of land for the construction of six projects (4 in Romania, 1 in Poland and 1 in England), the expansion of the offices in Italy and the lease of new offices in Romania for a total of approximately EUR 11.8 million. On the other hand, a reduction in the amount of approximately EUR 2.6 million from assets due to a decrease in control of the share capital of the HELIOLUX company.
Deferred tax asset	877	5	An increase resulting from the creation of deferred tax assets for transferred losses by a subsidiary in England.
Loan to an associate	39,624	-	The balance includes the following loans: 1. A loan (according to the 50% share of the company) for the establishment of the Ratesti project in Romania in the amount of EUR 37.9 million. 2. A loan (according to the 50% share of the company) for the establishment of the Ratesti project in Romania in the amount of EUR 1.6 million.

Item	As of December 31 2022	As of December 31 2021	Explanations
	(EUR thousands)		
Investment in investees accounted for according to the equity method	32,811	16,166	Below are the main changes during the reporting period: 1. The company purchased 49% of the share capital of a company in Greece (the balance of the investment as of December 31, 2022 is approximately EUR 3.5 million). 2. The company lowered its status from control to joint holding of 50% of the share capital of a company in Romania - the Părău project. (the balance of the investment as of December 31, 2022 is approximately EUR 12.7 million). 3. Another capital investment in the amount of about EUR 1.1 million in a company in Romania - Ratesti project. (the balance of the investment as of December 31, 2022 is approximately EUR 9.8 million).
Total non-current assets	**168,414**	**45,567**	
Total assets	**201,574**	**136,277**	
Suppliers and service providers	6,627	1,143	An increase resulting mainly from contracts with EPC contractors for the construction of projects in Romania and England.
Accounts payable and credit balances	2,070	4,870	Decrease resulting mainly from a repayment of commitments made in 2021 for the acquisition of the PNE project in the amount of approx. EUR 3.1 million.
Liability in respect of contingent consideration	4,010	2,115	Contingent consideration in respect of the acquisition of companies in the reporting period.
Financial liabilities at fair value through profit or loss	**2,365**	**-**	Measuring the fair value of a derivative financial instrument of forward contracts for foreign currency.
Total current liabilities	**15,072**	**8,128**	
Lease liabilities	9,059	377	See explanation in te section for Right-of-Use Asset
Other long-term liabilities	3,697	250	Long-term conditional consideration for the purchase of companies and immaterial balances with controlling owners for provision for an adjustment period in accordance with the provision in the management services agreement.
Debt component in respect of convertible bonds	58,317	59,793	
Conversion component in the bonds convertible into shares	1,503	8,920	Update to the valuation of the fair value of the conversion component in A-bonds according to the valuation.
Long-term loan from related party	964	-	
Deferred tax liability	849	-	Creation of a tax reserve for timing differences in bonds.
Total non-current liabilities	**74,389**	**69,340**	

Item	As of December 31 2022	As of December 31 2021	Explanations
	(EUR thousands)		
Total liabilities	**89,461**	**77,468**	
Share Capital and Premium	62,618	58,922	
Capital reserves	47,864	11,228	
Retained earnings (accumulated deficit)	(9,745)	(12,115)	
Capital attributed to parent company shareholders	**100,737**	**58,035**	
Non-Controlling Interests	11,376	774	
Total equity	**112,113**	**58,809**	For the development of capital, see Section 5.
Total liabilities and equity	**201,574**	**136,277**	

3. **Results of operations**

The following table presents the Statement of Comprehensive Income items in accordance with the financial statements, and explanations of the main changes that took place therein (EUR thousands)

Item	For the Period ended December 31		Explanations
	2022	2021	
(EUR thousands)			
Revenue from the provision of services	1,817	976	An increase as a result of the company entering into a cooperation agreement with Nofar Energy in connection with the Ratesti project, in respect of the construction management works. In addition, an increase in revenues for UBS portfolio for the following services: Refinancing, AM, EPCm.
Income from realization of initiation	7,166	-	Profit from the realization of the investment as well as from the revaluation of the balance of its investment (50%) in the Parau project.
Expenses			
Cost of revenues	1,650	764	Cost of revenues expenses are wage expenses. During the period there was an increase resulting from the expansion of activity, an increase in the number of employees and the recording of wage expenses in respect of a share-based payment.

Item	For the Period ended December 31		Explanations
	2022	2021	
(EUR thousands)			
Administrative and general expenses	7,806	9,606	The item mainly includes direct wage expenses and expenses in respect of share-based payment in allocation of options to employees, as well as professional services (legal services and audits).
Construction and development expenses	1,281	1,166	The item mainly includes direct wage expenses and expenses in respect of share based payment in allocation of options to employees.
The Company's share in losses of invested companies accounted for using the equity method	1,183	518	
Operating loss	**(2,937)**	**(11,078)**	
Financing income	10,256	1,492	EUR 7.3 million of revenue for revaluation of the conversion component of the bond, EUR 1.8 million of revenue from exchange rate differences and EUR 1 million of interest income from a related party.
Financing expenses	5,025	1,633	EUR 2.3 million for the preparation of a forward contract on foreign currency and EUR 2.2 million interest and amortization on the bonds.
Financing income (expenses), net	**5,231**	**(141)**	
Profit (loss) after financing expenses, net	**2,294**	**(11,219)**	
Income taxes	**27**	**61**	
Profit (loss) for the year	**2,267**	**(11,280)**	
Attributed to:			
Parent company shareholders	2,370	(10,881)	
Non-Controlling Interests	(103)	(399)	
Adjustments from the Translation of Financial Statements of Foreign Activities	(439)	505	
Total other comprehensive income (loss)	**1,828**	**(10,775)**	
Total comprehensive income attributed to:			
Parent company shareholders	1,931	(10,376)	
Non-Controlling Interests	(103)	(399)	

4. Liquidity

Item	As of December 31		Explanations
	2022	2021	
(EUR thousands)			
Net cash flow used in operating activities	**(13,231)**	**(5,517)**	
Net cash flow used in investing activities	**(96,172)**	**(33,168)**	The increase is mainly due to the granting of loans to affiliated companies, an increase in limited cash and continued investment in projects under development and acquisition of development assets
Net cash flow provided by financing activities	**44,959**	**123,129**	In 2021, receiving a convertible loan and issuing convertible shares and bonds. In 2022 capital issuance to owners of rights that do not confer control.

5. Development of Capital

See the consolidated report on the changes in capital in the consolidated financial statements.

6. Working capital

The Company's working capital according to the consolidated financial statements as of December 31, 2022 amounts to approx. EUR 18,088 thousand (compared to EUR 82,582 thousand as of December 31, 2021), and consists of current assets less current liabilities as detailed below:

A. Current assets amounted to approx. EUR 33,160 thousand and include mainly cash, cash equivalents, debtors, and payable balances.

B. The current liabilities totaled approximately EUR 15,072 thousand and mainly include a liability to suppliers and service providers, financial liabilities at fair value through profit or loss and a liability for contingent consideration.

7. Projected cash flow

In accordance with Regulation 10(b)(14) of the report regulations, the Company examined for the existence of warning signs.

The Company has a negative cash flow from operating activities in its consolidated financial statements as of December 31, 2022, 2021 and 2020 in the amount of approx. EUR 13,231 thousand, EUR 5,517 thousand, and EUR 817 thousand, respectively.

At its meeting on March 27, 2023, the Company's Board of Directors discussed the projected cash flow, reviewed the existing and expected sources and needs of cash, and also reviewed the sources of financing and potential amounts of financing available to the Company, including the Company's cash balance.

Based on an examination of these data, the Company's Board of Directors has determined that there is no reasonable concern that during the projected cash flow period the Company will not meet its existing and expected liabilities on the due date, and also determined that the Company does not have a liquidity problem, based on the following reasons: The company has revenue streams which are larger than expected debt payments, and the company has a larger cash balance than the expected debt.

8. Financing sources

Financing activity for the initiation and construction of projects (Project Finance) for the generation of electricity using renewable energy technology, is expected to be partly financed by project finance from a bank, through dedicated bank loans taken as senior debt by the project corporations (SPCs) or the Company, and partly by shareholders' loans (provided to the project as equity). As of the date of the report, the Company has not yet taken project finance loans for projects under construction. For additional information, see Section 1.20 of Chapter A - Description of the Corporation’s Business, attached to the company’s annual report for 2021.

In order to comply with the investment plan, the Company is examining various possible 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 the Company's development. Meanwhile, the Company has entered into the following agreements:

- On November 17, 2022 Econergy International Ltd ("**Econergy England**"), a wholly owned subsidiary of the Company, signed binding agreements with several companies from the Rgreen Invest group, a leading investment fund in renewable energy in France incorporated as a company in France (hereafter collectively: "**RG**"), regarding RG's investment of EUR 87.5 million in the capital of Econergy England, as well as regarding entering into a partnership in capital and placing financing for the company's projects in Europe in an additional total amount of approximately EUR 163.3 million ("**the agreements**"). For additional information, see Section 1.4.1(m) above.
- On January 4, 2023, Econergy England signed a Binding agreement with Phoenix Insurance Company Ltd. regarding starting a cooperation, investment and provision of financing for the company's projects in Romania and Poland in a total amount of about EUR 150 million. For additional information, see Section 1.4.1(n) above.
- In addition, on December 9 2022, the Company raised debt in the amount of approx. NIS 242.5 million from the public, through the issuance of bonds convertible into the Company's shares from a new series and their listing for trading on the Tel Aviv Stock Exchange Ltd. On January 12, 2023, the company completed a substantial private offering of convertible bonds (series A) by way of expanding the series of convertible bonds, in the amount of approximately NIS 70 million (net). For more details, see Appendix A to this report.

Part B - Aspects of Corporate Governance

9. Donations

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

10. Minimum number of directors with accounting and financial expertise

According to the provisions of Section 92(A)(12) of the Companies Law, 1999 (the "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 will be two (2), including external directors (appointed in accordance with the provisions of the Companies Law, subject to the Company becoming a public company) given the nature of the Company's activities, the complexity of its operations and its size.

11. Independent Directors

In its Articles of Association, the Company did not adopt provisions regarding the proportion of independent directors according 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 was classified as an independent director by the Company’s Audit Committee at its meeting on January 11, 2022.

12. Disclosure regarding the Company's Internal Auditor

The company's internal auditor until November 24, 2022 was Mr. Niv Levin, who exited his position by mutual agreement of the parties. As of November 24, 2022, Mr. Doron Rosenblum was appointed as the company's internal auditor.

Name of internal auditor: Doron Rosenblum

Date of commencement of term of office: November 24, 2022

To the best of the company's knowledge: (1) the internal auditor complies with all the conditions set forth in section 3(a) of the Internal Audit Law of 1999 (hereinafter: "the Internal Audit Law"); (2) the internal auditor complies with the provisions of section 146(b) of the Companies Law and with the provisions of Section 8 of the Internal Audit Law; (3) the internal auditor does not hold securities of the company or of a body related to it; (4) the internal auditor has no material business relationships or other material relationships of any kind with the company or a body related to it and does not perform any additional role in the company.

Manner of appointment

The appointment of Doron Rosenblum as the company's internal auditor was approved by the company's board of directors on November 24, 2022, following the recommendation of the audit committee and after the company's management and the company's audit committee held a meeting with him and got a first-hand impression of him.

His appointment was approved after examining his education and experience (graduated and certified in business administration and has extensive experience in conducting internal audits in various corporations, including public companies). The internal auditor is a managing partner in the firm Ezra Yehuda-Rosenblum & Co. of the Kreston group.

The appointment of Doron Rosenblum was approved in light of the audit committee's impression of CPA Rosenblum's experience and background, and the suitability thereof for the company's operations.

<u>Identity of the supervisor of the Auditor</u>

The supervisor of the auditor is the chairman of the board.

<u>Work plan</u>

The internal auditor's work plan is annual and based on a risk survey and a multi-year work plan.

<u>Audit plan for 2022</u>

The company's audit committee approved the audit plan for 2022, which included the following topics: (1) information security and cyber risks; (2) project establishment controls; and (3) corporate governance.

The audit committee discussed the reports submitted to it close to the time of their submission.

The considerations in determining the ongoing annual audit plan are mainly proposals from the internal audit for an annual work plan; The proposals of the members of the audit committee and the board of directors which are based, among other things, on the proposals of the internal auditor and issues discussed in regular meetings of the audit committee and the company's board of directors; The size of the company, its organizational structure, the essence of its business operations and their scope; and consideration of special transactions and events, complex and substantial in scope that occurred in the company. It should be noted that the work plan provides the internal auditor with the discretion to deviate therefrom.

<u>Conducting the audit</u>

As communicated to the company by the internal auditor, the internal audit work is conducted according to accepted professional standards for internal auditing, as stated in section 4(b) of the Internal Audit Law, professional guidelines and briefings as approved and published by the Bureau of Internal Auditors. In the assessment of the company's board of directors, based on the internal auditor's comments, as stated above, the internal audit work is conducted in accordance with accepted professional standards for internal audit.

<u>Access to information</u>

The internal auditor is given freedom of action in carrying out the audit and exercising his discretion, and he and proxies on his behalf are given constant and unmediated access to all the company's information systems, including access to the company's financial data, in accordance with section 9 of the Internal Audit Law.

<u>Scope of the transaction during the reporting period and compensation</u>

Approx. 500 audit hours were invested in the company's internal audit during the period of the financial statements. In the opinion of the board of directors, the remuneration of the internal auditor and the amount of hours is reasonable and does not affect the exercise of the internal auditor's professional judgment in conducting the audit.

Material Transactions

During the period of the report, material transactions were carried out by the company (as defined in section 5(f) of the fourth addendum to the report regulations). These transactions and/or their approval procedure were not examined by the internal auditor.

The company's board of directors evaluated the internal auditor's activity

In the opinion of the company's board of directors, the scope, nature and continuity of the activity and the work plan of the internal auditor are reasonable under the circumstances and can serve to fulfill the goals of the company's internal audit

13. Disclosure regarding the Company's Auditor

The Company's auditors are Kost, Forer, Gabbay and Kasierer, Accountants (E&Y). The Auditor's fee is determined, among other things, based on market conditions and in the opinion of the Company's management, it is reasonable and acceptable given the nature of the Company and its scope of activity. The following is information regarding the Auditors' fees for auditing services and other services during 2022:

Audit - NIS 670 thousand

Tax services - NIS 318 thousand

14. Independent signatory

As of the date of the report, the Company does not have an independent signatory, as defined in the Securities Law.

15. Events during the reporting period and subsequent to the date of the Statement of Financial Position

- On May 19, 2022, the Company's Board of Directors approved the allocation of options according to an outline in accordance with the Securities Regulations (Details of an Outline of an Offer of Securities to Employees), 2000, and as a private offering that is not a substantial private offering or an exceptional private offering according to the Securities Regulations (Private Offering of Securities of a Listed Company), 2000, of 1,400,000 of the Company’s options that are not listed for trading, exercisable for up to 1,400,000 of the Company’s no-par value ordinary shares according to the Company's option plan, to offerees who are employees of the Company and/or its subsidiaries and/or service providers of the Company and/or its subsidiaries (”**Offerees**”), and to the trustee for use as a pool for future grants of options to Offerees who, at the time of the allocation, will be employees of the Company and/or subsidiaries of the Company (**"Trustee"** and "**Option Pool**"), respectively.

In the outline, it was stated that the actual allocation of the options is subject to several significant conditions, including receipt of Income Tax approval and receipt of TASE approval for the listing of the exercise shares resulting from the options for trading (which was received on June 28, 2022). On July 3, 2022, with all the conditions having been met for the allocation, the Company's Board of Directors approved the actual allocation of the aforementioned options, including their exercise price, which was set at ILS 19.14, and the options were allocated to the Trustee and the Offerees.

- On August 11, 2022, the Company's board of directors approved the grant of 89,500 additional options from the Company's Option Pool, and the exercise price for them was set at ILS 23.51, and the options were allocated to the Offerees.
- On November 24, 2022, close to the publication of this report, the Company's board of directors approved the grant of 130,000 additional options from the Company's Option Pool, and the exercise price therefor was set at ILS 17.57, and the options were allocated to the Offerees.
- The Company retained an independent external appraiser to assess the value of the options granted as of December 31, 2022, including the method of accounting for the distribution. The options were priced using a binomial model and the economic value of these grants was estimated at approximately ILS 34 million.
- On March 27, 2023, the Company's board of directors approved the grant of 229,500 additional options from the Company's Option Pool, and the exercise price for them was set at ILS 12.73, and the options were allocated to the Offerees.
- On March 27, 2023, the Company's Board of Directors approved the allocation of options according to an outline in accordance with the Securities Regulations (Details of an Outline of an Offer of Securities to Employees), 2000, and as a private offering that is not a substantial private offering or an exceptional private offering according to the Securities Regulations (Private Offering of Securities of a Listed Company), 2000, of 879,500 of the Company's options that are not listed for trading, exercisable for up to 879,500 of the Company's no-par value ordinary shares according to the Company's option plan, to offerees who are employees of the Company and/or its subsidiaries and/or service providers of the Company and/or its subsidiaries, and to the trustee for use as a pool for future grants of options to offerees who, at the time of the allocation, will be employees of the Company and/or subsidiaries of the Company.

The allocation of the aforementioned warrants is subject to the publication of an outline and report of a private offer, which will be published close to the publication of this report, as well as to the obtaining of the stock exchange's approval for the trading of the exercise shares resulting from the warrants.

For additional information regarding additional events during the report period and subsequent to the balance sheet date, see Note 3 to the consolidated financial statements as of December 31, 2022, as well as Section 1.4 above.

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

According to the provisions of Regulation 9B(c1) of the Reporting Regulations, the provisions of Regulation 9B(c) of the Reporting Regulations, according to which the opinion of a company's auditor regarding the effectiveness of internal control over financial reporting and regarding significant weaknesses that he identified in the audit must be attached to its annual reports, will not apply to the Company until five years have elapsed from the time it became a reporting corporation, except in certain cases determined in that regulation.

17. **Valuations**

The following is information regarding material valuations that were used as a basis for determining the value of data in the report:

A. For the purpose of allocating the cost of the acquisition to the assets in respect of the acquisition of a company in Romania, the Company relied on a material valuation that is summarized as follows:

<table>
<tr><th>Identification of the subject of the valuation:</th><th></th></tr>
<tr><td>Timing of the valuation:</td><td>December 2022</td></tr>
<tr><td>The value of the object of valuation according to the valuation:</td><td>PPA-Allocation of the excess purchase cost of 50% of the capital of Heliolux S.R.L.</td></tr>
<tr><td>identity of appraiser:</td><td>EFS Consulting and Investment (2009) Ltd. specializes in providing economic and financial advice and independent professional valuations, in accordance with international IFRS accounting principles and Israeli standards, for financial reporting purposes and as an expert opinion for courts. The company's customers include dozens of public companies traded in Israel and abroad and private companies.

<u>Education and experience overview for the person in charge on behalf of the valuation company:</u> Sagi Ben-Shalosh is a manager, with a bachelor's degree in accounting and economics, a master's degree in business administration (specialization in finance, banking and information systems) and a master's degree in legal studies.</td></tr>
<tr><td>Reference to indemnity agreements with the appraiser:</td><td>The appraiser’s liability, to the extent that it stems from the valuation, will in no case exceed the total consideration paid in respect of the valuation multiplied by 3.</td></tr>
<tr><td>Methodology and main assumptions according to which the valuation was performed:</td><td><table><tr><th>Intangible asset</th><th>Chosen approach</th></tr><tr><td>Power generation project</td><td>The income approach - With and Without</td></tr><tr><td>Electricity sales license</td><td>The market/cost approach</td></tr><tr><td>Real estate lease agreement</td><td>The income approach - With and Without</td></tr><tr><td>EPC agreement</td><td>The income approach - With and Without</td></tr></table>discount rate 15.5%
The project period - 35 years</td></tr>
</table>

B. For the purpose of determining the estimated value of the conversion component of convertible bonds issued by the Company (Series A), the Company relied on a very material valuation that, summarized as follows (the valuation is attached in full to this report):

Identification of the subject of the valuation:	Valuation of the fair value of a conversion component in bonds (Series A) as of December 31, 2022
Timing of the valuation:	December 31, 2022
The value of the subject of the valuation according to the valuation:	Valuation of the fair value of a conversion component in bonds (Series A) as of December 31, 2022 is estimated to be approx. NIS 5.6 million
Identification of appraiser:	EFS Consulting and Investment (2009) Ltd. specializes in providing economic and financial advice and independent professional valuations, in accordance with international IFRS accounting principles and Israeli standards, for financial reporting purposes and as an expert opinion for courts. The company's customers include dozens of public companies traded in Israel and abroad and private companies. The value appraiser on behalf of the company is Sagi Ben-Shalosh.
Reference to indemnity agreements with the appraiser:	The appraiser's liability, to the extent that it stems from the valuation, will in no case exceed the total consideration paid in respect of the valuation multiplied by 3. In the event that the valuer is charged in legal proceedings, the Company will indemnify the appraiser accordingly (beyond the liability of the appraiser, as aforesaid), except in the event of malice on the part of the appraiser.
Methodology and main assumptions according to which the valuation was performed:	B&S options model Standard Deviation - 40% risk-free interest rate - 3.7% The base asset - the company's share price on the stock exchange at the time of the calculation - NIS 12.92

Part C - Disclosure Provisions in connection with the Corporation's Financial Reporting

18. Critical accounting estimates

For details on the critical accounting estimates used by the company in its financial statements, see Note 3 to the annual consolidated financial statements as of December 31, 2022.

19. **The Company's liabilities according to due dates as of December 31, 2022**

For details regarding the status of the Company's liabilities according to due dates, see the Statement of Liabilities that the Company publishes at the same time as the publication of the Report, with the information included therein presented in the report by way of reference.

____________	____________	_____________
Mr. Eyal Podhorzer, Chairman of the Board of Directors and CEO	Mr. Nir Peleg, CFO	Mr. Yoav Shapira, Director and Deputy CEO[8]

Date: November 27, 2023

[8] Mr. Yoav Shapira, Company Director and Deputy CEO, was authorized by the Company's Board of Directors on March 27, 2023 to sign the Board of Directors' Report since Mr. Eyal Podhorzer serves as Chairman of the Board and as Company CEO.

Executive Statements

CEO Statement

I, Eyal Podhorzer, do hereby declare that:

I have studied the annual statement of Econergy Renewable Energy Ltd. (hereinafter: the "**Company**") for 2022 (hereinafter: the "**Statements**");

Based on 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 view of the circumstances in which such representations were included, will not be misleading with respect to the reporting period;

Based on my knowledge, the financial statements and other financial information included in the statements do properly reflect, in all material respects, the Company's financial position, operating results and cash flows as of the dates and for the periods to which the statements relate;

I disclosed to the corporation's auditor, the board of directors and the corporation's audit and financial statement committees, based on my most recent assessment of the internal control over financial reporting and disclosure:

A. all the significant deficiencies and material weaknesses in the establishment or operation of the internal control over financial reporting and the disclosure that could reasonably have a negative impact on the corporation's ability to collect, process, summarize or report financial information in a way that calls into question the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law ; and -

B. Any fraud, whether material or not, involving the CEO or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

I, alone or together with others in the corporation:

A. I established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 577-2010, is brought to my attention by others in the corporation and the consolidated companies, in particular during the period of preparation of the reports; and -

B. I established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, intended to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with accepted accounting rules;

C. I evaluated the effectiveness of the internal control over the financial reporting and the disclosure, and I presented in this report the conclusions of the board of directors and the management regarding the effectiveness of the aforementioned internal control as of the date of the reports.

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

Date: November 27, 2023

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Eyal Podhorzer, CEO and Chairman of the Board of Directors

Statement of the Most Senior Finance Officer

I, Nir Peleg, hereby declare that:

I have studied the annual financial statements and the other financial information included in the statements of Econergy Renewable Energy Ltd. (hereinafter: the "**Company**") for 2022 (hereinafter: the "**Statements**");

Based on my knowledge, the annual financial statements and the other financial information included in the intermediate period 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 view of the circumstances in which such representations were included, will not be misleading with respect to the reporting period;

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;

I disclosed to the corporation's auditor, the board of directors and the corporation's audit and financial statement committees, based on my most recent assessment of the internal control over financial reporting and disclosure:

א. all the significant deficiencies and material weaknesses in the establishment or operation of the internal control over financial reporting and the disclosure that could reasonably have a negative impact on the corporation's ability to collect, process, summarize or report financial information in a way that calls into question the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law ; and -

ב. Any fraud, whether material or not, involving the CEO or those directly subordinate to him or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

I, alone or together with others in the corporation:

א. I established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 577-2010, insofar as it is relevant to the financial statements and other financial information included in the reports, brought to my attention by others in the corporation and the consolidated companies, in particular during the period of preparation of the reports; and -

ב. I established controls and procedures, or verified the establishment and existence of controls and procedures under my supervision, intended to reasonably ensure the reliability of financial reporting and the preparation of financial statements in accordance with the provisions of the law, including in accordance with accepted accounting rules;

ג. I assessed the effectiveness of the internal control over the financial reporting and disclosure, insofar as it relates to the financial statements and the other financial information contained in the reports as of the date of the reports, my conclusions regarding my assessment as stated were brought before the board of directors and the management and are included in this report.

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

Date: November 27, 2023

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Nir Peleg, CFO

Appendix A - Information regarding Promissory Notes Issued by the Company

sands) .1

	Bonds (Series A)
Issue date	December 9, 2021
Par value on the issue date (NIS thousands)	250,000
Par value as of December 31, 2022 (NIS thousands)	250,000
Par value CPI-linked as of December 31, 2022 (NIS thousands)	Unlinked
Accrued interest as of December 31, 2022 (NIS thousands)	-
Stock market value as of December 31, 2022 (NIS thousands)	211,000
Interest type and rate	Fixed annual interest at a rate of 2.5%
Principal repayment dates	One payment on June 30, 2026
Interest payment dates	Semi-annual payments on June 30 of each of the years 2022 to 2026 and on December 31 of each of the years 2022 to 2025
Linkage base	None
Conversion right	The bonds are convertible into the Company's shares from the date of issue and until June 30, 2026
Main conditions for conversion	Each NIS 35.5 PV of the bonds can be converted into one ordinary share of the Company[9]
Guarantee to pay the commitment	None
Early redemption	In the event of a decision of the Board of Directors of the Stock Exchange, as detailed in Section 8 of the Trust Deed.
Materiality[10]	Material series
Liens in favor of bondholders, validity of liens, terms of replacement of liens	None

[9] Subject to adjustments as set out in Section 10 of the terms on the back of the Trust Deed page.
[10] A series of promissory notes is material if the total liabilities in its respect as of the end of the reporting year as presented in the Company's separate financial statement (according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, constitute 5% or more of the Company's total liabilities as they are presented in the data as stated.

	Bonds (Series A)
Restrictions in connection with the creation of additional liens	The Company will not create a general floating lien on all its existing and future assets and rights for the benefit of a third party, unless at the same time as the creation of the floating lien for the benefit of the third party, it will create a lien of the same type and degree, pari passu according to the ratio of the debts to fully secure the Company's commitment to the bondholders (Series A).
Restrictions on the authority to issue additional promissory notes	None
Financial covenants	As detailed in Section 2 below.
At the end of the reporting year and during it, was the Company in compliance with all the conditions and obligations under the trust deed	Yes
Have the conditions been met for the promissory notes' immediate repayment or for the realization of the collateral, and a description of the violations (if any)	No
Was the Company required by the trustee to perform actions	No
Name of trust company **Name of person in charge of the series** **Address** **Telephone**	Reznik Paz Nevo Trusts Ltd. Hagar Shaul, Adv. 14 Yad Harutsim, Tel Aviv 03-6389200
Bondholders meeting	No bondholders meeting was held
Bond rating	The bonds are not rated

2. Financial covenants and other significant conditions - Bonds (Series A)

The following is information regarding the Company's compliance with the financial covenants of the bonds (Series A).

The Company's compliance with each of the financial covenants will be examined on the date of publication of the financial statements by the Company from the date of their issuance onwards (except for the financial covenant regarding the ratio of financial debt to adjusted consolidated EBITDA, which will be examined from the date of publication of the financial statements for the period ended June 30, 2024):

Financial covenants	Compliance with Financial Covenants As of December 31, 2021	data as of December 31, 2022
Solo equity will not be less than EUR 35 million over a period of two consecutive quarters	Yes	EUR 100,737 thousand
The solo financial debt to the total solo balance sheet, as defined in the trust deed, will not exceed a rate of 75% over a period of two consecutive quarters.	Yes	37%
From the date of publication of the financial statements to the period ended June 30, 2024, the ratio between the financial debt and the adjusted consolidated EBITDA will not exceed 18 over a period of two	N/R	N/R

Financial covenants	Compliance with Financial Covenants As of December 31, 2021	data as of December 31, 2022
consecutive quarters[11]		

"Solo equity", "Financial debt", "Solo financial debt", "Adjusted consolidated EBITDA" - as defined in the trust deed.

For additional information regarding the financial covenants, see Note 13 to the financial statements of 2022.

As of December 31, 2021, and as of the date of approval of the report, the Company is in compliance with all of its commitments to the bondholders (Series A).

[11] In this regard, it should be clarified that the ratio in this section will not be examined during the period prior to the date of publication of the financial statements for the period ended June 30, 2024, and accordingly, if the Company does not meet this ratio in the period mentioned, it will not be considered non-compliance with the financial covenant.