

DORAL

2022 ANNUAL REPORT

CONTENTS

Chapter A	**Description of the Company's Business**
Chapter B	**Report of the Board of Directors for the Year Ended December 31, 2019**
Chapter C	**Financial Statements as at December 31, 2022**
	Doral Renewables LLC's consolidated financial statements as at December 31, 2022
Chapter D	**Additional Information about the Company**
	Purchase price allocation (PPA) study following the relinquishment of control and the transition to having significant influence over Doral Renewables LLC
Chapter E	**Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure**

Table of Contents - Chapter A

Description of the Company's Business A-1

Part One - Description of the General Development of the Company's Business

1.1 Definitions A-3
1.2 The Company's activities and description of its business development A-7
1.3 The Group's areas of activity A-13
1.4 Key data about the projects of the Group's companies A-14
1.5 Equity investments in the Company and transactions in its shares A-33
1.6 Distribution of dividends A-34

Part Two - Other Information

1.7 Financial information regarding the areas of activity A-35
1.8 General environment and effect of external factors on the Company's activity A-37

Part Three - Description of the Corporation's Business by Areas of Activity

1.9 Renewable energy in Israel A-50
1.9.1 General information regarding the area of activity A-50
1.9.2 Products and services A-71
1.9.3 Breakdown of revenues from products and services A-72
1.9.4 Customers A-73
1.9.5 Marketing and distribution A-76
1.9.6 Competition A-76
1.9.7 Seasonality A-77
1.9.8 Production capacity A-77
1.9.9 Raw materials, equipment and suppliers A-77

1.10 Renewable energy in the USA A-80
1.10.1 General information regarding the area of activity A-80
1.10.2 The critical success factors in the area of activity and their changes A-91
1.10.3 Main entry and exit barriers of the area of activity A-92
1.10.4 Alternatives for the products of the area of activity and changes therein A-93
1.10.5 Products and services A-93
1.10.6 Customers A-93
1.10.7 Marketing and distribution A-94
1.10.8 Competition A-94
1.10.9 Seasonality A-95
1.10.10 Production capacity A-95

1.10.11 Raw materials, equipment and suppliers A-95

1.11 Renewable energy in Europe A-96
1.11.1 General information regarding the area of activity A-96
1.11.2 Main entry and exit barriers of the area of activity A-112
1.11.3 Alternatives for the products of the area of activity and changes therein A-113
1.11.4 Products and services A-113
1.11.5 Customers A-113
1.11.6 Marketing and distribution A-113
1.11.7 Competition A-113
1.11.8 Seasonality A-113
1.11.9 Production capacity A-114
1.11.10 Raw materials, equipment and suppliers A-114

1.12 Other activities A-114

Part Four - Matters relating to the Activities of the Corporation as a Whole

1.13 Property, plant and equipment, land, and facilities A-120
1.14 Human capital A-120
1.15 Working capital A-122
1.16 Insurance A-123
1.17 Investments A-123
1.18 Financing A-124
1.19 Taxation A-134
1.20 Material agreements A-134
1.21 Environmental risks and management thereof A-149
1.22 Restrictions and supervision of the Corporation's activities A-152
1.23 Legal proceedings A-157
1.24 Objectives and business strategy A-157
1.25 Expected developments in the forthcoming year A-158
1.26 Discussion of risk factors A-159

Chapter A – Description of the Company's Business

Part One - Description of the General Development of the Company's Business

1.1. Definitions

For convenience, the following are key terms that appear in this chapter:

"**Controlling shareholders**"	Messrs Doron (Dori) Davidovitz and Alon Kessel and Jewish Colonial Trust Ltd. For information about the shareholders' agreement, see Regulation 21A to Chapter D of this report.
"Doral USA"	Doral USA LLC, wholly-owned by the Company (indirectly).
"**Doral LLC**"	Doral Renewables LLC, in which Doral USA has a 41.78% stake. For information regarding the holdings in Doral LLC, see Section 1.10.1.1 below.
The **"Report of the Board of Directors"**	The Report of the Board of Directors on the State of the Company's Affairs as at December 31, 2022, attached in Chapter B of this Report.
"Doral - Tech"	Doral Energy Tech Ventures, Limited Partnership.
"**Doral Renewable Energy Farms**"	Doral Renewable Energy Farms 2018 Limited Partnership is held by the Company (50%)[1] and by Solar Energy Markets (50%), a corporation held, indirectly, by dozens of kibbutzim.
"**Doral Environmental Infrastructures**"	Doral Environmental Infrastructures 2015 Ltd., which deals with the treatment of wastewater and organic waste (Waste to Energy), including electricity generation in biogas systems. As of the date of the report, Doral Environmental Infrastructures is held

[1] The holding in Doral Energy Farms is through Doral M.K. 2018 Limited Partnership, held directly by the Company.

	by the Company (80%) (indirectly) and by Mr. Yaakov Zemach (20%)[2].
The "**2020 Periodic Report**"	The Company's Periodic Report for 2020 as published on March 18, 2021 (Ref. No. 2021-01-039030).
The "**2021 Periodic Report**"	The Company's Periodic Report for 2021 as published on March 31, 2022 (Ref. No. 2022-01-033693).
The **"Financial Statements"**	The Consolidated Financial Statements of the Company, as defined below, as of December 31, 2022, which are attached in Chapter C of this report.
The **"Company"**	Doral Group Renewable Energy Resources Ltd.
The "**Capacity**", "**System Capacity**" or "**Facility Capacity**"	With respect to photovoltaic facilities, unless otherwise stated, the panel capacities (in DC terms[3]).
The "**Project Company**", "**Project Corporation**" or "**Joint Corporation**"	A corporation that is the direct owner of the electricity generation system.
The "**Project Companies**" or "**Single-Project Corporations**"	The corporations that are the direct owners of the electricity generation systems (photovoltaic and/or wind and/or biogas), held by the Company indirectly.
The "**Group Companies**" or the "**Group**"	The Company and the investees holds directly and indirectly.
The **"Companies Law"**	The Companies Law, 1999.
The **"Securities Law"**	The Securities Law, 1968.
The **"Electricity Sector Law"**	The Electricity Sector Law, 1996.
"IEC" or **"Israel Electric Corporation"**	Israel Electric Corporation Ltd.

[2] To the best of the Company's knowledge, the holding is through Yaakov Zemach - Management and Initiation Ltd. Mr. Yaakov Zemach, who has knowledge and experience in the field of water and effluent infrastructure, and is responsible for the business management of Doral Environmental Infrastructures and the business development in the field of environmental infrastructure.

[3] The capacity in DC terms represents the capacity of the installed panels, which are the electricity generation component.

"**Wind Turbines**" or "**Wind Rails**"	Electricity generation systems using wind energy.
"**Approval Date of the Report**"	March 29, 2023.
"**Report Date**"	December 31, 2022.
"**System**", "**Systems**", "**Facility**" or "**Facilities**"	Photovoltaic or wind systems or biogas facilities.
"**Commercially operating systems**"	Systems whose construction has been completed and the electricity generated in them is fed into the relevant electricity grid.
"**Systems under construction and pre-construction**"	Systems that are under construction or for which the beginning of construction and/or financial closing are expected in the next six months.
"**Systems under advanced development**"	Systems which, within a period of 12 months, are expected: (a) to have an approved statutory plan or the possibility of realization through a direct route to a building permit; or (b) to reserve a quota in a relevant regulation; or (c) to reach financial closing status with a senior debt financing party.
"**Systems under development**"	Systems that may mature into systems under construction, for which the company has an interest in the land, and it is working to obtain the approvals and permits required for their realization.
"**Biogas systems**" or "**Biogas facilities**"	facilities for electricity generation from biogas in anaerobic digestive facilities through the treatment or organic waste.
"**Net meter systems**"	Photovoltaic systems operating under the Israeli Electricity Authority regulation known as the "Net Meter",[4] according to which new systems could be registered, until August 2018, and under which electricity generation systems were also established for self-use.

[4] For information regarding the regulation of "Net Meter", see Section 1.1.9.1.3.3 below.

"**Photovoltaic systems**" or "**Solar systems**"	Electricity generation systems using solar radiation.
"Tariff-based systems"	Photovoltaic systems for electricity generation operating under tariff regulations,[5] with a fixed tariff for electricity generated through them for a fixed period.
The "**Israeli Electricity Authority**"	The Public Utility Authority - Electricity, which is the body that supervises the regulation of electricity in Israel.
The "**Transmission grid**"	The system responsible for the transmission of electricity generated in various generation units at high voltage to switching stations and substations[6] spread throughout the country.
The "**Distribution grid**"	The system responsible for the distribution of electricity from substations to consumers through high-voltage lines, low-voltage lines and a distribution transformer.

[5] For information regarding a tariff arrangements, see Section 1.9.1.3.4 below.

[6] Substations and switching stations are facilities that connect electricity grids and in which a process of transforming the electrical voltage from ultra-high voltage (400 kV) to extra-high voltage (161 kV) or from extra-high voltage (161 kV) to high voltage (33 or 24 kV) takes place.

1.2. The Company's Activities and Description of its Business Development

1.2.1. General

The Company was incorporated in Israel on January 7, 2016 as a private company according to the Companies Law. On May 27, 2020, the Company issued a supplementary prospectus and shelf prospectus (dated May 28, 2020, Ref. No.: 2020-01-047629); and on June 4, 2020, the Company issued a supplementary notice thereto (hereinafter jointly: the "**Prospectus**"), under which the Company issued an IPO for institutional investors and their shares were listed for trading; on June 10, 2020, trading in the Company's shares began and from that date, the Company is a public company whose shares are listed for trading on the stock exchange.

As of Reporting Date, the Company is a global company engaged, independently and through investees, directly and indirectly, in initiating, planning, licensing, developing, managing financing procedures, constructing, holding, managing, operating and maintaining systems for "clean" power generation from renewable energy sources.

The **main activity** of the Group includes the initiation and development, from the preliminary and first stages, aimed at long-term holdings, of photovoltaic systems: including the integration of energy storage facilities, **in Israel, the United States and in Europe** - ranging from **large systems** with tens and hundreds of megawatt capacity each that are connected to the extra-high voltage transmission grid, through systems installed on land, rooftops, agricultural crops, water reservoirs and fish ponds, which are connected to the high-voltage distribution grid; as well as **small systems** installed on commercial and private rooftops, reservoirs, fish ponds, and fences. In addition, the Group is engaged in the initiation, development and construction of environmental infrastructure and wastewater treatment projects (including through biogas systems), and in investments in technologies synergistic to the Group's activity through Doral-Tech.

As of December 31, 2022, the Group's companies, together with partners, own income-generating systems that feed the electricity they generate into the electricity grid and/or directly to consumers, with a total capacity of 201 MW (DC) and a storage capacity of 13 MWh. In addition, as of the date of approval of the report, there are systems that commenced commercial operation after December 31, 2022, or for which the construction phase has been completed so that for their "official" commercial operation, mainly technical and procedural operations are required (hereinafter - "**ready to connect**"), with a capacity of 73 MW (DC) and a storage capacity of 30 MWh. In addition, as of the date of approval of the report, the Company has projects that are in construction and pre-construction phases and/or have won competitive tenders, have been registered for tariff quotas that do not require tenders or at the stage of signing a power purchase agreement (PPA), which include securing long-term tariffs (hereinafter - "**Post-Tariff-Setting Stage**"), with a total capacity of 2,603 MW (DC) and a storage capacity of approx. 2,219 MWh; projects in advanced development stages before tariff-setting with a total capacity of 885 MW (DC) and storage capacity of 643 MWh and projects in the initiation stages with a total capacity of 14,824 MW (DC) and storage capacity of 10,214 MWh. For further information, including regarding the Company's share in the various projects and the assumptions used for calculating the outputs of the systems at the various stages, see Section 1.4 below.

It should be emphasized that as of the date of the report, there is no certainty regarding the implementation of the projects in the various stages - under construction, preconstruction, winning competitive procedures, development and initiation, among other things, due to the fact that these projects are subject to various approvals and there is no certainty whether they will be obtained, and also due to concern regarding the materialization of one of the risk factors set out in Section 1.26 below.

1.2.1.1 **Development of activity in the Company and in the Group companies in the reporting year**

As part of the Group's growth process and the establishment of its activities, the Company has entered into and is working to create additional engagements with strategic partners whose activities are synergistic with the Company's activities, including: landowners; large suppliers of required products and services; banking and institutional financing entities; research and development entities and relevant high-tech development companies; and local entrepreneurial partners in the United States (mainly in the vicinity of the PJM, MISO, ERCOT and SPP grids) and in Europe (mainly Poland, Italy, Romania and Denmark), with experience and expertise in the field of renewable energy and in interfacing fields. In addition, the Company consistently participates in significant tenders, creates and develops diverse growth engines.

In addition to the initiation and promotion of renewable energy projects in the Company's ordinary course of business, set forth below is information about key developments in the Group's activity in the reporting year and through the report's approval date (as elaborated in this report):

- The promotion of renewable energy facilities in the United States by Doral LLC, mainly solar systems (utility scale) in the PJM, MISO, SPP, NEISO, ERCOT, SERC and NYISO markets (in several states), with a total capacity of approx. 15 GW (DC) and storage capacity of 8.2 GWh, including:
  - Engagement in a transaction with investment funds under the management of Apollo - a leading global corporation for the management of alternative investments - in collaboration with Migdal Insurance Company Ltd. (hereinafter - "**Migdal**") for the issuance of notes convertible into shares totaling up to USD 500 million, based on set milestones and at a conversion value of USD 1.5 billion (pre-money) assigned to Doral LLC, which will be used mainly to make investments in renewable energy projects in the United States;

    Indiana North - estimated capacity of 480 MW (DC)

  - Engagement in a financing agreement with a consortium of lenders led by the New York branch of Deutsche Bank AG, for the provision of USD 390 million in project financing through three different loans - a construction period loan, a long-term loan and a bridge loan;
  - Engagement in a tax equity partner agreement at the total amount of USD 175 million with the Bank of America;
  - Engagement in an Engineering, Procurement and Construction (EPC) agreement with Solv Energy LLC, a leading US contractor for the execution of the project's construction

work in consideration for NIS 850 million, and the delivery of a notice to proceed to commence the work on the ground. As of the approval date of the report, the completion rate of the construction work in the project amounts to 67%, based on data received from the executing contractor's construction management system;

Indiana Central - estimated capacity of 720 MW (DC)

- Engagement in a PPA and agreement for the sale green certificates with Constellation New Energy Inc., one of the leading suppliers of green electricity and green energy solutions in the USA, for the acquisition of all the electricity and 'green certificates' that will be issued in half of the facility with a capacity of 360 MW (DC), at a fixed price, and for a period of 15 years from the commercial operation date;
- A PPA and an agreement for the sale of 'green certificates with AEP, for the acquisition of all the electricity and green certificates that will be issued in the second half of the facility with a capacity of 360 MW (DC), at a fixed price, and for a period of 15 years from the commercial operation date;
- Receipt of building permit;

Indiana South - estimated capacity of 360 MW (DC)

- Further investment in the project by Migdal (by virtue of the "Migdal Transaction"), which confers upon Migdal 22.5% of the rights in the project (indirectly), in consideration for an investment of up to USD 75 million;
- Receipt of building permit;
- Engagement with Waaree Energies Limited, a global supplier of Tier 1 photovoltaic panels, in an agreement for the purchase of photovoltaic panels for the project (including spare parts and full logistics services that include, among other things, transporting the equipment to the project's site) at a cost of approx. NIS 500 million;

Goonies project - estimated capacity of 233 MW (DC)

- A PPA and an agreement for the sale of green certificates with AEP, for the acquisition of all the electricity and 'green certificates' that will be issued in the facility with a capacity of 170 MW (DC), at a fixed price, and for a period of 15 years from the commercial operation date;[7]

- Promotion of the projects as part of the Company's winning two tenders for solar fields combined with energy storage facilities in Israel (hereinafter - "**Tender 1**" and "**Tender 2**"), with a total capacity of 300 MW (AC), in combination with storage capacity,[8] including:
  - Completing actions that allow the construction of the projects as part of the time tables that were defined in the tenders, such as allocating the winning quota to specific projects under the tenders and the "market regulation", receiving positive and partly

[7] AEP was given a right of first refusal to also purchase all the remaining electricity and 'green certificates' from the Goonies project (63 MW (DC)), whose total capacity is estimated at 233 MW (DC).

[8] The capacity of facilities to be built with integrated storage facilities under the Solar Regulations will be determined, inter alia, by taking into account the distributor responses to be received from the Israel Electric Corporation with regard to each and every site, which may contain restrict power supply to the grid to certain hours. This and other information is expected to affect the engineering design of the facilities and as a result their expected capacity.

positive distributor responses from the IEC in respect of most of the winning quota, and completion of master agreements for the acquisition of key equipment. For information about facilities under various development stages, see Section 1.4 below;

- Engagement in a memorandum of understanding for the financing of the construction of projects at the total amount of NIS 2.2 billion, and an engagement in an agreement for a bridge credit facility of up to NIS 300 million, for the financing of projects in the immediate term;

- Commercial operation of the first facility in Israel, that includes storage capacity and power supply management in accordance with the tenders' rules; the facility will allow the supply of renewable energy to the grid even beyond the conventional generation hours, including through solar panels that generate power. The facility has a CPI-linked feed-in tariff from the IEC for 23 years of operation; currently, the tariff is estimated at 21.5 agorot per kWh;

- Completion of the transaction for all of Invenergy Solar Development LLC's holdings in the "Hadarey Shean" project, such that upon completion with the transaction, the project is held by the Company (67%, indirectly), and by Hadarey Shean Energy, Agricultural Cooperative Ltd. (33%), which represents 11 kibbutzim from Emek Hamaayanot;

- Winning a quota and a secured tariff in respect of a capacity of 80 MW (AC) (which is equivalent to 112 MW (DC)), which is intended for the ultra-high voltage part of the 'Hadarey Shean' project. Together with the other project parts that are expected to be connected to the ultra-high voltage grid, the 'Hadarey Shean' project is expected to reach an aggregate capacity of 175 MW (DC), which will make it one of the largest photovoltaic projects in Israel. The project is defined as a "National Infrastructure Project"; it is in advanced development stages, has an approved statutory plan (National Infrastructure Plan 97), and is in advanced planning stages leading up to the issuance of a building permit;

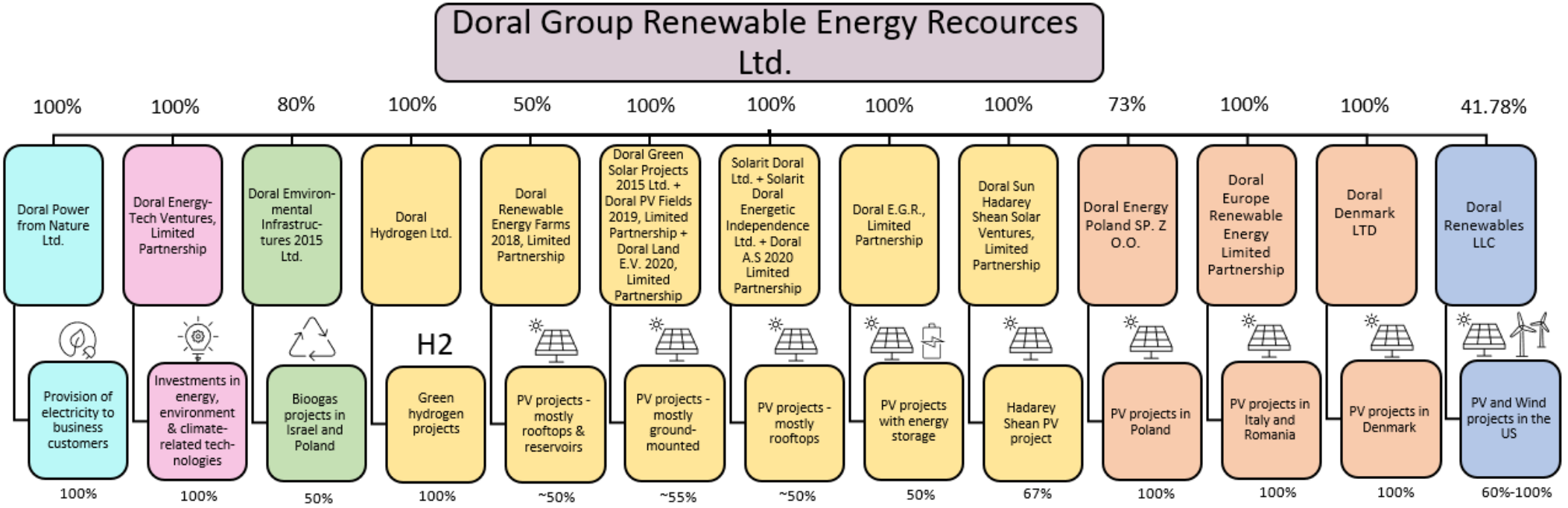
- Engagement in an agreement with companies controlled by The Phoenix Holdings Ltd. (hereinafter - "**The Phoenix**") and Ampa Partnerships, Limited Partnership (hereinafter - "**Ampa**"), for a collaboration in the field of energy storage and battery charging for electric vehicles in private areas, including residential buildings, office buildings and industrial and tourism centers;

- The Company received an energy supplier license from the Israeli Electricity Authority, and promotes its activities in the field of energy supply through PPAs with a range of business suppliers. As part of the above, the Company entered with Melisron Ltd. and Migdal Insurance Company Ltd. into agreement for the sale and supply of power and green energy that it will generate in its facilities at the total amount of NIS 720 million for a period of 10 years, as part of the regulations, whose objective is to open the supply segment to competition;

- Completion of an agreement for the purchase of 100% of the shares of Global Bio Power 1 Ltd. (as well as capital notes and shareholders' loans) such that subsequent to the completion of the transaction Doral Environmental Infrastructure holds all of the rights in

the 2 MW installed capacity biogas power plant at the premises of Hadera Paper Mills, including a license to generate electricity using biogas technology (the license will be in effect through February 13, 2036);

1.2.2. **Main diagram of the Group's holding structure**



1.3. **The Group's areas of activity**

As of the date of the Report, the Group's activity includes three areas of activity, as detailed below:

1.3.1. **Renewable Energy Segment in Israel** – The Group engages, through corporations it holds, indirectly, together with partners, in the initiation, development, licensing, management, management of financing procedures, construction, maintenance and operation of electricity generation systems powered by solar energy, using photovoltaic technology which sell electricity to the IEC, kibbutzim and business customers, including with the integration of energy storage facilities and storage facilities at the consumer's site (hereinafter - the "**Renewable Energy Segment in Israel**").

For details regarding the total capacity of the renewable energy systems that are held by the Group companies and that feed the electricity generated into the electricity grid and/or directly to consumers, see Section 1.2.1 above. For information regarding the Group's activity in the Renewable Energy Segment in Israel and a list of the systems under its ownership, including predicted commercial operating dates, see Sections 1.4 and 1.9 below.

1.3.2. **Renewable Energy Segment in the United States** – The Group engages, through corporations held by it, indirectly, together with partners, in the initiation, development, construction, maintenance and operation of electricity generation systems powered by solar energy, using photovoltaic technology, including with the integration of energy storage facilities and standalone storage facilities, which are directly connected to the electrical grid but are not connected to a photovoltaic installation, mainly in the PJM, MISO, ERCOT, SPP and other grids, as well as in an energy generation project using wind turbines (hereinafter - the "**Renewable Energy Segment in the United States** "). For details regarding the Group's activity in the Renewable Energy Segment in the United States and a list of the systems under its ownership, including predicted commercial operating dates, see Sections 1.4 and 1.10 below.

1.3.3. **Renewable Energy Segment in Europe** – The Group through corporations it holds, indirectly, together with partners, in the initiation, development, construction, maintenance and operation of electricity generation systems powered by solar energy, using photovoltaic technology in Poland, Italy, Romania and Denmark (hereinafter - the "**Renewable Energy Segment in Europe**"). For details regarding the Group's activity in the Renewable Energy Segment in Europe and a list of the systems under its ownership, including predicted commercial operating dates, see Sections 1.4 and 1.11 below.

In addition to the areas of activity described above, the Group operates, through companies it holds, indirectly, together with partners, in the initiation, licensing and construction of biogas facilities, wastewater treatment and more. In addition, the Group operates through an investee to locate investments and strategic collaborations in companies and entities whose activities are synergistic with the Company's activities. The said activities do not amount to an 'area of activity' as defined in Section 3(a) of the First Addendum to the Securities Regulations (Details of a Prospectus and Draft Prospectus – Structure and Form), 1969.

As of the date of the Report, the Group's main revenues are from photovoltaic systems in the Photovoltaic Segment in Israel.

1.4. **Key data about the projects of the Group's companies**

1.4.1. **Below are details[(1)] regarding projects in commercial operations, ready to connect, under construction, pre-construction and/or at the Post-Tariff-Setting Stage[(2)]:**

	Total	Company's share
Expected capacity (MWp or MW, as applicable)	2,876	1,290
Expected storage capacity (MWh)	2,262	1,385
Expected project revenues per year (NIS million)	1,201	607
Expected project EBITDA per year (NIS million)	972	498
Expected project FFO per year (NIS million)	616	339

(1) The table data were calculated cumulatively, based on the tables below, and should be reviewed together, paying special attention to all working assumptions, projections and reservations set forth below.

(2) The above table includes the revenues (NIS 152 million), EBITDA (NIS 21 million), and FFO (NIS 21 million) that a wholly-owned subsidiary of the Company (100%) is expected to generate from trade activity.

(3) "Tariff setting" means - winning tenders or signing a power purchase agreement (PPA), which include securing long-term tariffs.

Forward-looking information: The Company's assessments regarding capacity, storage capacity, revenues, EBITDA and FFO are forward-looking information, as defined in the Securities Law, the materialization of which is uncertain and beyond the exclusive control of the Company. These assessments are based on the Company's plans for any system and the characteristics of the different systems, which may not materialize or which may materialize in a materially different manner due to factors beyond the Company's control, such as: changes in equipment and construction costs, changes in regulatory tariffs, changes in legal provisions and/or regulations, changes in policy and/or finance costs, changes in foreign currency exchange rates, unexpected expenses, system deficiencies, changes in weather, operational problems, changes in electricity tariffs for system consumers or system costs, changes in the volumes of electricity consumption by system consumers, changes in tax rates, changes in the electricity sector, receiving negative or limited positive distributor responses, problems that prevent or delay construction of the systems, or the presence of any of the risk factors listed in Section 1.26 below.

1.4.2. **Below is information about projects[1] operated commercially**:[2]

Regulations[3]		Competitive procedures for ground-mounted and other facilities	Tenders for PV facilities integrated with storage	Competitive Procedures for Rooftop and Reservoir Facilities	Net meter	Tariff-Based Systems Connected until 2014	Tariff-Based Systems Connected after 2014	Wind	Biogas	Total
Range of tariffs[4] (NIS/kWh, for 2022)		0.2066 and 0.1794	0.2042	0.2377 and 0.2348	1.0521 and 0.2361	From 2.4191 to 0.9508	From 0.5381 to 0.3796	1.0191 and 0.9514	0.6303 and 0.6189	---
Weighted tariff[5] (NIS/kWh, for 2022)		0.1896	0.2042	0.2375	---	1.3766	0.4540	0.9840	0.6225	---
Linkage to tariff[4][5]		Consumer Price Index	Consumer Price Index	Consumer Price Index	TAOZ	Consumer Price Index	---	Consumer Price Index	Consumer Price Index	---
Balance of the period of the feed-in tariff and/or the guaranteed settlement with the electricity consumer (in years)[6]		Between 19 and 22.5	23	From 22.5 to 24.75	Between 16 and 22.25	From 6 to 11.5	From 11.25 to 25	From 23 to 25	From 13.25 to 18.75	---
Weighted balance of the period of the feed-in tariff and/or the guaranteed settlement with the electricity consumer (in years)[6]		21.25	23	23.75	19.5	10.25	22	23.75	14.5	---
No. of systems	December 31, 2020	5	---	6	86	79	172	---	---	348
	December 31, 2021	9	---	44	86	79	240	4	1	463
	December 31, 2022	10	1	65	86	76	297	8	2	545
Total installed capacity (MWp or MW, as applicable) (100%)	December 31, 2020	15.37	---	3.83	27.70	14.63	15.87	---	---	77.40
	December 31, 2021	43.89	---	28.91	27.70	14.63	27.73	0.20	0.63	143.69
	December 31, 2022	56.15	5.50	56.80	27.70	14.48	37.53	0.40	2.63	201.18
Total storage capacity (MWh) (100%)	December 31, 2020	---	---	---	---	---	---	---	---	---
	December 31, 2021	---	---	---	---	---	---	---	---	---

	December 31, 2022	---	11.17	---	---	---	2.07	---	---	13.24
Total construction costs (NIS million)	**December 31, 2020**	58.73	---	14.70	122.01	166.34	67.25	---	---	429.02
	December 31, 2021	149.30	---	106.63	125.77	169.78	126.52	5.84	15.89	699.72
	December 31, 2022	191.62	16.74	235.24	126.31	168.48	178.53	13.08	37.32	967.32
Total outstanding senior debt (NIS million)	**December 31, 2020**	43.50	---	13.54	61.19	58.32	52.63	---	---	229.17
	December 31, 2021	120.15	---	91.60	52.36	54.31	85.34	3.98	12.59	420.31
	December 31, 2022	154.60	12.63	198.94	61.99	50.90	128.02	9.69	13.00	629.76
Balance of the period of the senior debt, in years (weighted average by balances)[7]		19.75	22.5	23	12.5	7	20	21.75	18	---
Total income (NIS million)	**1-12/2020**	5.00	---	0.49	16.74	28.57	9.06	---	---	59.85
	1-12/2021	5.54	---	5.84	15.36	30.25	13.45	0.67	0.62	71.72
	1-12/2022	16.57	0.15	18.44	16.45	27.90	22.01	0.87	6.38	108.76
	Total for entire year of activity[9]	18.08	2.20	23.75	16.45	27.90	25.46	1.12	6.38	121.33
Total project EBITDA[8] **(NIS million)**	**1-12/2020**	4.37	---	0.46	14.98	27.11	8.26	---	---	55.19
	1-12/2021	4.76	---	5.20	13.44	28.04	11.04	0.66	0.34	63.47
	1-12/2022	13.40	0.15	15.23	13.62	25.43	17.67	0.84	2.81	89.16
	Total for entire year of activity[9]	14.65	1.75	19.87	13.62	25.43	20.85	1.07	2.81	100.06
Total project FFO[8] **(NIS million)**	**1-12/2020**	**2.93**	**---**	**0.40**	**12.78**	**22.19**	**7.18**	**---**	**---**	**45.49**
	1-12/2021	**3.36**	**---**	**4.79**	**11.26**	**22.83**	**8.07**	**0.52**	**0.28**	**51.10**
	1-12/2022	**9.89**	**0.15**	**11.25**	**11.87**	**20.17**	**15.14**	**0.81**	**2.60**	**71.88**
	Total for entire year of activity[9]	**11.14**	**1.75**	**15.89**	**11.87**	**20.17**	**18.32**	**1.04**	**2.60**	**82.78**
The total available project cash flows after	**1-12/2020**	**0.56**	**---**	**0.38**	**3.90**	**14.92**	**3.18**	**---**	**---**	**22.94**
	1-12/2021	**1.19**	**---**	**4.49**	**3.45**	**15.10**	**5.05**	**0.51**	**0.25**	**30.04**
	1-12/2022	**4.43**	**0.14**	**9.01**	**6.42**	**12.68**	**11.11**	**0.76**	**2.28**	**46.82**

senior debt service[10] (NIS million)	**Total for entire year of activity[9]**	**5.69**	**1.74**	**13.65**	**6.42**	**12.68**	**14.28**	**0.99**	**2.28**	**57.72**
The Company's holding rate, indirect (weighted average by capacities)[11]		66%	50%	25%	47%	43%	42%	50%	70%	---

(1) The table sets out data of the single-project corporations (SPCs) (at a rate of 100%), without taking into account the Company's holding rates therein. For the Company's share of these data, see the last row of the table. It should be clarified that a vast majority of data of the SPCs are not consolidated in the Company's financial statements, but rather presented according to the equity method (see also comment (8) below).

(2) In addition to the systems set out in the table, and as of the approval date of the report: 150 additional systems, with a cumulative capacity of 71.62 MW (DC), cumulative storage capacity of 29.77 MW (DC) and a biogas system with a capacity of 0.63 MW were commercially activated after December 31, 2022, or have a ready to connect status, as follows: 19 PV systems for rooftops and reservoirs by virtue of tenders with a cumulative capacity of 38.95 MW (DC); 104 tariff-based PV systems, with a cumulative capacity of 16.56 MW (DC); 17 ground-mounted PV systems in Poland with a cumulative capacity of 16.11 MW (DC); 9 storage systems at the consumer's premises with a cumulative capacity of 29.77 MWh; and a biogas system with a capacity of 0.63 MW. For further information, see the table of projects commercially operated after December 31, 2022 or at ready to connect status in Section 1.4.4 below.

(3) In SPCs that include systems under different regulations, the data were split proportionately according to the capacity of the systems, unless stated otherwise.

(4) The range of tariffs of the systems that were connected under a net meter arrangement, derives mainly from the fact that the tariffs in these projects are based on the TAOZ tariffs, which vary depending on the month of the year and consumption times. The range of tariffs of systems operating under tariff-based regulations derives from the fact that over the years, the feed-in tariffs were reduced for new systems constructed by virtue of these regulations.

The following is the known tariff range for 2023 (after CPI-linkage):

Regulations	Competitive procedures for ground-mounted and other facilities	Tenders for PV facilities integrated with storage	Competitive Procedures for Rooftop and Reservoir Facilities	Net meter	Tariff-Based Systems Connected until 2014	Tariff-Based Systems Connected after 2014	Wind	Biogas
Range of tariffs (NIS/kWh, for 2023)	From 0.2176 to 0.1888	0.2150	0.2503 -ı0.2472	From 1.4567 to 0.3708 + a secured tariff	From 2.5468 to 1.001	From 0.5665 to 0.3996	1.0728 -ı1.0016	0.6635 and 0.6515

(5) The weighted tariff for each set of systems was calculated using a weighted average, taking into account the systems' capacity after natural degradation.

The following are the weighted calculation results for the tariffs for 2023:

Regulations	Competitive procedures for ground-mounted and other facilities	Tenders for PV facilities integrated with storage	Competitive Procedures for Rooftop and Reservoir Facilities	Net meter	Tariff-Based Systems Connected until 2014	Tariff-Based Systems Connected after 2014	Wind	Biogas
Weighted tariff (NIS/kWh, for 2023)	0.1995	0.2150	0.2490	---	1.4490	0.4553	1.036	0.6554

(6) The systems' activity may continue beyond the periods specified in the table, depending on developments in regulation and/or in further arrangements with the electricity consumers, if they are signed. The weighted balance of the period of the feed-in tariff and/or the guaranteed settlement with current electricity consumers was calculated using a weighted average, taking into account the systems' capacity after natural degradation.

(7) Most of the SPCs that hold tariff-based systems established in 2020-2022, and systems operating under Competitive Procedures 1 and 2 for rooftop and reservoir facilities, have not yet engaged in senior debt agreements for the entire project period. This is for the purpose of maximizing the senior debt terms by consolidated financing of a large cluster of facilities at the operation phase. The working assumption in the table is that the senior debt financing for these systems will end one year prior to the end of the feed-in tariff period and/or the settlement (see also comment (6) above).

(8) EBITDA and FFO metrics were calculated based on figures of the financial statements of the different SPCs (without taking into account the Company's holding stake), using the arithmetic aggregation method, as specified below. It should be emphasized that these financial metrics are not based on GAAP. Most of the systems held by corporations that are jointly owned by the Group companies and by third parties (in general, the holders of the rights to the real-estate properties). In accordance with IAS 28, the Group's common terms of engagement are accounted for using the equity method (see Note 3f to the financial statements). According to this method, the results of the investees are not detailed in the Company's consolidated financial statements (revenues, expenses, etc.), but rather by a single "net" amount (which also includes depreciation expenses), that does not allow users of the financial statements to calculate these metrics from the financial statements. Therefore, in the Company's estimation, it is highly important to present the total revenues and said financial metrics in way that allows the users of the financial statements to check and analyze the results of the different systems.

The EBITDA metric is an accepted measure in renewable energy projects, which represents the operating efficiency of the systems and is used by the decision makers of the Company. The metric is calculated based on the financial statement figures of the SPCs, as gross profit (project revenue less operating and maintenance costs), net of system depreciation and based on the application of the property, plant & equipment model.

The FFO metric is calculated on the basis of the EBITDA metric, net of interest payments for senior debt loans and tax payments. This metric is an accepted measure in renewable energy projects that reflects the service capability of the senior debt principal out of the proceeds which they generate.

1.4.3. **Following are calculations of the metrics, in accordance with the foregoing:**

	1-12/2022	1-12/2021
Gross profit	52,798	40,835
Depreciation of systems	36,364	22,637
EBITDA	**89,163**	**63,472**
Senior debt finance expenses	(14,034)	(9,528)
Tax payments	(3,248)	(2,840)
FFO	**71,880**	**51,104**

Following are adjustments between the aggregate project data, the non-GAAP report and the consolidated statement of income and other comprehensive income (according to GAAP), presented in Section 1.4 of the Report of the Board of Directors:

1-12/2022							
	Aggregate project data	Adjustments for holding rates	Additional adjustments*	Total non-GAAP in the report	Adjustments for the transition from the equity method to the proportionate consolidation method	Adjustments for the transition from the financial asset method to the property, plant and equipment method	Consolidated Statement of Income and Other Comprehensive Income
Revenues from sale of electricity	108,762	(61,226)	18,597	66,133	(33,369)	(8,294)	24,470
The Company's share in the results of equity-accounted entities	---	---	---	---	22,618	(6,735)	15,883
Income from provision of services and other	720	(120)	25,225	25,825	(3,744)	443	22,524
Depreciation and amortization	(36,364)	20,162	(13,269)	(29,471)	20,037	4,756	(4,678)
Cost of revenues	(20,320)	11,929	(25,735)	(34,126)	8,500	(241)	(25,867)
Gross profit	**52,798**	**(29,256)**	**4,819**	**28,361**	**14,042**	**(10,071)**	**32,332**
Depreciation and amortization	36,364	(20,162)	13,269	29,471	(20,037)	(4,756)	4,678
Calculated EBITDA	**89,163**	**(49,417)**	**18,088**	**57,833**	**(5,996)**	**(14,827)**	**37,010**

1-12/2021							
	Aggregate project data	Adjustments for holding rates	Additional adjustments*	Total non-GAAP in the Report	Adjustments for the transition from the equity method to the proportionate consolidation method	Adjustments for the transition from the financial asset method to the property, plant and equipment method	Consolidated Statement of Income and Other Comprehensive Income
Revenues from sale of electricity	71,723	40,172))	(249)	31,302	(26,712)	(347)	4,243
The Company's share in the results of equity-accounted entities	---	---	---	---	(7,183)	3,712	(3,471)
Income from provision of services and other	---	---	25,276	25,276	(5,128)	100,663	120,811
Depreciation and amortization	(22,637)	12,749	(10,386)	(20,274)	17,164	399	(2,711)
Cost of revenues	(8,251)	4,634	(2,636)	(6,253)	5,372	(88,740)	(89,621)
Gross profit	**40,835**	**(22,789)**	**12,005**	**30,051**	**(16,487)**	**15,687**	**29,251**
Depreciation and amortization	22,637	(12,749)	10,386	20,274	(17,164)	(399)	2,711
Calculated EBITDA	**63,427**	**(35,538)**	**22,391**	**50,325**	**(33,651)**	**15,288**	**31,962**

* The additional adjustments are due mainly to revenues and expenses of the Company as a parent company.

(9) With regard to systems that commenced commercial operation during the reporting period - rows "1-12/2022" include the actual expenses from these systems, starting from the different operation dates during 2022 and until the end of 2022. Rows "Total of a full year of activity" reflect the Company's assessment regarding the full-year results of the systems that were operated for the first time during 2022, assuming that they would have operated throughout 2022.

Forward-looking information: The data regarding "total for full year of activity" are based on the Company's assessments, among other things, regarding the amount of revenues from the systems in 12 full months of operation, having a reasonable maintenance regime (including monitoring, handling of malfunctions and cleaning), uncertain financing terms, etc. These assessments are forward-looking information, as defined in the Securities Law, that depend on factors beyond the Company's control, including weather conditions, macroeconomic conditions, microeconomic conditions, etc.

(10) As of December 31, 2022, the net working capital balance of the various SPCs (current assets less current liabilities) is NIS 94,192 thousand, with the Company's weighted share of this balance amounting to NIS 46,425 thousand. These amounts do not include reserve funds and cash/restricted deposits designated for construction.

(11) Most of the SPCs operate under authorizations for use from the owner of the leasehold rights to the land, some under rental agreements and others under direct lease agreements with the Israel Lands Administration.

1.4.4. **The following is information regarding projects(1) commercially operated after December 31, 2022 or at ready to connect status(2):**

'Ready to connect' means - Projects for which the construction phase has been completed so that mainly technical and procedural operations are required for their "official" commercial operation.

Types of systems and regulation	Tender Nos. 1 and 2 for rooftop units and reservoirs	Tariff-based systems / Storage on the Consumer's Premises	Ground-mounted systems in Poland(2)	Biogas Israel	Total
Technology	PV	Solar + Storage	PV	Biogas	---
Guaranteed tariffs(3) (NIS/KWh, for 2023)	0.2472 -I0.2503	0.45(3)	(3)	0.5727	---
Feed-in tariff linkage mechanism	Consumer Price Index	(3)	(3)	Consumer Price Index	---
Guaranteed tariff period (as of commercial operation date)	25 years	(3)	(3)	20 years	---
Total installed capacity (MWp or MW, as applicable)	39	17	16	0.6	**72**
Total storage capacity (MWh)	---	30	---	---	**30**
Expected commercial operation dates	Q1 2023 - Q2 2023	Q1 2023 - Q2 2023	Q1 2023 - Q2 2023	Q2 2023	---
Total expected construction costs(4) (NIS million)	164	135	45	17	**361**
Total construction costs invested as of December 31, 2022 (NIS million)	146	42	40	13	**241**
Expected leverage rate (per-project debt)	80%	75%-80%	60%	80%	---
Expected release of equity(4), Company's share as of December 31, 2022 (in NIS million)	---	(14)	(16)	---	**(31)**
Total projected revenues(6) for the first full year of operation(5) (NIS million)	17	17	10.2	3.6	**48**
Total expected EBITDA(7) for the project for the first full year of operation(5) (NIS million)	14	14	9.1	2.0	**39**
Total expected FFO(8) for the project for the first full year of operation(5) (NIS million)	9.0	8.0	6.6	1.2	**25**
Expected holding rate of the Company, approximate and indirectly (weighted average)	25%	50%	73%	40%	---

* To view the footnotes in relation to the above table, see notes under Section 1.4.7 below - additional projects in advanced development phases.

1.4.5. **Below is information about projects[1] in construction or pre-construction phases**:

Systems that are under construction or for which the beginning of construction and/or financial closing are expected in the next six months.

Types of systems and regulation	Mammoth North, Indiana, USA[2]	Mammoth South PV, Indiana, USA[2]	Market regulation - PV facilities integrated with electricity storage[3]	Tenders for PV facilities integrated with electricity storage[3]	Tariff-based systems / Storage on the Consumer's Premises	Tender No. 4 for ground-mounted facilities	Agrisolar systems	Tender No. 2 for rooftop units and reservoirs	Ground-mounted system in Denmark[2]	Ground-Mounted Systems in Poland[2]	Ground-mounted systems in Romania[2]	Ground-Mounted Systems in Italy[2]	Biogas Poland[2]	Total
Technology	PV	PV	PV + Storage	PV + Storage	Solar + Storage	PV	PV	PV	PV	PV	PV	PV	Biogas	---
Guaranteed tariffs[3] (NIS/KWh, for 2023)	(3)	(3)	(3)	0.2119[3]	0.37[3]	0.1927	0.2201	0.2472	(3)	(3)	(3)	(3)	(3)	---
Feed-in tariff linkage mechanism	(3)	(3)	(3)	Consumer Price Index	(3)	Consumer Price Index	Consumer Price Index	Consumer Price Index	(3)	(3)	(3)	(3)	(3)	---
Guaranteed tariff period (as of commercial operation date)	(3)	(3)	(3)	23 years	(3)	23 years	23 years	25 years	(3)	(3)	(3)	(3)	(3)	---
Total projected installed capacity (MWp or MW, as applicable)	480	360	265	139	15	15	10	7	60	28	21	28	2	1,429

Types of systems and regulation	Mammoth North, Indiana, USA[2]	Mammoth South PV, Indiana, USA[2]	Market regulation - PV facilities integrated with electricity storage[3]	Tenders for PV facilities integrated with electricity storage[3]	Tariff-based systems / Storage on the Consumer's Premises	Tender No. 4 for ground-mounted facilities	Agrisolar systems	Tender No. 2 for rooftop units and reservoirs	Ground-mounted system in Denmark[2]	Ground-Mounted Systems in Poland[2]	Ground-mounted systems in Romania[2]	Ground-Mounted Systems in Italy[2]	Biogas Poland[2]	Total
Total expected storage capacity (MWh)	---	---	1,294	289	86	---	---	---	---	---	---	---	---	1,669
Expected commercial operation dates	2024	2024	2023-2024	2023-2024	2023	2023	2024	2023	2024	2023	2024	2023-2024	2024	---
Total expected construction costs[4] (NIS million)	1,821	1,536	1,750	627	172	46	42	30	176	70	64	116	59	6,509
Total costs invested as of December 31, 2022 (in NIS millions)	780	70	82	235	47	32	2	9	3	30	1	19	2	1,310
Expected leverage rate (per-project debt)	31%	27%	75%	85%	75%-80%	85%	85%	80%	65%	60%	50%	60%	70%	---
Investment rate - tax	38%	48%	---	---	---	---	---	---	---	---	---	-	-	---

Types of systems and regulation	Mammoth North, Indiana, USA[2]	Mammoth South PV, Indiana, USA[2]	Market regulation - PV facilities integrated with electricity storage[3]	Tenders for PV facilities integrated with electricity storage[3]	Tariff-based systems / Storage on the Consumer's Premises	Tender No. 4 for ground-mounted facilities	Agrisolar systems	Tender No. 2 for rooftop units and reservoirs	Ground-mounted system in Denmark[2]	Ground-Mounted Systems in Poland[2]	Ground-mounted systems in Romania[2]	Ground-Mounted Systems in Italy[2]	Biogas Poland[2]	Total
equity partner														
Balance of equity for investment (release of equity)[4], Company's share as of December 31, 2022 (in NIS million)	---	---	219	(91) [4]	(21)	---	1	---	47	(1)	31	27	16	229
Total projected revenues[6] for the first full year of operation[5] (NIS million)	107[10]	108[10]	206	63	22.0	5.0	5.0	3.0	34	17	17	22	12.3	623
Total expected EBITDA[7] for the project for the first full year of operation[5] (NIS million)	79[10]	82[10]	185	46	16.0	3.6	4.4	2.5	30	16	14	20	5.3	502

Types of systems and regulation	Mammoth North, Indiana, USA[2]	Mammoth South PV, Indiana, USA[2]	Market regulation - PV facilities integrated with electricity storage[3]	Tenders for PV facilities integrated with electricity storage[3]	Tariff-based systems / Storage on the Consumer's Premises	Tender No. 4 for ground-mounted facilities	Agrisolar systems	Tender No. 2 for rooftop units and reservoirs	Ground-mounted system in Denmark[2]	Ground-Mounted Systems in Poland[2]	Ground-mounted systems in Romania[2]	Ground-Mounted Systems in Italy[2]	Biogas Poland[2]	Total
Total expected FFO[8] for the project for the first full year of operation[5] (NIS million)	26[10]	35[10]	158	30	8.0	2.3	3.3	1.6	27	11	10	15	3.7	331
Expected holding rate of the Company, approximate and indirectly (weighted average)	[11]26.11%	[11]32.38%	62%	62%	52%	49%	50%	25%	100%	73%	80%	80%	80%	---

* To view the footnotes in relation to the above table, see notes under Section 1.4.7 below - additional projects in advanced development phases.

1.4.6. **Below is information about projects[1] in advanced development phases post-tariff setting stage:**

Systems after winning a tender or signing a PPA, which, within a period of 12 months, are expected: (a) to have an approved statutory plan or the possibility of realization through a direct route to a building permit; or (b) to reach financial closing status with a senior debt financing party.

Types of systems and regulation	Mammoth Central 1 Indiana, USA[2]	Mammoth Central 2 Indiana, USA[2]	Goonies Pennsylvania, USA[2]	Market regulation - PV facilities integrated with electricity storage[3]	Ultra-high-voltage ground-mounted project[9]	Tender No. 3 for rooftop units and reservoirs	Total
Technology	PV	PV	PV	PV	PV	PV	---
Guaranteed tariffs[3] (NIS/KWh, for 2023)	(3)	(3)	(3)	(3)	(3)	0.1962	---
Feed-in tariff linkage mechanism	(3)	(3)	(3)	(3)	(3)	Consumer Price Index	---
Feed-in tariff period known as at the Reporting Date (from the date of commercial operation)	(3)	(3)	(3)	(3)	16 years[3]	25 years	---
Total projected installed capacity (MWp or MW, as applicable)	360	360	233	115	92	14	**1,174**
Total expected storage capacity (MWh)	---	---	---	550	---	---	**550**
Expected commercial operation dates	2025	2025	2024	2024	2024	2024	---
Total expected construction costs[4] (NIS million)	1,523	1,343	1,053	863	290	60	**5,132**
Total costs invested as of December 31, 2022 (in NIS millions)	5	5	30	2	3	0.1	**45**
Expected leverage rate (per-project debt)	31%	31%	32%	75%	85%	80%	---
Investment rate - tax equity partner	49%	49%	49%	---	---	---	---
Balance of equity for investment (release of equity)[4], Company's share as of December 31, 2022 (in NIS million)	---	---	---	146	33	---	**180**
Total projected revenues[6] for the first full year of operation[5] (NIS million)	108[10]	100[10]	73[10]	93	25	5.0	**404**
Total expected EBITDA[7] for the project for the first full year of operation[5] (NIS million)	83[10]	77[10]	60[10]	82	21	4.1	**327**
Total expected FFO[8] for the project for the first full year of operation[5] (NIS million)	34[10]	32[10]	24[10]	69	13	2.5	**174**
Expected holding rate of the Company, approximate and indirectly (weighted average)	41.78%	41.78%	41.78%	62%	67%	25%	---

* To view the footnotes in relation to the above table, see notes under Section 1.4.7 below - additional projects in advanced development phases.

1.4.7. **Below is information about additional projects[1] in advanced development phases:**

Systems which, within a period of 12 months, are expected: (a) to have an approved statutory plan or the possibility of realization through a direct route to a building permit; or (b) to reserve a quota in a relevant regulation; or (c) to reach financial closing status with a senior debt financing party.

Types of systems and regulation	Brenneman, Georgia, USA[2]	Market regulation - PV facilities integrated with electricity storage[3]	Storage high voltage	Tariff-based systems / Storage on the Consumer's Premises	Agrisolar systems	Ground-mounted systems in Romania[2]	Ground-mounted system in Poland[2]	Ground-mounted systems in Italy[2]	Wind in Romania [2]	Biogas Israel	Total
Technology	PV	PV + Storage	Storage	Solar + Storage	PV	PV	PV	PV	Wind	Biogas	---
Guaranteed tariffs[3] (NIS/KWh, for 2023)	(3)	(3)	(3)	0.39[3]	0.22	(3)	(3)	(3)	(3)	(3)	---
Feed-in tariff linkage mechanism	(3)	(3)	(3)	(3)	Consumer Price Index	(3)	(3)	(3)	(3)	(3)	---
Feed-in tariff period known as at the Reporting Date (from the date of commercial operation)	(3)	(3)	(3)	(3)	23 years	(3)	(3)	(3)	(3)	(3)	---
Total projected installed capacity (MWp or MW, as applicable)	210	92	---	17	6	304	110	45	100	0.63	**885**
Total expected storage capacity (MWh)	---	419	204	20	---	---	---	---	---	---	**643**
Expected commercial operation dates	2025	2025-2026	2025-2026	2024-2025	2025	2025	2025	2025	2025	2024	---
Total expected construction costs[4] (NIS million)	797	582	154	107	36	879	325.7	141	378	17	**3,417**
Total costs invested as of December 31, 2022 (in NIS millions)	9	---	0.2	1	0.1	6	0.4	---	2	---	**18**
Total projected revenues[6] for the first full year of operation[5] (NIS million)	52[10]	71	23	14	4.0	167	70	24	74	3.6	**503**
Total expected EBITDA[7] for the project for the first full year of operation[5] (NIS million)	42 [10]	64	16	12	3.6	139	62	18	64	2.0	**423**
Expected holding rate of the Company, approximate and indirectly (weighted average)	41.78%	73%	77%	60%	84%	80%	37%	80%	80%	40%	---

(1) The table sets out data of the projects (at a rate of 100%), without taking into account the Company's holding rates therein. For the Company's holding rates in these projects (indirectly, according to the multiples method), see the last row of the table.

(2) The financial data in these columns are based on an exchange rate of NIS 3.6 to USD 1, NIS 3.85 to EUR 1, and of PLN 0.83 to NIS 1.

(3) The tariffs specified in the various tables for the tariff-based systems reflect a weighted average estimate, considering the tariffs of arrangements under which the facilities will operate (for further information, see Section 1.9.1.3.1 below).

The tariffs for storage projects on the consumer's premises will be based on free market transactions, with the financial forecasts in the tables based, at this stage, on the update of the TAOZ tariff rates carried out in January 2023, and the Company's forecasts regarding the following updates of the TAOZ tariffs.

The tariffs of PV projects in the USA will be based on free market prices and/or long-term agreements, some of which have not yet been signed, such as PPAs and/or green certificates and/or provision of grid services and/or provision of availability services (when with regard to the latter component, specific tenders are held from time to time). For information regarding PPAs and agreements for the sale of green certificates of the Indiana North and Indiana South, Indiana Central 1, Indiana Central 2 and Goonies projects for the first 15 years of operation (of the 35 projected years of operation), see Section 1.20.7.1 and Sections 1.20.7.5-1.20.7.7 to Chapter A (see also comments (5), (6) and (10) below). The Company's forecast regarding Indiana South includes an assumption that the PPA and the agreement for the sale of green certificate agreements will be updated in line with the tariff signed for the Indiana Central 1 Project.

The tariff specified in the table for projects under construction and pre-construction, as part of tenders with PV facilities in combination with electricity storage reflects a weighted average estimate, considering the tariffs of the tenders by virtue of which the facilities will operate (for further information, see Section 1.9.1.3.1 below).

The projects designated for the Market Regulation for PV facilities in combination with electricity storage are still eligible to feed-in tariffs, such that projects under construction and pre-construction are eligible to tariffs as part of tenders for PV facilities in combination with electricity storage, and projects under advanced development and at a post-tariff setting stage, are eligible to a feed-in tariff as part of Tender 1 for dual user facility, so long as they have not been transferred in practice to the market regulation as stated above.

The tariffs for projects in Poland, Romania, Italy and Denmark will be based on free market prices and/or winning tariffs in tenders and/or long-term PPAs, which have not yet been signed. The revenues forecasts presented in relation to projects in Poland, Romania, Italy and Denmark are based, at this stage, on forecasts of future electricity prices during the first year of operation, and on sale of electricity in the free market, as received from a leading international consultancy company, and on the Company's assumptions as to inflation forecasts in these markets. As for the projects under advanced development stages in Romania, the Company's forecasts are based, at this stage, on: (a) assumptions in relation to PPAs for a period of 10 years at prices, which are based on estimates of the Company and its advisors (70%); and (b) forecasts of future electricity prices during the first year of operation, on sale of electricity in the free market, as received from a leading international consultancy company, and on the Company's assumptions as to inflation forecasts in these markets (30%). It should be noted that in accordance with the assessments of the external consulting company, electricity prices are expected to decline over the life of the projects.

The tariffs for the Biogas projects in Poland are expected to be based on long-term PPAs. The tariff for the biogas project under advanced development has not yet been determined, and the forecasts for it at this stage are based on a similar project of the Company, which is nearing completion.

The ground-mounted ultra-high voltage project is expected to sell electricity to the system operator at SMP tariffs (half-hourly system marginal real time price), and will be eligible to a secured tariff of NIS 0.117 per one KWh (CPI-linked) as from September 14, 2022, in cases where the daily average is lower than the secured tariff.

Subsequent to the feed-in tariff periods for the ground-mounted projects in Israel, including in PV facilities in combination with electricity storage, the ultra-high voltage ground-mounted project, the dual-use projects and the biogas projects in Israel, the facilities will continue to operate and sell the electricity generated in them according to the market mechanisms in place at that time.

(4) 'Projected construction costs' are net of entrepreneurial margins and 'expected release of equity' or 'balance of equity for investment (release of equity)', and include expected entrepreneurial margins in accordance with the relevant cluster. 'Balance of equity for investment (release of equity)' in the 'tenders for PV facilities in combination with power storage' cluster under construction and in the pre-construction stage assumes the utilization of an approved equity bridge facility (EBF) of NIS 100 million for 4 years. The 'tenders for PV facilities in combination with power storage' and 'market regulation - PV facilities in combination with power storage' clusters under construction and in the pre-construction stage include a component of partial forfeiture, which is expected to be part of the proejcts' budget, taking into consideration the terms of the regulation and the time table for the construction of the projects there under.

(5) Generally speaking, the 'first full year of operation' means - 12 consecutive months after the commercial operation date of the system, during which, for the first time, the system will not be limited in the supply of electricity to the grid in real time, and will bear senior debt payments (as relevant). Usually, the repayment of senior debt begins several months after the date of commercial operation. With regard to the Indiana North, Indiana South, Indiana Central 1, Indiana Central 2, and Goonies projects, the Company's assessments include an increase in the FFO metric after 8 years (considering the outline of the generally accepted engagement with a tax equity partner). With regard to the Indiana North, Indiana South, Indiana Central 1, Indiana Central 2 and Goonies projects, the Company's assessments include an increase in revenues, EBITDA and FFO after the first year, in view of expected increase in revenues from availability services, and a significant increase in revenues, EBITDA and FFO after the agreement period (the first 15-year period), against the background of full transition to sale on the free market (see also Note (3) above and Note (6) and (10) below). It should be clarified that the data of the 'first full year of operation' do not reflect the linkage of the tariffs in projects with a PPA that includes a linkage mechanism, the forecast of electricity prices beyond the first year in projects selling power in the free market, natural degradation throughout the remaining years of project activity, or special equipment renewal events in the future, as necessary.

(6) Revenues of the Indiana North, Indiana South, Indiana Central 1, Indiana Central 2 and Goonies projects project are partially attributed to revenues under power purchase agreements and green certificates, which was signed for a period of the first 15 years of operation (of the 35 projected years of operation). After the first 15 years of operation, the Company's assessments include a significant increase in revenues (and in the other financial metrics) against the background of full transition to sale in the free market, and Company's assessments in that context are based on forecasts of future market prices in the different areas in which the projects are located, as received from a leading international consulting company (see also Notes (3) and (5) above and Note (10) below). Other than a feed-in tariff for electricity supply to the grid, approx. 18% of the revenues of the biogas facilities in Israel are attributed to the gate free component, from long-term agreements with recipients of services from the projects.

(7) The per-project EBITDA metric is calculated as gross profit (less operating and maintenance costs), net of system depreciation and based on the application of the property, plant & equipment model.

(8) The project FFO metric is calculated on the basis of the EBITDA metric, taking into account interest payments for senior debt loans and tax payments.

(9) In relation to the high voltage facility, the Company assesses and considers the worthwhileness of transferring it to the market regulation model, to the extent that similar regulation will be made possible for this type of facilities, which is expected to have a material effect on the data and the expected results.

(10) In view of the expected material differences in the financial metrics of the projects in the United States during different periods over their life (see comments (3), (5) and (6) above), set forth below are the Company's forecasts in relation to the average operation year over the expected contract period (15 years), and to the average operation year over the entire life of the project (35 years) of the different projects:

Indiana North Project - the average expected project revenues over the contract period, the average expected project EBITDA over the contract period, and the average expected project FFO over the contract period amount to NIS 151 million, NIS 117 million and NIS 77 million, respectively. The average expected project revenues over the project period, the average expected project EBITDA over the project period, and the average expected project FFO over the project period amount to NIS 269 million, NIS 224 million and NIS 197 million, respectively.

Indiana South Project - the average expected project revenues over the contract period, the average expected project EBITDA over the contract period, and the average expected project FFO over the contract period amount to NIS 142 million, NIS 112 million and NIS 75 million, respectively. The average expected project revenues over the project period, the average expected project EBITDA over the project period, and the average expected project FFO over the project period amount to NIS 220 million, NIS 181 million and NIS 158 million, respectively.

Indiana Central 1 Project - the average expected project revenues over the contract period, the average expected project EBITDA over the contract period, and the average expected project FFO over the contract period amount to NIS 142 million, NIS 114 million and NIS 76 million, respectively. The average expected project revenues over the project period, the average expected project EBITDA over the project period, and the average expected project FFO over the project period amount to NIS 220 million, NIS 184 million and NIS 159 million, respectively.

Indiana Central 2 Project - the average expected project revenues over the contract period, the average expected project EBITDA over the contract period, and the average expected project FFO over the contract period amount to NIS 135 million, NIS 108 million and NIS 73 million, respectively. The average expected project revenues over the project period, the average expected project EBITDA over the project period, and the average expected project FFO over the project period amount to NIS 216 million, NIS 182 million and NIS 159 million, respectively.

Indiana Goonies - the average expected project revenues over the contract period, the average expected project EBITDA over the contract period, and the average expected project FFO over the contract period amount to NIS 96 million, NIS 81 million and NIS 52 million, respectively. The average expected project revenues over the project period, the average expected project EBITDA over the project period, and the average expected project FFO over the project period amount to NIS 139 million, NIS 120 million and NIS 103 million, respectively.

(11) Doral's share in investments in the Indiana North and Indiana South projects, amounts to 20.89% and 29.25%, respectively, given the weighting of Migdal's share in the projects' investments (and its share in the cash flows of the projects remains unchanged compared with the expected Company holdings: 26.11% and 32.38%, respectively).

Forward-looking information: The Company's estimates regarding the various characteristics of the electricity sectors, tariffs, guaranteed tariff periods, market prices, capacities, commercial operation dates, construction costs, leverage rates, investments with tax equity partners, FFO, EBITDA, holding rates, projections regarding the first full year of operation, projections for an average operation year, advantages, incentives, expedients, tax benefits, positive effects, etc. constitute forward-looking information, as the term is defined in the Securities Law, based on the Company's estimates at the date of this report. These assessments are based on the Company's plans for any current systems and courses of action in the various markets, which may not materialize or may materialize in a materially different manner due to factors beyond the Company's control, such as: delays in obtaining the permits required to set up the systems, receiving limited negative or positive distributor responses, delays in the development of the electricity grids, delays or difficulties in entering into development agreements with Israel Lands Authority and other authorities, changes in construction costs, including in respect of unexpected expenses or changes in exchange rates, changes in regulation tariffs and/or market, delays in construction, changes in legal provisions and/or regulations, changes in policy and/or finance costs, changes in tender publication dates, system deficiencies, changes in weather, operational problems, changes in electricity prices for system consumers or system costs, changes in the volumes of electricity consumption by system consumers, changes in tax rates, changes in the various electricity markets, the continuation of Covid-19 and the resulting restrictions imposed (or to be imposed), or the materialization of any of the risk factors listed in Section 1.26 to Chapter A of the 2022 Periodic Report, the details of which are included herein by way of reference.

It should be emphasized that as of the Reporting Date, it is uncertain whether the projects described in the tables above will be implemented, among other things, due to the fact that these projects are subject to various approvals and there is no certainty whether they will be obtained (as set out in Section 1.22 of the Chapter A to the 2022 Periodic Report, where the information contained therein is presented in this Report by way of reference, also due to the concern of the materialization of one of the risk factors set out in Section 1.26 to Chapter A of the 2022 Periodic Report, where information contained therein is presented in this Report by way of reference). If any of the projects described above are not implemented, the main exposure for the Company will be a write-off of the amounts invested (and to be invested) by it up to that date in that project, a senior financing debt taken to establish the project. and in the systems constructed by virtue of winning tenders in Israel or in US-based projects - forfeiture of construction guarantees (or some of them, depending on the dates the synchronization approvals or completion of construction approvals were received) or loss of quotas or termination of the PPA and an agreement for the sale of green certificates (in case of non-compliance with the schedules until the maximum binding date).

1.4.8. **Below is information about projects in development phases:**

Systems that may mature into systems under construction, for which the company has an interest in the land, and it is working to obtain the approvals and permits required for their realization.

Types of systems and regulation	Solar + Storage in Israel	Storage in Israel	Extra-high voltage in Israel	Solar in Italy	Solar in Poland	Solar in Romania	Solar in Denmark	Solar in the US	Solar + Storage in the US	Storage in the US	Wind in the US	Biogas Israel	Total
Technology	PV + Storage	Storage	PV	PV	PV	PV	PV	PV	PV + Storage	Storage	Wind	Biogas	---
Total installed capacity (MWp or MW, as applicable)	354	---	112	413	360	246	256	7,883	5,020	---	175	6	14,824
Total projected storage capacity (MWh)	1,354	660	---	---	---	---	---	---	5,000	3,200	---	---	10,214
Expected holding rate of the Company, approximate and indirectly (weighted average)	68%	74%	74%	80%	43%	80%	100%	41.78%	41.78%	41.78%	41.78%	65%	---

The balance of expenses invested in advance for project development amounted, as of December 31, 2021, to a total of NIS 82 million.

1.5. **Equity investments in the Company and transactions in its shares**

1.5.1. **The following are details regarding investments in the Company's capital and material transactions in its shares that were carried out in 2021 and 2022:**

Identity of Investor	Type of Transaction	Date of Transaction[9]	Number of Ordinary Shares Allocated/Sold	Interest Received	Price per Share derived from the Investment (NIS)
Doron (Dori) Davidovitz and Alon Kessel	Agreement for purchase of shares from Yaki Neumann, the Company CEO, by Doron (Dori) Davidovitz and Alon Kessel in an off-market transaction	August 4, 2021	500,000 shares	Proceeds from sale of shares to the seller is in the gross amount of approx. NIS 6,940 thousand	13.88
Institutional investors, which are part of the reporting groups: The Phoenix Insurance Company Ltd., Clal Insurance Enterprises Holdings Ltd., Migdal Insurance and Financial Holdings Ltd., Yelin Lapidot Holdings Ltd., Meitav Dash Investments Ltd., Noked Fund and the Sphera Fund[10].	Private placement	September 15, 2022	30,755,867 shares	NIS 353,692 thousand gross	11.5

[9] The transaction date is the date on which the securities were allocated or transferred (as reported to the Company).

[10] For additional information about the investors, including the manner of distribution of the shares and the consideration paid by each of the investors, see the Company's immediate report dated September 11, 2022 (Ref. No.: 2022-01-115609), the information included therein is incorporated into this report by way of reference.

1.6. **Dividend distribution**

1.6.1. In the two years preceding the date of the Report, no dividends were distributed by the Company.

1.6.2. As of December 31, 2022, the Company has distributable retained earnings of NIS 1,077,482 thousand.

1.6.3. For details regarding restrictions on distribution due to Debentures (Series A (Series A) issued for the first time on August 10, 2021 under the shelf offering report that was published by the Company on August 8, 2021, see Note 18.A.1 to the financial statements.

1.6.4. On May 26, 2020, the Company's Board of Directors adopted a profit-distribution policy, under which, from the date the Company's securities are issued to the public in Israel and are listing for trading on the stock exchange, and subject to the following conditions, the Company will distribute an annual dividend equal to 20% of the Company's annual net profit.

The actual dividend distribution and the amount of the dividend to be distributed are subject to the receipt of dividends from subsidiaries and investees held by the Company, and to a decision of the Company's Board of Directors, subject to its assessment of the Company's compliance with the statutory distribution tests, the Company's compliance with its existing and expected liabilities, and taking into account the Company's expected cash flow, plans, financing needs, financial position, restrictions and obligations to meet the Company's financial covenants from time to time.

It should be clarified that the above does not limit the discretion of the Company's Board of Directors in its decision regarding the dividend distribution, and that subject to the Company's compliance with the distribution tests, the Company's Board of Directors will be sovereign in deciding on the distribution of amounts higher or lower than the Company's dividend distribution policy, including a decision not to distribute a dividend.

1.6.5. On March 29, 2023, the Company's Board of Directors decided that the Company will not distribute a dividend for its profits in 2022, taking into account, among other things, the cash needs of the Company to implement its investment plan, which includes the continued initiation, development, construction and operation of renewable energy systems.

Part Two - Other Information

1.7. Financial information regarding the areas of activity

The following are consolidated financial data of the Company, divided into areas of activity, for the years 2021 and 2022 (all data are presented in NIS thousands):

2022						
	Renewable energy in Israel	Renewable energy in the United States	Renewable energy in Europe	Other activities	Adjustments [4]	Consolidated Financial Statements
Revenues from external sources [1]	101,520	-	-	16,723	(71,249)	46,994
Area of activity costs	16,010	-	-	11,297	(2,891)	24,416
Area of activity results [2]	85,510	-	-	5,426	(68,358)	22,578
Area of activity results attributed to shareholders	37,560	-	-	4,837	-	-
Area of activity results attributed to non-controlling interests	47,950	-	-	589	-	-
General and administrative expenses	[3](33,319)	[5](978)	(3,328)	(4,882)	-	(42,507)
Total assets	1,444,519[3]	1,537,012	172,763	188,725	-	3,343,019
Total liabilities	[3](896,167)	280,499	37,669	167,916	-	1,382,251

2021						
	Renewable energy in Israel	Renewable energy in the United States	Renewable energy in Europe	Other activities	Adjustments [4]	Consolidated Financial Statements
Revenues from external sources [1]	71,101	-	-	622	49,860	121,583
Area of activity costs	7,966	-	-	285	81,370	89,621
Area of activity results [2]	63,135	-	-	337	(31,510)	31,962
Area of activity results attributed to shareholders	27,780	-	-	135	-	-
Area of activity results attributed to non-controlling interests	35,355	-	-	202	-	-
Doral-Tech's results of operations - net revaluation of investments	-	-	-	9,128	-	9,128
General and administrative expenses	[3](25,093)	(13,595)	(2,389)	(2,836)	-	(43,913)
Total assets	[3]1,139,779	371,463	50,744	94,701	-	1,656,687
Total liabilities	[3](754,169)	(63,601)	(35,321)	(90,983)	-	(944,074)

(1) Revenues from external sources reflects the total aggregate revenues of all the income-generating projects held by the Company (directly and/or indirectly), according to the amounts included in the financial statements of the various SPCs.

(2) The results are expressed using the project EBITDA metric, calculated as the aggregate amount of the gross profit (project revenue less operating and maintenance costs), based on the application of a property, plant and agreement model (based on historical cost) and net of depreciation, according to the amounts included in the financial statements of the various SPCs.

(3) In the above tables, administrative and general expenses, assets and liabilities that are not necessarily identified with this area of activity or any of the other areas of activity were added to the Renewable Energy Segment in Israel.

(4) Most of the revenues and costs presented in the tables above under the various areas of activity do not appear in the consolidated financial statements, since the projects are mostly held by entities accounted for according to the equity method. For additional information on revenues and expenses as included in the financial statements, see Notes 21 and 22 to the consolidated financial statements.

(5) The data attributed to general and administrative expenses in the period during which USA was consolidated is NIS 57,692 thousand (in 100% terms), and the share attributed to the owners is NIS 24,104 thousand (in 41.78% terms).

For the Board of Directors' explanations regarding the Company's financial data, see Section 2 of the Report of the Board of Directors.

1.8. General environment and effect of external factors on the Company's activity[11]

The following are the Company's assessments regarding trends, events and developments in the Group's macroeconomic environment, which to the best of the Company's knowledge and assessment, have, or are likely to have, a significant impact on the Group's business results or developments. The statements in this section regarding the Company's assessments is forward-looking information, as this term is defined in the Securities Law, and as such it is not certain.

1.8.1. Environmental policy

The viability of the Group's activities is largely based on legislation, decisions of government entities and decisions of various authorities, which regulate the regulatory environment in which electricity producers operate in renewable energy.

As part of the global trend to reduce greenhouse gas emissions (leading to global warming), many countries, including Israel, are encouraging the construction of renewable energy facilities and promoting supportive regulations in this area.

To the best of the Company's knowledge, as of the date of the report, more than 150 countries around the world are promoting policies that support the production of electricity from renewable energy. According to a study by Bloomberg (BNEF), based on an Economic Transition Scenario (ETS), which is based on the technology and competition in the energy market, if no specific policy is implemented, renewable energies will account for 76% of global power generation by 2050[12].

In accordance with the ETS scenario, power generated from solar and wind energy shall account for 65% of power generated by 2050; according to this scenario, electricity generation and storage facilities using solar and wind energy with a total capacity of 20,000 GW will be added by 2050[11].

According to the Federal Energy Regulatory Commission, as of August 2022, clean energy comprised 67% of new electricity generating capacity in the United States in the first half of 2022. However, according to the International Energy Agency, in order to reach net zero emissions by 2050, the annual investment in clean energy will have to increase by 300%. Currently, around a third of global electricity production capacity currently comes from low carbon sources (that include 26% from renewable energy and 10% from nuclear power); the remaining two-thirds come from greenhouse-gas emitting fossil fuels such as coal, gas and oil[13].

It should also be noted that the European Union intends to generate more than 320 GW in electricity from photovoltaic energy by 2025, that is to say, twice the current capacity; the

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[11] This report and Sections 1.8 to 1.11 in particular included various data based on various studies and websites. It should be noted that unless it was expressly stated otherwise, the Company did not request, and in any case did not receive the consent of those who conducted such studies and maintained such websites to include such information in the report, and such information is published to the public, and to the best of the Company's knowledge it is in the public domain. In addition, Group companies did not check the correctness, accuracy, and up-to-dateness of the data presented in the said surveys, publications, and studies, nor was any test conducted by the parent company as to whether the basis for such assessments is correct or accurate.

[12] Source: BloombergNEF's New Energy Outlook 2022.

[13] Source: https://www.weforum.org/agenda/2022/08/electricity-capacity-power-renewable-energy/.

intention is to increase this capacity to 600 GW by 2030; in August 2022, the United States set a target whereby it will reduce carbon emissions by 40% through 2030.[14]

Also, as of January 2023, more than 397 international giant corporations have set themselves a 100% green energy consumption target by 2050, as part of the RE 100 initiative[15]. These corporations include, among others, technology giants such as Apple, Google and Amazon, which promote the purchase of green electricity in order to consume 100% green energy[16]. Accordingly, in recent years, investments in renewable energy have continued worldwide (according to the publications, in 2022 there was an increase of 9.6% in the capacity of electricity generated from renewable energy, so that the global capacity generated as of the end of 2022 was 3,372 GW, and the capacity in photovoltaics was 1,053 GW).[17]

Since 2009, a number of government resolutions have been made in Israel regarding the determination of a guiding target for electricity generation from renewable energies, and in 2020 and 2021, decisions were made regarding, among other things, an update to electricity generation targets from renewable energy, a reduction in greenhouse gas emissions and creation of land reserves streamlining the use of land used for electricity generation, most of which are detailed below:

- Government Resolution No. 465 dated October 25, 2020, in which the Government's targets for the generation of electricity from renewable energies were updated in view of the policy principles established by the Minister of Energy. According to the government resolution, electricity generation from renewable energies will be 30% of total electricity consumption by 2030. An update has also been set for the interim target following a previous decision from 2015 (Resolution No. 542), so that there will be 20% electricity generation from renewable energy by the end of 2025.

  In accordance with Government Resolution 465, the National Planning and Building Council is discussing the planning needs for energy generation for 2030, in view of increasing generation targets for renewable energies, and has set guidelines for implementing the government resolution to increase renewable energy targets.

  In May 2021, the Ministry of Energy published a summary document of cross-ministerial staff work following Government Resolution 465, which focuses on three key issues for the promotion of renewable energies: the potential existing in land designation, barriers and recommendations for policy measures to promote renewable energies, with emphasis on solar energy.

- Government Resolution No. 171 dated July 25, 2021, which deals with the transition to a low-carbon economy, approved the plan to reduce approx. 85% of greenhouse gas emissions by 2050 and an intermediate target that provides for a reduction of approx. 27% of greenhouse gas emissions by 2030.

- Government Resolution No. 208 of August 1, 2021, regarding the creation of land reserves and an efficient use of land used for electricity generation. For this purpose, it

[14] Source: https://www.weforum.org/agenda/2022/08/electricity-capacity-power-renewable-energy/.
[15] Source: https://www.there100.org/.
[16] Source: RE 100 Annual Progress and Insights Report (January 2022).
[17] Source: IRENA - Renewable capacity highlights 20 April 2023.

was decided to establish a team that would formulate, within 60 days, recommendations for the steps necessary for the construction of photovoltaic facilities on the land designated for agricultural use, while ensuring continued effective agricultural cultivation of the land and compliance with government renewable energy targets. It was also decided to promote the possibility of using inactive fire areas and minefields that are not required for military purposes for the establishment of electricity generation facilities from renewable energy and an electricity grid. In addition, it was decided to instruct the Chairman of the National Planning and Building Council (hereinafter in this section - the **"Council**") to hold a further discussion in the Council in order to examine the need to increase the quota of ground facilities for photovoltaic energy production; to promote a national outline plan under which a permit may be issued for the establishment of an agrivoltaic project on land designated for agriculture and a storage facility and to amend the Planning and Building Law accordingly. Following this and Resolution No. 465, in Resolution No. 622 dated November 2, 2021, the Council ordered the preparation of NOP 10/D/14 for regulating the planning of energy storage facilities and the preparation of NOP 10/D/15 for regulating the planning of agrivoltaic research facilities.

- Government Resolutions Nos 541, 543 and 544 dated October 24, 2021, which concern an update to the National Energy Efficiency Program and reduction and promotion of greenhouse gas emissions, acceleration of infrastructure projects of national importance for reducing greenhouse gases and encouraging technological innovation to combat climate change.

Along with the government resolutions, decisions were made by government ministries to encourage and make investments in infrastructure projects. Such investments may contribute to the removal of barriers that make it difficult to implement projects in which the Group companies have engaged (such as the development of the electricity grid, the publication of additional tenders), the reduction of construction costs for systems (through a state-guaranteed loan fund), the promotion of new projects, etc.

- Therefore, as part of the plans to deal with the economic consequences of the Corona crisis, on May 6, 2020, the Ministry of Energy published a program to accelerate infrastructure projects in the energy and water sector to encourage economic growth[18], according to which it intends to assist infrastructure development in Israel in its areas of activity, through the acceleration of projects in the amount of approx. NIS 25 million, which will include, among other things, the promotion of new renewable energy projects in the amount of 2,000 MW, incentivize the market to establish local solar energy by providing a state-guaranteed loan fund in the amount of approx. NIS 500 million, removing barriers to the promotion of existing projects in wind energy, removing barriers that will enable the rapid and efficient development of the transmission grid, etc.
- Other publications by the government and its ministries from the last two years: award of grants to local authorities as support in the implementation of projects for increasing

[18] Source: Ministry of Energy announcement regarding the acceleration of infrastructure projects in the energy and water economy to encourage economic growth, dated May 6, 2020: https://www.gov.il/he/Departments/publications/reports/economic_growth.

energy efficiency, energy storage and energy management,[19] grants for the construction of electric vehicle charging stations,[20] allocation of funding for energy efficiency and generation of renewable energy in government assets,[21] a plan to promote and prepare in local government, a plan to promote zero-energy construction,[22] the path to reducing greenhouse gas emissions and energy efficiency,[23] which aims to provide companies with grants for replacing old, wasteful and expensive technologies with new and cost-effective systems, in various fields, a plan for compliance with targets for reducing emissions in the energy economy in 2050,[24] a plan for encouraging climatic innovation, development of technologies for reducing greenhouse gas emissions and preparing for climate change.[25] In addition, in 2021, the Ministry of Energy doubled the grants for research in academic institutions in the various energy fields to NIS 35 million,[26] and in January 2023, it published that it will invest NIS 100 million in the setting up of a national research institute in the field of electrochemical energy storage.

- On March 8, 2022, the Israeli Electricity Authority published a status report regarding renewable energy targets in the electricity sector,[27] that sets relevant criteria for assessing the achievement of the government's renewable energy targets (as set out in government resolution 465 referred to above), such as: the installed capacity of generation facilities using renewable energies, the annual generation capacity, energy quantities generated in practice, and the rates of consumption of energy generated using renewable energies.
- On May 29, 2022, the Ministry of Energy published a Renewable Energy Roadmap for 2030 (hereinafter in this section - the "**Plan**").[28] The purposes of the plan and its principles are: setting implementable steps for the next few years; verifying the ability to

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[19] Source: Ministry of Energy announcement: 20% of local authorities in Israel received grants at an unprecedented total amount of NIS 77 million which will help to implement more than 100 projects of transition to sustainable energy, of December 28, 2022: https://www.gov.il/he/departments/news/press_271222.

[20] Source: Ministry of Energy announcement: The Ministry of Energy will invest NIS 20 million in expanding the deployment of fast and ultrafast DC charging stations for electric vehicles, of September 22, 2022: https://www.gov.il/he/departments/news/ev_220922; Ministry of Energy announcement: A further meaningful step on route to the deployment of charging stations across Israel of December 5, 2022: https://www.gov.il/he/departments/news/press_051222.

[21] Source: Ministry of Energy announcement: an inter-ministerial team shall allocate NIS 100 million to government ministries and government auxiliary units, to execute renewable energy projects, and energy storage and saving projects in accordance with government resolution 254 regarding increasing the efficiency of energy consumption of the government, of June 14, 2022: https://www.gov.il/he/departments/news/press_140622.

[22] Source: Ministry of Energy publication dated October 18, 2020, regarding an outline for the promotion of zero-energy construction: https://www.gov.il/he/Departments/publications/reports/zeb_outline.

[23] Source: Ministry of Energy's announcement regarding the route for reducing greenhouse gas emissions and energy efficiency, published on September 30, 2020: https://www.gov.il/he/departments/news/press_300920.

[24] Source: Ministry of Energy announcement regarding a plan to meet the targets for reducing emissions in the energy economy in 2050: https://www.gov.il/he/departments/news/press_180421.

[25] Source: Government resolution: https://www.gov.il/he/departments/news/energy_241021.

[26] Source: Ministry of Energy announcement dated January 4, 2022: https://www.gov.il/he/departments/news/press_040122.

[27] Source: The Israeli Electricity Authority's report of March 8, 2022: https://www.gov.il/BlobFolder/news/doch_yeadim_new_energy/he/Files_Doveret_press_doch_yaad_mithadshot_03_2022_n.pdf

[28] Source: The Ministry of Energy's action plan for 2030: https://www.gov.il/BlobFolder/news/re_290522/he/action_plan_2030.pdf

meet the targets under conditions of uncertainty; maintaining transparency in a way that allows stakeholders to plan their actions; measurement and control.

According to the Plan, in order to meet the targets for 2025 it is required to build facilities with installed capacity of 9,037 MW in 2024, and 9,626 MW in 2025. This, when the installed capacity in 2021 was only 3,655 MW. However, as a result of existing procedures of the Israeli Electricity Authority, it is estimated that the installed capacity at the end of 2025 will be 7,397 MW. That is to say, it is required to build facilities that generate further 2,017 MW.

It should be emphasized that the Company's assessments regarding the implications of the implementation of the Government Ministries Plan are forward-looking information, as this term is defined in the Securities Law, that depend on factors beyond the Company's control and in particular how the plan is implemented by the various entities.

In accordance with the government's resolutions, starting in 2009, various regulations were published with the aim of promoting the electricity market to achieve the goals set by the government. Between 2009 and 2015, tariff regulations were published for connecting electricity generation facilities using various green technologies (photovoltaic, thermo-solar, wind, biogas and innovative technologies) to the electricity grid, based on feed-in tariffs. Starting in 2016, the Israeli Electricity Authority began publishing regulations, based on the setting of tariffs through a competitive procedure for the construction of extra-high-voltage, high-voltage and low-voltage photovoltaic facilities (hereinafter - "**Competitive Procedure**")[29], as well as several new regulations for the establishment of solar systems without a competitive procedure on a "first come first served" basis.

According to the Israeli Electricity Authority's publications,[30] as of the end of 2022, the installed capacity for electricity generation from renewable energy in Israel amounted to 4,795 MW, and constituted 10.1% of the total energy produced in Israel. This means that in order to meet the target for electricity generation in Israel from renewable energies, according to which in 2030 the production from renewable energies will be 30% of total electricity generation and an intermediate target for 2025 at 20% of total electricity generation in 2025, a significant increase in renewable energy capacity is required.

For further details regarding environmental policy and incentives in the United States and Europe for the purpose of promoting projects for electricity generation using renewable energies, see Sections 1.10.1.2, 1.10.1.3 and 1.11.1.2 to 1.11.1.5 below.

1.8.2. **Regulation in Israel**

The electricity generation activity of private electricity producers in Israel and its sale to the IEC and to end consumers, as the case may be, is regulated by the Electricity Sector Law and regulations issued thereunder. In addition, the Israeli Electricity Authority (which is responsible for regulating the electricity sector in Israel) publishes, from time to time, various directives and decisions aimed, among other things, at promoting the development of a

[29] See the Electricity Authority Resolution of Session No. 506 dated December 16, 2016, Resolution No. 1 (1109) - Principles for a Competitive Procedure for Determining a Tariff for Electricity Generation using Photovoltaic Technology for Facilities Connected to High Voltage and Low Voltage.

[30] Source: Report on the Status of Renewable Energies in the Electricity Sector - 2022.

competitive electricity sector in Israel. These decisions deal, among other things, with quotas for the generation of electricity from renewable energy, with tariffs to be paid to the electricity producers and with the other conditions that an entrepreneur is required to meet in order to establish an electricity generation system. Therefore, the regulatory provisions have a direct impact on the ability to establish projects and on the scope and profitability of activities in this field.

Therefore, a change in the relevant provisions of law and regulation for the establishment of electricity generation systems may have a significant effect (positive or negative, as the case may be) on the Company's operations in Israel.

Recent years have been characterized by significant changes in the regulatory environment in Israel, in a way that the Company believes has benefited the activities of private electricity producers, including the Company.

- In the past, the electricity sector in Israel was controlled almost exclusively by the IEC, which is defined, according to the Electricity Sector Law, as an "essential service provider", and which has most of the electricity generation capacity in Israel, the system operator (until June 2021), and owns the electricity transmission and distribution grid for electricity in Israel.

  In recent years, a comprehensive reform of the electricity market has been approved, which includes: separating the administration of the system from the IEC and turning it into a separate independent unit; reducing the scope of the IEC's activity in the generation segment; increasing the production capacity of private electricity producers by privatizing power plants[31]; removing regulatory barriers[32]; increasing production quotas; possibility of establishing systems that operate under different regulations instead of one consumer, etc.

  According to the publications, the purpose of the reform is to concentrate the IEC's effort in developing the transmission segment, which has been underdeveloped in recent decades, and which the Company believes is one of the significant barriers to the development of the renewable energy-based economy in Israel.

  As of the date of the report, the connection of systems to the electricity grid is conditional, among other things, on a vacancy for them in the electricity grid. In view of the lack of investment in the electricity grid, sometimes in an area where several electricity producers operate (including renewable energy facilities), a limited positive distributor response or a negative distributor response is received from the IEC, which limits or does not allow the connection of the facility because the grid in the area where there is a desire to connect the system is at full capacity.

- In accordance with the provisions of the law, a independent power producer must obtain, prior to the construction of the project, permits and approvals of various types, including

[31] Such as the sale of the “Alon Tavor”, “Ramat Hovav” and “Eshkol” power plants.

[32] Such as the removal of barriers in relation to the transmission grid, which allows the connection of electricity generation facilities using renewable energy at high voltage.

from the planning authorities, such as changes in the outline plan, building permits and more.

- In addition, the construction and maintenance of an electricity generation system with a capacity exceeding 16 MW is subject to obtaining a license[33]. Receipt of such a license is subject to compliance with the provisions of the Electricity Sector Regulations (Conditions and Procedures for Granting a License and Obligations of a License Holder), 1997, including providing details regarding system owners, non-appointment of receiver, liquidator or a decision on voluntary liquidation, lack of a conviction of the company, its officers and owners in an offense involving disgrace, proof of the ability to provide equity at a rate of at least 20% of the construction cost of the system (and in the case of a partnership, Agricultural Cooperative Society or a company without share capital - a bank guarantee for the entire license period, at a rate not less than 20% of value of the system) and so on.
- In addition, a independent power producer is required to comply with various legal provisions in relation to environmental protection.
- Additional provisions detailed in Section 1.22 below.

1.8.3. **Electricity production quotas**

The establishment of a system for electricity production in Israel is subject, among other things, to production quotas, which are determined Israeli Electricity Authority decisions or in 'competitive procedures', which are published from time to time by the Israeli Electricity Authority. The existence of such production quotas is the basis of the Company's activities in Israel. As from 2023, the "market regulation", as defined below, came into effect, which enables the construction of facilities subject to obtaining a grid connection approval with no need of quotas.

In addition, from time to time, dedicated tenders for electricity generation are published by various government entities[34], and until the date of the report, such tenders have been published in the amount of hundreds of MW, and according to estimates, additional dedicated tenders are expected to be published.

In view of the government's resolution to increase the amounts of electricity generation from renewable sources to a rate of 30% of total electricity consumption by 2030, the Company estimates that in the coming years regulations, competitive procedures and additional tenders will be published, which will enable the Company to realize projects it is promoting.[35]

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[33] It should be noted that according to the provisions of Section 3 of the Electricity Sector Law, there is an obligation to obtain a production license for systems with a capacity exceeding 16 MW.

[34] In some tenders the tender is made in relation to the cost of the land on which the facilities will be installed, while ensuring a fixed tariff for the winners of the tender, while in other tenders the land is provided for use by the winners for no consideration, and in that case, the tender is on the offered tariff.

[35] It should be emphasized that the Company's assessments regarding the ability to implement the projects it promotes are forward-looking information, as the term is defined in the Securities Law, which depends on factors beyond the Company's control, including that there will be no significant change in competition conditions or in the Israeli electricity sector, etc.

1.8.4. **Electricity tariffs**

As of the report date, there are three types of tariffs, which are material to the Company's activity in Israel:

1. Electricity tariffs based on the generation component - these tariffs are set from time to time by the Israeli Electricity Authority, based on the 'cost principle', and are not open for specific negotiations with the authority. The tariffs in power supply agreements with the Company's business consumers are set based on and linked to those tariffs. In that context, it should be noted that Israeli Electricity Authority's resolution No. 63609 of July 27, 2022, revised the demand hours clusters on the basis of which the electricity price paid by consumer as from January 1, 2023 is determined, in order to adapt them to the demand for electricity and the mix of generation sources.

   The said tariffs are also relevant both to electricity generated in systems owned by Group companies and sold for purposes of own consumption to kibbutzim or consumers for whom the system is installed on their premises, and to sale to business and private consumers under the market regulation - in those instances, the commercial agreement with the power consumer is a price based on the electricity tariffs that these consumers pay to the IEC or other private electricity producers, sometimes at a certain discount. Thus, a change in the electricity tariffs in the market results in an increase or decrease in the tariff paid to the Group corporations, which sell the electricity generated by them to kibbutzim or consumers as aforesaid.

2. SMP tariffs - a System Marginal Price (SMP) (half-hourly system marginal price), reflects the cost of generating a marginal kWh in the electricity sector, in accordance with electricity demand and supply. Those tariffs are relevant both to the sale of electricity generated in systems owned by Group companies, and which will be fed to the grid as part of the market regulation (that came into effect on January 1, 2023), to the purchase of electricity from the system operator in order for the Company to sell it to consumers as a private supplier (and as from January 1, 2024, the Company will be able to sell the electricity generated in its generation facilities directly to electricity consumers, instead of the electricity purchased from the system operator), and to facilities that will be included in the default regulation for facilities connected to high voltage (as of the report date, the Hadarey Shean, which is in advanced development stages is expected to be included in the said regulation).

3. Tariffs determined in tenders - tariffs determined as part of tenders for the setting of a tariff for electricity generation using photovoltaic technology, as published by the Israeli Electricity Authority from time to time, and which are guaranteed for the period set in the tender. As part of those tenders, bidders submit a bid comprising requested capacity and an offered price; winners in the tenders are entitled to a uniform tariff equal to the lowest bid that was not selected (clearing price) (the 'second uniform price' method), provided that the terms of the tenders were complied with (including reaching the system's Synchronization Due Date within the time frame set in the procedure).

As of the report date, there are three types of tariffs, which are material to the Company's activity in the United States and Europe:

1. The electricity generation tariff through renewable energy facilities is determined in negotiations as part of PPAs (hereinafter - "**Power Purchase Agreements**" or hereinafter - "**PPAs**") for long periods, with relevant electricity consumers, including local electric companies, from electricity suppliers (who sell the electricity to third parties) or corporate giants (such as Google, Amazon, Facebook, etc., who lead policies of switching to electricity consumption from renewable energy);
2. In a trading system in which, on a daily basis, electricity producers offer the energy to be generated the next day, with the price of electricity being set on an hourly basis according to the supply and demand;
3. A Contract for Difference (CFD) mechanism, under which the winners - those who have offered the lowest prices - are entitled to a feed-in tariff for a period of 15 years. The payment that is paid by the country is the difference between the winning price and the current market price.

For additional details see Sections 1.10.1.3 and 1.11.1.3 to 1.11.1.5 below.

For details regarding changes in electricity tariffs and their effect on the Company during the reporting period, see Section 1.8.8 below.

1.8.5. **Changes in interest rates**

Renewable energy projects are usually financed at a high leverage rate (bank financing or institutional financing). Accordingly, changes in the cost of raising capital or debt are a factor that directly affects the value, profitability and financial viability of projects.

The Group uses derivative financial instruments from time to time to hedge certain exposures to risks, including interest rate risks arising from the nature of the Group's activities, including taking out variable interest loans for projects. In this context, the Company periodically assesses the possibility of executing hedging transactions, by way of forward transactions and/or the acquisition and sale of put and call options; the hedging outline and significant hedging transactions are approved by the Company's Board of Directors.

For details regarding changes in interest rates and their effect on the Company during the reporting period, see Section1.8.8 below.

1.8.6. **Cost of raw materials**

The main investments and costs of systems for generating electricity from renewable energy are the costs involved in the construction of the system. Changes in the construction costs of the systems affect the value, profitability and viability of the projects, and indirectly also affect the total equity that may be required for them.

For details regarding the changes in raw material prices and its impact on the Company during the reporting period, see Section 1.8.8 below.

1.8.7. **Changes in exchange rates**

The Group's revenues in the various areas of activity in Israel are in NIS, with most of the equipment purchased in foreign currencies. Also, the Group's activity in the United States is carried out in US dollars and the Group's activity in Europe is carried out in euros, Polish zloty,

Romanian lei, and Danish krone. Accordingly, changes in exchange rates may affect the profitability of projects and the value of projects in the Company's financial statements.

The business plan prepared with regard to the various systems, as well as the bids submitted for tenders or competitive procedures, are based on assumptions regarding exchange rates on the date of purchase of the parts of the system. Accordingly, fluctuations in the exchange rates of the relevant currencies may affect the construction costs of the various projects, and accordingly - the value, profitability and viability of the projects, and indirectly also affect the total equity that may be required for them.

The Group uses derivative financial instruments from time to time to hedge certain exposures to risks, including currency risks, mainly purchases of equipment in foreign currency. In this context, the Company periodically assesses the possibility of executing hedging transactions, by way of forward transactions and/or the acquisition and sale of put and call options; the hedging outline and significant hedging transactions are approved by the Company's Board of Directors.

In addition, in relation to the Group's activity in Israel, in most of the competitive procedures which are published from time to time by the Israeli Electricity Authority, it is possible to link the winning tariff to one or more of the following three indices: the CPI in Israel, changes in the NIS-USD exchange rate, and changes in the NIS-EUR exchange rate. As of the date of the Report, the electricity tariffs that the Group companies are entitled to receive are not linked to changes in exchange rates.

For details regarding changes in exchange rates and their effect on the Company during the reporting period, see Section 1.8.8 below.

1.8.8. **The Business Environment**

In the wake of geopolitical events, including the Covid-19 crisis and the war between Russia and Ukraine, as from 2020 and during the reporting period there were macroeconomic changes that impacted the Company's activity, including changes in the exchange rate of foreign currencies, inflation, increases in energy prices in Europe, increase in electricity prices in the United States (including in PPAs), and volatility in raw material prices, and freight and logistics prices.

Effect on the Company of changes in exchange rates of foreign currencies

In the reporting period, there was an increase in the exchange rate of the dollar, which led to an increase in the prices of equipment acquired by the Company for the construction of some of the projects in Israel; the said increase in exchange rate also led to an increase in expected costs of certain future projects. However, it should be noted that the Company purchased significant quantities of equipment for the construction of projects in Israel even prior to the increase in the exchange rate of the dollar; these equipment items were purchased at lower exchange rates. Furthermore, during the reporting period, the Company executed and terminated hedge transactions designed to protect it from an increase in the exchange rate of the dollar, which led to recognition of gains and receipt of significant proceeds following the increase in the exchange rate of the dollar as stated above. As of the report date, the Company has similar transactions which it will be able to terminate if necessary. With regard to the Company's activity in the USA, the increase in the exchange

rate of the dollar in the reporting period increased the value of Doral LLC's assets, as reflected in the Company's balance sheet.

Effect on the Company of increase in inflation and interest rates

In 2022, the annual inflation rate increased to 5.3% in Israel and 6.5% in the United States; consequently, central banks across the world (including Israel) increased interest rates.

The increase in inflation rates has a positive effect on the Company's revenues from the sale of electricity in Israel, due to the linkage of tariffs to the consumer price index in most of the projects. On the other hand, the increase in inflation rates increases the Company's finance expenses in respect of its CPI-linked debentures, and in respect of CPI-linked loans that some of the project corporations took out, amounting to NIS 240,318 thousand as of December 31, 2022.

The increase in interest rates affects the finance expenses of some of the project corporations, that took out loans at variable interest rates; should the interest rate continue to increase, the interest rates on loans taken out by Group companies[36] in the future may also be impacted, and so are the Company's decisions regarding the construction of new projects and receipt of financing in respect thereof. In the opinion of the Company, the effect is not expected to be material, in view of the long-term interest expectations, which have not changed to a material extent, and from which the basis for the Group's project loans is derived. Furthermore, from time to time, the Company and Doral LLC enter into agreements and engagements in order to hedge future exposures to increase in interest rates, and partially hedge, from time to time, the changes in interest rates.

As of the publication date of this report, the Company is of the opinion that if no significant changes take place in long-term expectation, the current increase in interest and inflation rates will not have a material effect on the Company's businesses in the medium and long term, alongside a potential adverse effect on FFO in the short-term. Furthermore, the current interest rate environment has a negative effect on the value of projects, due to increase in discount rates of the future cash flows, such that the potential consideration from disposal of assets may decrease, alongside attractive purchase opportunities from time to time.

Electricity tariffs and trends affecting the renewable energy market

The rise in electricity tariffs in the USA (including in PPAs) is expected to have a positive effect on the Group's revenues from sale of electricity. Similarly, the rise in electricity prices in Europe is expected to have a positive effect on the Group's revenues. In that context, it should be noted that following the increase in electricity prices in Europe, as of the approval date of the report, countries in which the Company operates in Europe (Poland, Romania and Denmark) adopted or are expected to adopt legislation that is designed to cap the electricity prices in the relevant country; as part of such legislation, price caps were or will be set for electricity generated from photovoltaic facilities, as stated in Section 1.11 below.

Lately there has been a decline in freight and logistics tariffs as well as in the prices of some of the raw materials used to manufacture equipment and build solar facilities. In addition,

[36] For information about the linkage mechanisms of loans taken by Group companies, see Section 1.18 below.

the Company is working to establish engagements with relevant suppliers of equipment, that will include linkage mechanisms for the price of raw materials, such that in the event that raw material prices will continue to drop, the prices of the solar panels will continue to fall accordingly based on such mechanisms, and vice versa.

Based on all the foregoing trending effects, the Company estimates that its revenues and businesses are not expected to suffer a material adverse effect in the short and medium term.

Forward-looking information: The foregoing information regarding the business environment and external factors affecting the Company's operations, including the effects of changes in exchange rates of foreign currencies, the effects of inflation and interest rates hikes, the effect of increase in electricity tariffs and raw materials, freight and logistics prices, as well as the Company's assessments as to the extent of the effect on the Company, constitutes forward-looking information, as defined in the Securities Law, which is based on assessments and estimates of the Company's management, taking into account its experience and understanding of the factors affecting its business operations, as of the report date. These assessments may not materialize, in whole or in part, or may materialize differently than expected, including materially, inter alia, as a result of less than optimal assumptions and analyses, developments that cannot be fully assessed, and/or due to the materialization of all or part of the risk factors as listed in Section 1.26 below.

1.8.9. **Gas and oil prices**

In recent years, beginning with the spread of the coronavirus and due to the war between Russia and Ukraine,, there has been high volatility in gas and oil prices, with the year 2022 starting with a jump in oil prices in the context of rising global demand.

Beyond the general trend of encouraging the transition to renewable energies, rising gas and oil prices positively affect the viability of investing in renewable energy, leading to this being a more economically attractive alternative, while declining gas and oil prices, similar to the situation at the beginning of the Covid-19 crisis will have the opposite effect.

1.8.10. **Impact of the security situation between Russia and Ukraine**

As of the end of February 2022 and as of the date of approval of the Report, there is fighting between Russia and Ukraine in the territory of the latter. This security situation may have macroeconomic effects, including fluctuations in the exchange rates, interest rates and raw materials, which may affect the Company's operations. For details regarding the Company's method of dealing with changes in exchange rates, interest rate hikes and increases in raw material prices, see Sections 1.8.5-1.8.7 above. Due to the security situation, there was an increase in gas and oil prices, and the importance of an accelerated transition to the use of renewable energies and the removal of dependence on energy from gas and oil is rising.

1.8.11. **The Covid-19 crisis and its impact on the Company**

During 2022, additional strains of the coronavirus were discovered, but despite the relatively large number of infected persons, morbidity was not severe, and the government did not impose significant restrictions on activity. During the year 2022, the coronavirus crisis had no material effects on the Company. According to the macroeconomic forecast of The Bank of

Israel's Research Department of January 2023[37], the current developments in connection with Covid-19 will not require restrictions that damage the economic activity. The Company's management regularly monitors developments regarding the outbreak of the coronavirus and acts in accordance with the guidance of various authorities. As of the approval date of the report, Company's management is unable to estimate if and when there will be further Covid-19 waves, which restrictions will be imposed on the economic activity in Israel (if any), and how this may affect the economy in general and the Company in particular.

1.8.12. **The policy of the new Israeli government**

A new government was formed in Israel in December 2022, which as of the approval date of the report pursues the introduction of significant changes to the legal system, that are causing controversy in the public and among economic and legal bodies and experts in Israel and across the world. As of the report date, it is impossible to assess which changes and reforms that the government seeks to introduce will be approved, and what will be their consequences for the Israeli economy in general and the Company's areas of activity in particular. Since the Company has decentralized activity in a number of markets, it is of the opinion that these events will not have a material effect on the Company and its results.

Forward-looking information: The foregoing information regarding the general environment and external factors affecting the Company's operations constitutes forward-looking information, as defined in the Securities Law, and is based on assessments and estimates of the Company, taking into account its experience and understanding of the factors affecting its business operations, as of the Report's date. These assessments may not materialize, in whole or in part, or may materialize differently than expected, including materially, inter alia, as a result of less than optimal assumptions and analyses, developments that cannot be fully assessed, and/or due to the materialization of all or part of the risk factors as listed in Section 1.26 below.

[37] Source: https://www.boi.org.il/50476.

Part Three - Description of the Corporation's Business by Areas of Activity

1.9. Renewable energy in Israel

1.9.1. General information regarding the area of activity

1.9.1.1 General

The Group's operations in the area of activity is based on the Group companies entering into direct agreements with land rights holders, mainly with kibbutzim, moshavim and rural localities (above and hereinafter - the **"Partner**" or the **"Kibbutz**") - which hold rights to potential land for sites for installing electricity generation systems from renewable energy in various technologies (such as rooftops, water reservoirs, fish ponds, agricultural crops, fences and land reserves) for the establishment of a joint dedicated corporation (most[38] corporations are held 50%-50% with the partners), established for the needs of the project, which is (or will be) the owner of an electricity generation system, including in a combination with energy storage facilities, situated on the partner's premises (hereinafter - "**the project corporation**" and the "**joint venture agreement**", respectively).[39] As of the report date, the Company entered into joint venture agreements with 230 bodies such as kibbutzim, settlement villages and industrial entities.

The only activity of the SPC is the initiation, development, construction, maintenance and operation of the system (or systems), based on the knowledge, expertise and experience of the Company regarding the type and size agreed between the Company and the partner on the partner's premises. The type (or types) of the system as well as the regulation (or regulations), under which the system is established and operates, are determined by the Company and the partner, in a way that will enable optimal utilization of natural resources, land and available rooftops, taking into consideration the area designated for establishing the system, the connection to the electricity grid, the partner's electricity consumption, the climate in the area, etc.

The construction of the projects is carried out through equity[40] that the Company and the partner provide in parts as stipulated in the joint agreement (sometimes at a different rate than the rate of the parties' holdings), and the balance through bank or non-bank financing. Such external financing is usually given against the encumbrance of the SPCs full assets and rights (not including the land rights), the holdings in the SPC and sometimes the Group companies' guarantees[41], relying, among other things, on the IEC's and/or the consumer's obligation to purchase all or part of the electricity generated in the system, at known and

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[38] However, there are projects in which the SPC is held under the control of the partner, as well as a number of projects held under the control of the Company.

[39] It should be noted that some of the systems held by Solarit Doral are jointly owned by Solarit Doral and the kibbutz (50:50), rather than through a dedicated corporation.

[40] In relation to most project companies, equity is provided as shareholder loans. As of December 31, 2022, the balance of shareholder loans amounted to approx. NIS 105,136 thousand. Regarding investments in projects for which a financial closing has not yet been made, see the description in this section below.

[41] As detailed in Section 1.18.5 below, in the past, the controlling shareholders were required to provide personal guarantees to ensure repayment of the financing provided for the establishment of the system (most guarantees were given only for the construction periods and are canceled at the end of construction, subject to compliance with the financing agreements). No such guarantees are required as of the date of the Report, but there are several individual guarantees provided by the controlling shareholders and the full conditions for their removal have not yet been met. For details, see Regulation 22 in Part D (Additional Information Chapter) of this report.

predetermined tariffs and for a long period of time. For details on the main aspects of project financing, see Section 1.18.5 below.

Usually approx. 10% of the project construction budget includes, among other things, cost components for planning management, procurement and construction, overheads for the implementation of the project, and sometimes also development fees (hereinbefore and hereinafter - "**entrepreneurial margins**").

At the initiation stage, prior to the establishment of the SPC, the relevant Group company provides management services, which include, in particular, the management of system planning procedures and obtaining the necessary approvals for its establishment (change in city building plan, receipt of building permits, receipt of quota, locating financing, submission of requests, opening of grid connection files, etc.). From the date of its establishment, the SPC engages, under the management of the relevant Group company, in agreements with suppliers and subcontractors for the construction of the system, and later also manages the operation of the system, through subcontractors. In addition, during the commercial operating period, the relevant Group company provides management services to the SPC, sometimes for management fees.

For details on the main provisions of the Joint Venture Agreement, see Section 1.17.1 of the 2020 Periodic Report, the information contained therein is presented in this report by way of reference.

1.9.1.2 **Photovoltaic systems – General**

As detailed above, the Group operates in the initiation, development, licensing, management, management of financing procedures, construction, maintenance and operation of electricity generation projects in Israel, using photovoltaic cell-based systems, which convert radiation from the sun's rays into electricity.

The main components of any solar system include panels of photovoltaic cells (which absorb radiation from sunlight); suitable construction (ground, rooftops, dedicated floating facilities, etc.); installation infrastructure (a mechanical frame installed on top of the construction on which the panels are installed); electrical infrastructure; voltage converter (which helps convert direct current (DC) produced in solar cells, to alternating current (AC), which can be connected to the electricity grid); facilities for storing electricity using various technologies and a generation meter (used to measure the amount of electricity generated by the system).

1.9.1.3 **Regulations in the Photovoltaic segment**

The electricity generation activity of independent power producers is regulated in the Electricity Sector Law and in regulations, directives and decisions of the Israeli Electricity Authority. The Israeli Electricity Authority's resolutions are published in the form of regulations, which determine the amount of electricity that private producers may produce, the procedures for setting up the systems, the manner for competing for a win in the quotas, the tariff to which the winning parties will be entitled, and the other conditions that the winning parties must meet in order to obtain a commercial operating license.[42] In addition,

[42] In accordance with the provisions of the Electricity Sector Law, electricity generation intended for sale to another, and electricity generation with a capacity exceeding 16 MW, are subject to the obtaining of a production license and a supply

the establishment of solar systems is subject to approvals from regulatory entities and various institutions (such as local authorities, planning and building entities and various government ministries). The following is a description of the various regulations that apply in relation to the different facilities, and how the rates paid according to each regulation are determined[43].

1.9.1.3.1. **Competitive procedure-based regulations ("Competitive Procedure Regulations")**

Until 2016, there was a regulation in Israel based on tariff quotas, according to which a fixed tariff (linked to the CPI) was determined for a period of 20 years from the date of commencement of the system's commercial operation, where the tariff changed from quota to quota. Winning the feed-in tariff depended on meeting the milestones set in the regulation, on a 'first-come, first-served' basis.

As of 2016, photovoltaic facilities can be established, inter alia, under the 'Competitive Procedures for Determining a Tariff for Electricity Generation' regulation, in which the Israeli Electricity Authority publishes, from time to time, competitive procedures for the establishment of extra-high-voltage, high-voltage and low-voltage photovoltaic facilities[44].

In accordance with the tenders mechanism, bidders submit a bid comprising requested capacity and an offered price; winners in the tenders (those who submitted the lowest bids up to the capacity that will be allocated to the tender) are entitled to a uniform tariff equal to the lowest bid that was not selected (the clearing price method) (the 'second uniform price' method), provided that the terms of the tenders were complied with (including reaching the system's Synchronization Due Date within the time frame set in the procedure).

As a threshold condition for submitting a bid, each bidder is required to deposit a bid guarantee in the amount determined per KW offered, which is replaced, subject to the win, by a construction guarantee in the amount determined per KW. The winning party must reach the synchronization of the electricity generation systems in relation to the entire quota he won in the competitive procedure, by the date set for the procedure. The Israeli Electricity Authority can forfeit the guarantee where a winner did not provide a construction guarantee, and can forfeit the construction guarantee if there is a delay in arriving at commercial operation. In the event of a delay in operation beyond the period of the guarantee's validity, eligibility for the establishment of the system expires under the competitive procedure and the allotted quota is revoked.

license. In addition, facilities with a capacity exceeding 5 MW require a business license. It should be noted that according to the Electricity Sector Law and the Electricity Sector Rules (Exemption from Obligation to Apply for and Hold a License for Energy Storage), 2020, there is an exemption from license obligations for storage, regardless of the storage capacity of the facility, using a storage facility with an installed capacity not exceeding 16 MW.

[43] It should be noted that according to the decisions of the Israeli Electricity Authority, it is possible to establish at one place of consumption various types of systems, under conditions as determined in the Authority decisions.

[44] See Footnote 28 above.

The following table presents details of the main data regarding the regulations relating to competitive procedures for photovoltaic electricity generation systems in which the Company is active:

	Regulation for photovoltaic electricity generation systems connected to high voltage and low voltage ("Competitive procedure for ground-mounted facilities")[45]	Regulation for photovoltaic electricity generation systems for rooftop and reservoir facilities ("Competitive procedure for rooftop and reservoir facilities")[46]	Regulation for photovoltaic electricity generation systems connected to the distribution grid ("Competitive procedure for storage facilities")[47]	Invitation to submit proposals for the determination of a tariff for the construction of electricity generation facilities using photovoltaic technology in dual-use facilities that will be connected to high voltage and low voltage[48]	A secured tariff for generation of electricity from renewable energy in facilities connected to the transmission grid[49]
The number of competitive procedures published under the regulation until the date of the Report	4	3	2	1	1
Location of facilities	Ground	Rooftops and reservoirs	Ground	non-ground-mounted facility	Not defined

[45] See the Electricity Authority Resolution from Session 506 dated December 19, 2016, Resolution No. 1 (1109) - Principles for a Competitive Procedure for Determining a Tariff for Electricity Generation using Photovoltaic Technology for Facilities Connected to High Voltage and Low Voltage; the resolution was updated on February 13, 2017 and November 15, 2018.

[46] See the Electricity Authority Resolution from Session 538 dated March 23, 2018, Resolution No. 10 (1248) - Principles for a Competitive Procedure for Determining a Tariff for Electricity Generation using Photovoltaic Technology for Rooftop Facilities.

[47] See the Electricity Authority Resolution from Session 575 dated March 17, 2020, Resolution No. 2 (57502) - Amendments to Competitive Procedure No. 1 for Determining a Tariff for Electricity Generation using Photovoltaic Technology Combined with Storage Capacity, for facilities connected to the distribution grid.

[48] See Electricity Authority Resolution from Session 613 dated August 11, 2021, Resolution No. 61309 – Publication of invitation to submit proposals in Procedure No. 1 for the determination of a tariff for the construction of electricity generation facilities using photovoltaic technology in dual-use facilities that will be connected to high voltage and low voltage.

[49] See the Israeli Electricity Authority's resolution of meeting no. 630 of April 12, 2022 - resolution no. 63007 - invitation to submit bids in Tender 1 for setting a secured tariff for generation of power from renewable energy in facilities connected to the transmission grid, and the Israeli Electricity Authority's resolution of meeting no. 638 of September 14, 2022 - resolution no. 63801 - results of a Tender 1 for setting a secured tariff for generation of power from renewable energy in facilities connected to the transmission grid.

	Regulation for photovoltaic electricity generation systems connected to high voltage and low voltage ("Competitive procedure for ground-mounted facilities")[45]	Regulation for photovoltaic electricity generation systems for rooftop and reservoir facilities ("Competitive procedure for rooftop and reservoir facilities")[46]	Regulation for photovoltaic electricity generation systems connected to the distribution grid ("Competitive procedure for storage facilities")[47]	Invitation to submit proposals for the determination of a tariff for the construction of electricity generation facilities using photovoltaic technology in dual-use facilities that will be connected to high voltage and low voltage[48]	A secured tariff for generation of electricity from renewable energy in facilities connected to the transmission grid[49]
Accounting method	All electricity is sold to the IEC at a rate set in a competitive procedure	The bidders can decide until the date of the engagement with the IEC whether the method of accounting is for the electricity generated in the system (which is sold in full to the IEC) or for the electricity sold to the IEC, when the rest of the electricity is for self-use	All electricity is sold to the IEC at a rate set in a competitive procedure	The bidders can decide by the method of accounting according to the payment for generation or according to the payment for feeding into the grid	The facilities in this tender will operate in accordance with the default regulation for high voltage facilities (as described in Section 1.9.1.3.4.1 below), and the tariff that will be paid to the facilities that will be built by virtue of the tender for the feeding of energy to the grid is an SMP tariff in accordance with the provisions of the regulation. The winners in the tender will be entitled to an amount that will supplement the tariff up to the amount of the secured tariff over the winning period
Amount of bid guarantee	NIS 100 per KW offered	NIS 50 per KW offered	NIS 200 per KW offered	NIS 50 per KW offered	NIS 100 per KW offered
Amount of construction guarantee	NIS 300 per KW offered	NIS 150 per KW offered	NIS 600 per KW offered	NIS 150 per KW offered	NIS 300 per KW offered

	Regulation for photovoltaic electricity generation systems connected to high voltage and low voltage ("Competitive procedure for ground-mounted facilities")[45]		Regulation for photovoltaic electricity generation systems for rooftop and reservoir facilities ("Competitive procedure for rooftop and reservoir facilities")[46]		Regulation for photovoltaic electricity generation systems connected to the distribution grid ("Competitive procedure for storage facilities")[47]		Invitation to submit proposals for the determination of a tariff for the construction of electricity generation facilities using photovoltaic technology in dual-use facilities that will be connected to high voltage and low voltage[48]	A secured tariff for generation of electricity from renewable energy in facilities connected to the transmission grid[49]
Tariff period	23 years from commercial operation date		25 years from commercial operation date		23 years from commercial operation date		From the date of commercial operation of the facility until May 25, 2039	From the date of commercial operation of the facility until March 7, 2041
Total winning capacity	809 MW (Not including total capacity under the Authority's decision of December 2019)[63]		828 MW		768 MW		814.8 MW	241 MW
Share of the Group companies in the winning capacity (MW AC)*	Procedure No. 3	20	Procedure No. 1	50	Procedure No. 1	100	100	80
	Procedure No. 4	10	Procedure No. 2	26.5	Procedure No. 2	200		
	Authority resolution dated December 2019[50]	10.67	Procedure No. 3	10				

[50] In December 2019, the Israeli Electricity Authority issued two resolutions according to which, as of February 1, 2020, developers may establish additional systems that did not win in Competitive Procedure No. 2 for rooftop and reservoir facilities and Competitive Procedure No. 4 for ground-mounted facilities, without a competitive procedure, at 2% lower rates than the tariffs set in the competitive procedures (i.e. - a tariff of 22.61 ag/KWh for rooftop and reservoir facilities and a tariff of 17.62 ag/KWh for ground-mounted facilities). The resolutions are for

	Regulation for photovoltaic electricity generation systems connected to high voltage and low voltage ("Competitive procedure for ground-mounted facilities")[45]	Regulation for photovoltaic electricity generation systems for rooftop and reservoir facilities ("Competitive procedure for rooftop and reservoir facilities")[46]	Regulation for photovoltaic electricity generation systems connected to the distribution grid ("Competitive procedure for storage facilities")[47]	Invitation to submit proposals for the determination of a tariff for the construction of electricity generation facilities using photovoltaic technology in dual-use facilities that will be connected to high voltage and low voltage[48]	A secured tariff for generation of electricity from renewable energy in facilities connected to the transmission grid[49]
Date of publication of the competitive procedure results	April 3, 2019, November 18, 2019 and December 2019, respectively	June 18, 2019, November 18, 2019 and September 30, 2020, respectively	July 13, 2020 and December 27, 2020, respectively	November 10, 2021	September 15, 2022
Tariff per KWh (ag.)	18.18 (Procedure No. 3) 17.98 (Procedure No. 4) 17.62 (Authority resolution dated December 2019)	23.33 (Procedure No. 1) 23.07 (Procedure No. 2) 18.18 (Procedure No. 3)	19.90 (Procedure No. 1) 17.45 (Procedure No. 2)	17.05	A secured tariff of 11.7, linked to the CPI
Tariff paid in 2022 following the linkage to the CPI	18.68 (Procedure No. 3) 18.30 (Procedure No. 4) 18.11 (Authority resolution dated December 2019)	23.77 (Procedure No. 1) 23.48 (Procedure No. 2) 18.68 (Procedure No. 3)	20.66 (Procedure No. 1) 17.93 (Procedure No. 2)	17.52	12.02

tariff applicants registered by March 31, 2020 or up to a quota of 300 MW, whichever is earlier. For additional details, see Israeli Electricity Authority Resolution from Session 572 dated December 2019, Resolution No. 4 (57204) - Determination of a tariff and conditions for eligibility for a tariff for photovoltaic installations on rooftops and water reservoirs not included in the winning quota in the competitive procedures, and Israeli Electricity Authority Resolution from Session 572 dated December 23, 2019, Resolution No. 10 (57210) - Determination of a tariff and conditions for eligibility for a tariff for ground-mounted facilities using photovoltaic technology that are not included in the winning quota in the competitive procedures.

* The Group companies' share in the total winning capacity is in accordance with the Israeli Electricity Authority's winning notices. For details regarding the Company's share in the SPCs that have won competitive procedures, see Section 1.4 above. The results of the income-generating SPCs are presented in the Company's financial statements according to the equity method.

For additional details regarding the systems in commercial operation, under construction and pre-construction and in advanced development that have been or are being established under the competitive procedures, see the tables in Section 1.4 above. For details regarding the approval of the Company's request in connection with a regulation for electricity generation using photovoltaic technology in agrivoltaic pioneer facilities, see Section 1.9.1.5.3 below.

1.9.1.3.2. **Regulations whose purpose is to open the supply segment to competition**

In Government Resolution No. 3859 dated June 3, 2018 regarding the reform of the electricity sector and structural change in the IEC, it was stipulated, among other things, that the supply segment will open up to competition with the aim of improving competition in the energy market by adding the demand side to competition, in order to transfer the benefits of competition in the wholesale market to consumers, encourage energy efficiency and improve service to consumers.

In order to comply with the government's resolution, a regulation[51] has been established that will enable the development of competition in the supply segment for household consumers, both on the part of the new "suppliers" who will receive their license under the regulation and on the part of existing "suppliers". The regulation was published as part of a gradual process of transition to a decentralized, competitive and efficient electricity market in Israel, while reducing the regulatory burden and emphasizing a significant integration of renewable energies. Among other things, the regulation stipulates the manner of allocating consumers to a private supplier, the manner of terminating transactions, switching suppliers, payment of bills, etc.; as part of the regulation, the private supplier will sell consumers the energy acquired from the system operator (as described below, as from January 1, 2024, a private supplier will be allowed to purchase energy directly from a generation facility instead of purchasing it from the system operator).

In September 2022 the Israeli Electricity Authority published a resolution on the regulation of the activity of electricity generation and storage facilities connected to or integrated into the distribution grid (hereinafter - the "**Market Regulation**").[52] The market regulation seeks to regulate the activity of generation facilities in the distribution grid and in particular their ability to sell electricity directly to suppliers. Among other things, as part of the market regulation starting on January 1, 2023 generation facilities included in regulations or other tenders may transition to the market regulation (including a facility that ended its tariff period and is no longer subject to another regulation). Sale of power under the market regulation will be made at SMP tariffs (half-hourly system marginal prices) for feeding electricity into the grid, and as from January 1, 2024 the electricity generation facilities will be given the option to sell energy directly from the electricity generation facility to a private supplier under the market regulation.

For details regarding the Company's activity in the supply segment, see Section 1.9.4 below.

[51] Electricity Authority Resolution No. 58604 dated August 5, 2020 - Principles for gradually opening the supply segment in the electricity sector to new suppliers and for the supply to household consumers; Electricity Authority Resolution No. 60105 dated February 22, 2021 - Establishing a regulation for suppliers who do not have the means of production and adjustment of the criteria for existing suppliers; and a resolution of the Israeli Electricity Authority from Session 622, dated January 18, 2022 - Resolution No. 62207 - Increasing the supply quota for suppliers who do not have means of production.

[52] Israeli Electricity Authority resolution from meeting no. 637 dated August 30, 2022, resolution no. 63704 – market model for electricity generation and storage facilities connected to or integrated into the distribution grid, as amended by Israeli Electricity Authority resolution from meeting no. 646 dated December 28, 2022, resolution no. 64603 - amendment of resolution no. 63704 regarding market model for electricity generation and storage facilities connected to or integrated into the distribution grid.

1.9.1.3.3. **Regulation of Decentralized Electricity Generation using Renewable Energy by the Net Meter Method ("Net Meter Arrangement")**[53]

A net meter arrangement is a consumer regulation that was in effect from December 2012 (Resolution No. 10) until the end of 2018, which allowed consumers to set up a photovoltaic system on their premises for self-consumption of up to 5 MW, in a relatively simple procedure, provided the system capacity does not exceed the size of the existing connection on the consumer's premises to the electricity grid. The essence of this arrangement, when implemented in the kibbutz sector, is the provision of efficiency services to electricity consumers, in a manner that reduces their dependence on external electricity suppliers and reduces the cost of electricity bills received from them.

According to this arrangement, at the end of each accounting period, a calculation is made with the IEC between the amount of electricity consumption and the amount of electricity generation of the consumer, based on the same tariff. If a positive difference is created, the consumer is credited with the positive credit for a period of two years (hereinafter - "**the tariff credit**"), and in the case of a negative difference, the consumer pays the difference between the electricity consumption and the generation amount. The consumer may choose to transfer the tariff credit to the IEC, against payment of a fixed amount. In addition, the producer is required to pay systemic costs for the electricity generated and its consumption. The accounting according to this arrangement is for a period of 25 years from the date of the system's connection to the electricity grid.

This arrangement is common in the kibbutz sector, as it enables consumers to reduce energy consumption costs. In systems established by the Group companies, the kibbutz pays the joint corporation a payment for the full electricity it consumes from the system, and at the same time enjoys the profits of the SPC according to its share.

As of the date of the Report, the Net Meter Arrangement ended, so it is not possible to register additional generation facilities for the electricity grid within its framework. However, the Group has a large number of systems that operate under a Net Meter Arrangement, which produce electricity with a total capacity of approx. 27.7 MW.

In systems operating under this arrangement, the consumer registered with the IEC as the owner of the production meter and the consumption meter is the kibbutz (or the corporation under its control). The kibbutz (or the corporation under its control) assigns to the joint corporation (the system's owner) its full rights (as opposed to its obligations) under the agreement signed with the IEC, and pays the joint corporation the cost of electricity consumed from the system, according to the amount it would have paid if it had purchased the electricity from the IEC or from a independent power producer, whichever is lower (sometimes less an additional discount).

[53] Electricity Authority Resolution from Session 389 dated December 25, 2012, Resolution No. 10 - Regulation of decentralized electricity generation using renewable energy - using the "net meter" method, as amended from time to time. On August 29, 2021, a hearing was published for public comment in which amendments were proposed to the Net Meter Arrangement, the main points of which are: the possibility for consumers under the "Net Meter" Arrangement to switch to the current tariff regulation and the utilization of tariff credit, without obligation for advance division into percentages at each place of consumption. As of the date of the Report, the decision of the Israeli Electricity Authority in this matter has not yet been published.

It should be noted that on March 14, 2021, the Israeli Electricity Authority resolution no. 62803 was passed (as amended by Israeli Electricity Authority resolution no. 64402 of December 15, 2022), according to which, among other things, consumers associated with the Net Meter Arrangement will be allowed to switch to the tariff regulation valid at the time of their request, until December 31, 2023. The transition to a tariff regulation will be for facilities up to 630 KW, depending on the size of the facility in the regulation and the tariff set therein. The duration of the agreement will be the same for the remaining period of time in the agreement that the consumer had in the "net meter" arrangement and not for the full tariff period determined in the tariff regulation. Therefore, a consumer who switches to one of the tariff regulations (described below) instead of a net meter regulation will not be able to return to a net meter regulation.

1.9.1.3.4. **Quota-based arrangements with a fixed tariff ("tariff arrangement")**

1.9.1.3.4.1. **Resolution No. 62704 - Default Arrangement for Facilities Connected to Extra-High Voltage**[54]

On March 6, 2022, the Israeli Electricity Authority Resolution No. 62704 was adopted regarding the "Arrangement for renewable energy producers connected to an extra-high-voltage grid for non-competitive procedures - default". As part of the regulation, the Israeli Electricity Authority set a quota of 1,000 MW for the construction of renewable energy generation facilities that may be integrated into the transmission grid, either directly or as part of the integration on consumer premises connected to an extra-high-voltage grid.

The regulation does not define the type, size or location of the facilities, but they are required to connect to the transmission grid and receive tariff approval by December 31, 2025, while connecting the facilities will require (among other things) a positive grid connection survey, and the law will allow the establishment of the facilities in the locations chosen.

According to the regulation, generation facilities will hold generation licenses that will be granted for a period of 24 years and 11 months, and will be subject to the Transaction Rules set forth in Section E1 of Chapter F of the Book of Standards, i.e. they will be allowed to sell electricity to the system operator according to a day-ahead tariff or a real-time tariff and subject to generation plans and loading plans as specified in the Transaction Rules.

It should be noted that the Transaction Rules are expected to be updated as of September 1, 2023 in accordance with Israeli Electricity Authority Resolution No. 62703 dated March 6, 2023, for the purpose of applying them to renewable energy producers and other producers.

In addition, according to the arrangement, for generation facilities that will be established thereunder, it will be possible to switch to future regulations subject to compliance with the conditions of those regulations. The facilities will also be allowed to participate in competitive procedures for protection tariffs intended for producers in this default arrangement subject to compliance with the conditions of the procedures.

Generation facilities that will operate under the regulation will be allowed a combination of storage, provided that they do not charge electricity from the grid. In respect of electricity

[54] See the Electricity Authority Resolution No. 62704, dated February 28, 2022, "Arrangement for renewable energy producers connected to an extra-high-voltage grid for non-competitive procedures - default".

fed from the storage facilities there will be entitlement to a day-ahead rate or a real-time rate similar to the rate for the energy fed to the grid from the generation facility.

1.9.1.3.4.2. **Regulation for the generation of electricity for low-capacity systems**[55]

In March 2018, the Israeli Electricity Authority issued a consumer regulation, which was amended from time to time[56], for small facilities for rooftops, reservoirs, fish ponds, and wind turbines with a capacity of up to 100 KW, which allows systems established for self-use. In December 2019, the Israeli Electricity Authority expanded the capacity of systems that can be established under the regulation to 200 KW until December 31, 2020 without a quota limit. According to the Israeli Electricity Authority regulation, as of January 1, 2021, the maximum capacity returned to 100 KW, while as specified below, as of March 1, 2021, the maximum capacity is 630 KW.

The owner of the facility may choose one of two accounting methods: (1) Payment for production - receipt of the tariff for all energy generated in the facility, whether consumed by it or fed into the electricity grid, while being charged by the IEC for all its electricity consumption (whether from the facility or from the grid) at the regular consumption rate, where the rate is set for a period of 25 years from the date of connection of the production facility to the electricity grid; or (2) payment by feed - receipt of the tariff for the electricity supplied to the grid only from the facility, while for the electricity consumed from the facility the consumer will only be required to pay the IEC systemic costs. It should be clarified that at the time of the request for the integration of a photovoltaic facility, the applicant will choose the method of accounting, and once he has chosen the method, the consumer will not be able to switch to another accounting method for 25 years from the date the facility is integrated into the distribution grid[57].

On December 13, 2021, the Israeli Electricity Authority issued a resolution[58] extending the validity of the regulation until December 31, 2023. The resolution stipulates, among other things, that with respect to facilities to be incorporated under the Regulation as of March 1, 2021, the tariff to be paid to the facility will be weighted according to the requested facility capacity and according to the cumulative capacity of the facilities incorporated under this Regulation before it, and the tariff will be as follows: (1) The tariff for the first 15 KW will be 48 ag; (2) the tariff for the next 85 KW will be 41 ag; (3) the next 200 KW will be 24.5 ag; and (4) the tariff on the remaining capacity, which does not exceed 630 KW, will be calculated

[55] To the best of the Company's knowledge, this regulation has replaced previous regulations regarding photovoltaic facilities with a capacity of up to 50 KW, which made it possible to sell electricity to the IEC for 20 years at CPI-linked fixed rates of between 201 ag/KWh and NIS 0.37 KWh.

[56] See the Electricity Authority Resolution from Session 538 dated March 22, 2018, Resolution No. 8 (1246) - Generation of electricity using photovoltaic technology or a small-sized wind turbine, as updated from time to time in the following Electricity Authority resolutions: Resolution No. 2 (1274) from Session 545 dated July 18, 2018; Resolution No. 3 (1293) from Session 549 dated October 28, 2018; Resolution No. 4 (1385) from Session 561 dated August 4, 2019; Resolution No. 5 (57205) from Session 572 dated December 23, 2019; Resolution No. 57602 from Session 576 dated March 29, 2020; Resolution No. 58001 from Session 580 dated May 18, 2020; Resolution No. 1 (59701) from Session 597 dated January 11, 2021.

[57] Criterion 176 in the Book of Standards published on the Israeli Electricity Authority's website.

[58] Israeli Electricity Authority resolution from meeting no. 620 dated December 13, 2021, resolution no. 62002 – subsequent tariff for electricity generation facilities using photovoltaic technology for own consumption and transfer of surpluses to the grid; Israeli Electricity Authority resolution from meeting no. 597 of January 11, 2021 resolution no. 59701 - amendment of resolution no. 58001 from meeting no. 580 of May 18, 2020 - subsequent tariff for small electricity generation facilities using photovoltaic technology.

according to the tariff of the last competitive procedure for rooftop facilities, plus 4% and without linkage (i.e, 18.91 ag as of the date of the Report, according to the results of the last competitive procedure published at the time of the resolution).

1.9.1.3.4.3. **Regulation for solar electricity generation facilities larger than 50 KW**[59]

This regulation has been in effect since December 2009, and has made it possible to build solar electricity generation facilities larger than 50 KW, which are connected to the distribution grid. As of the date of the Report, the full capacity under the regulation is extracted (300 MW). It should be noted that some of the systems owned by the Group have been established and operate thereunder.

Under this regulation, the IEC is obligated to purchase the full amount of electricity generated in systems established thereunder, at a fixed rate for a period of 20 years. The tariffs for the sale of electricity to the IEC under this regulation range from 55.99 ag/KWh to 149 ag/KWh, depending on the date of establishment of the system.

1.9.1.3.4.4. **Regulation for electricity generation using photovoltaic technology in agrivoltaic pioneer facilities**[60]

In December 2021, the Israeli Electricity Authority issued a regulation designated for agrivoltaic pioneer facilities with a limited quota at a capacity of 100 MW, which could include facilities that would be approved as part of the Ministry of Energy and Agriculture's application to submit preliminary plans for dual-use of renewable energy in agricultural areas that was published in April 2021 (hereinafter - the "**Application**")[61] and will receive a positive distributor response by December 31, 2023.

Facilities that have been approved as part of the application[62] will be established under this regulation, and will be entitled to a tariff of 20.91 ag/KWh, linked to the CPI from the date of the decision. The tariff is derived from the tariff set in the last procedure known at the time of the hearing for a competitive rooftop and reservoir procedure (18.18 ag) plus a premium of 15%, given in view of the benefits the Israeli Electricity Authority sees in promoting agrivoltaic facilities to meet government targets. The tariff is guaranteed from the date of commercial operation of each facility to be established under the procedure and for a period of 23 years, after which the arrangements that will be customary at the time, to be determined by the Israeli Electricity Authority, will apply to the facilities. In addition, according to the terms of the regulation, a positive distributor response must be received by December 31, 2023 and the systems must be synchronized within 18 months from that date.

[59] Electricity Authority Resolution from Session 284 dated December 28, 2009, Resolution No. 2, regarding the arrangement for solar electricity generation facilities larger than 50 KW that connect to the distribution grid.

[60] Electricity Authority Resolution No. 62003 from Session 620 dated December 13, 2021 - Establishment of a regulation for electricity generation using photovoltaic technology in agrivoltaic pioneer facilities.

[61] Application of the Ministries of Energy and Agriculture: https://www.gov.il/he/Departments/publications/reports/agro_voltai.

[62] The regulation states that agrivoltaic facilities, similar to other dual-use facilities, will be entitled to integrate into the Israeli Electricity Authority's regulations for small facilities up to 630 KW, and participate in competitive procedures for dual-use issued from time to time without having to meet the application conditions.

In addition, facilities to be established under this regulation will be allowed to incorporate storage in the facility, according to the tariff to be determined by the Israeli Electricity Authority for this purpose.

For additional information, including regarding the Company's compliance with the application conditions, see Section 1.9.1.5.3 below.

1.9.1.4 **Developments in the area of activity and changes in the scope of activity in this area and its profitability**

In recent years, the Israeli electricity sector is undergoing significant processes, whose objective is the opening of the sector to competition with the IEC (which operated exclusively in the electricity sectors under government control); this will be carried out by opening the generation and supply segments to competition.

Thus, in recent years the authorities in Israel have been working intensively to increase the amounts of electricity generated from renewable energy, and especially from photovoltaic energy, through the easing of regulation, increasing quotas for the establishment of facilities based on renewable energy, etc. For details, see Sections 1.8 and 1.9.1.3 above. Furthermore, according to government resolution regarding this issue and regulations published by the Israeli Electricity Authority, private electricity suppliers are allowed to engage directly in PPAs with consumers, and the activity of the generation facilities in the distribution grid was regulated, specifically those facilities' ability to sell electricity directly to suppliers as from January 1, 2024. For more information, see Section 1.9.1.3.2 above.

In accordance with the trends outlined above, in recent years there has been a significant increase in the portfolio of commercially operated projects owned by the Group companies, and in the portfolio of projects that are in the stages of initiation, advanced development, pre-construction and under construction, the Company received electricity supply license and started selling electricity directly to consumers; (in accordance with the regulation, the electricity sold to consumers was purchased from the system operator, and under the market regulation, as from January 1, 2024 the Company will be allowed to sell directly to consumers electricity generated in the Company's generation facilities instead of electricity purchased from the system operator).

In addition, the Group companies continue to engage in agreements with additional kibbutzim and moshavim for the establishment of joint ventures for electricity generation, and continue to promote and carry out ventures in which they engaged in the past.

In addition, in 2020, for the first time, the Israeli Electricity Authority published two competitive procedures for the construction of generation facilities combined with storage, and in both the Company was the main winner. The Company's cumulative win in these tenders is 300 MW (AC) combined with storage capacity of at least 1,400 MWh. The Company sees the wins as a strategic move, which will enable it priority and primacy in everything related to the field of storage that is developing in Israel and around the world.

As of the report's approval date, the Company completed actions that allow the construction of the projects as part of the time tables that were defined in the tenders, such as allocating the winning quota to specific projects under the tenders and the market regulation, receiving positive and partly positive distributor responses from the IEC in respect of most of the

winning quota, and completion of master agreements for the acquisition of key equipment. Furthermore, the Company engaged in a memorandum of understanding for the financing of the construction of projects at the total amount of NIS 2.2 billion, and an engagement in an agreement for a bridge credit facility of up to NIS 300 million, for the financing of projects in the immediate term, and even commercially operated the first facility in Israel that has storage capacity and for the management of the feeding of electricity in accordance with the tenders' rules. In accordance with the market regulation, as from 2023 the Company intends to move some of the facilities to the market regulation model as part of the Company's winning Tenders 1 and 2 for solar facilities in combination with storage. Concurrently, the Company will continue building facilities as part of the tenders as stated above. Furthermore, as from 2024 the Company is expected to allocate the "green" and clean electricity that it will generate in facilities it integrated into the Market Regulation directly to private suppliers.

As for long-term profitability rates in the field, the last decade has been characterized, on the one hand, by a gradual reduction in incentives for entrepreneurs (fixed tariffs per KWh generated), but on the other hand, by a significant reduction in equipment costs and construction costs of the photovoltaic facilities. As from 2024, the rate of profitability in this field will also be affected from changes in the generation component, which is set from time to time by the Israeli Electricity Authority, and which constitutes part of the electricity price paid by consumers, on the basis of which the Company sells electricity to its customers, including as part of the market regulation. In the opinion of the Company, the trend of decline in equipment prices and facilities construction costs is expected to continue in the next few years, and the projects' profitability will be impacted by this decline, and specifically by the changes in the generation component. Along with the long-term changes, in the reporting period and as of the date of approval of the report, including due to the coronavirus crisis and the war between Russia and Ukraine, there have been macroeconomic changes that have an impact on the Company's activity. For details regarding such changes and their effect on the Company for the reporting period and as of the date of approval of the report, see Section 1.8.8 above.

It should be emphasized that the Company's assessments as to the integration of Company's facilities in the market regulation, the allocation of the power generation to the end consumers to whom the Company supplies electricity, and the profitability of the area of activity constitutes forward-looking information, as the term is defined in the Securities Law, which is based on the information and assessments of the Company and its plans as of the date of the report. These assessments and plans may not materialize, or may be partially realized, due to many variables that are not under the sole control of the Company, including economic-business factors, specifically the assumption that there will be no material change in the rates of decline in electricity tariffs compared with the decline in system construction costs, regulatory and environmental factors as well as the general risk factors that characterize the Company's operations set forth in Section 1.26 below. Accordingly, the information presented in this section may not be realized and/or may materialize in a substantially different way than expected by the Company.

1.9.1.5 **Technological changes that have a significant impact on the area of activity**

Generation of clean energy, including generation of electricity from renewable energy plays a significant part in the global effort to tackle global warming. The transition from polluting energies to renewable energies depends, to a large extent, on innovation and technology that reduce the cost and increase the efficiency of electricity generation using renewable energies, and find various solutions and applications thereof. In view of the above, the Company places great importance to the identification and use of advanced technologies and practical solutions in the field of the renewable energy, as described below:

1.9.1.5.1. **Energy storage**

The electricity output from facilities established using photovoltaic technology depends directly on solar radiation conditions. Therefore, complementary technologies are required for these systems, so that they can supply and back up the electricity grid at times when natural resources are not available or do not provide the amount of electricity required for the grid, thereby turning the system into a permanent and stable source of energy and increasing the reliability of energy supply.

In recent years, progress has been made in the field of storage solutions, among other things in view of the investment of huge amounts by various entities in research, planning and development of diverse storage technologies, which are expected to integrate naturally into electricity generation systems using renewable energy, thereby allowing renewable energy generation facilities generation features that are more similar to conventional generation facilities.

As of the date of the report, energy storage is one of the Company's main growth engines. The Company is working to initiate, develop, plan and establish renewable energy facilities that include energy storage facilities that are integrated into photovoltaic facilities and storage facilities in the consumer's premises. The Company also engages with relevant landowners in transactions to initiate and plan storage facilities that connect to a high-voltage or an extra-high-voltage grid; the Company also engages in investment and procurement agreements with companies developing solutions in the field of energy storage, as described below.

In addition, on February 4, 2021, the Company's Board of Directors decided, as an additional growth engine, to intensify and expand its activities in the field of energy storage and management of local electricity grids, so that the Company will promote "energy independence" projects, including electricity generation, energy storage and solutions for the management of electricity grids on the premises of large electricity consumers (such as kibbutzim, factories, etc.). As of the approval date of the report, the Company has tens of energy storage facilities located at consumers' premises and under various development stages, as described in Section 1.4 above.

In December 2022, the Company operated the first facility under the tenders as described in Section 1.9.1.4 above, which is the first facility of its kind connected to the grid in Israel, that includes storage capacity and power supply management in accordance with the tenders' rules; the facility will allow the supply of renewable energy to the grid even beyond the conventional generation hours, including through solar panels that generate power.

1.9.1.5.2. **Production of green hydrogen from renewable energy**

Hydrogen is an element used as a raw material, inter alia, in manufacturing for the production of fertilizers and chemicals, and as a means of generating electricity or as fuel (mainly future) for various means of transportation. The use of green hydrogen is expected to help deal with carbon emissions from a variety of areas (including transportation, chemicals, fertilizers and industrial applications such as in the production of iron and steel), improve air quality, access to energy in isolated and remote locations, and power grid reliability. It is customary to classify hydrogen into several types, depending on the raw materials needed for its production and the products of the production process: "gray hydrogen" produced from fossil fuels and involving greenhouse gas emissions; "blue hydrogen" is also produced from fossil fuels and also includes a process for "capturing" greenhouse gases; and "green hydrogen" produced in the electrolysis process, when the electricity used to separate the hydrogen atoms from water molecules is consumed only from renewable energies[63].

The Company expects that the field of green hydrogen production and storage constitutes a growth engine for the Company and for the entire global energy sector; this is since in recent years this field has gained traction and received extensive support from governments and investors worldwide, among other things, in view of the global effort to reduce carbon and greenhouse gas emissions and prevent global warming.

Therefore, on August 29, 2021, the Company's Board of Directors approved a decision to expand the Company's activity into the field of green hydrogen, such that the Company will initiate and develop independent complexes for the generation of green Hydrogen from photovoltaic facilities and wind turbines, which will be used, at that stage, to store energy for industrial plants, for transportation applications and for other future uses.

Subsequently, on December 20, 2021, the Company received a notice from the Office of the Chief Scientist in the Ministry of Energy, regarding the acceptance of its proposal under "Call for Proposals" 127/2020 for storage facility pilots and regarding its winning of financing of approx. NIS 3.3 million for the establishment of a pilot project for the production of green hydrogen from electricity to be generated in a photovoltaic facility, using H2Pro Ltd.'s hydrogen production technology (hereinafter in this section - "**the pilot**" and "**H2Pro**", as applicable). The expected financing will be part of the pilot set-up costs.

The Pilot, a hydrogen production facility with a capacity of approx. 400 KW, is expected to be built in the area of the Eilat Eilot Regional Council, in cooperation with H2Pro, and is expected to produce green hydrogen that will be used for energy storage, industrial and/or transportation applications. The results of the pilot will be used by the Company in the decision-making processes for the initiation of photovoltaic facilities for the production of green hydrogen in Israel and around the world, and in the Company's opinion, will improve its competitive capabilities and profitability in the field of renewable energy projects.

The Company also has a conditional framework agreement with H2Pro, under which the Company may acquire electrolysis facilities for the generation of Hydrogen with a cumulative capacity of approx. 200 MW by 2030. H2Pro was established in 2019 and is developing a

[63] Source: Gershon Grossman, Naama Shapira. Energy Forum 49: Integration of Hydrogen in the Energy Economy, Haifa, Israel, Samuel Neaman Institute, 2021. https://www.neaman.org.il/Energy-Forum-49-Integrating-hydrogen

unique technology for splitting water into hydrogen and oxygen. H2Pro estimates that the system has an efficiency of approx. 95%, and it operates safely and at cheaper costs than competing technologies in the field. The technology is based on knowledge developed at the Technion.

1.9.1.5.3. **Agrivoltaics**

Another significant growth engine of the Company is agrisolar projects, which the Company is promoting. These are innovative projects, which combine solar systems over agricultural crops (mainly orchards and vineyards) with precise and advanced agriculture methods. In the Company's opinion, there is a clear advantage to the dual-purpose and efficient use of such land, which has the potential to maximize the changes resulting from both the generation of electricity in the solar systems and the agricultural crops.

In this context, it should be noted that the Israeli Electricity Authority defined agrivoltaic activity as a significant channel for realizing the potential of the areas needed for renewable energy to meet government targets, due to the many areas already used for agriculture, and the benefits that may result from the synergy between the two uses. In this context, a joint committee was established by the chief scientists of the Ministry of Energy and the Ministry of Agriculture (hereinafter - the "**Joint Committee**") to promote the establishment of pioneer facilities on agricultural land, and a dedicated regulation was determined for agrivoltaic pioneer facilities with a limited quota at a capacity of 100 MW.

On January 11, 2022, the Company received notification from the Joint Committee regarding the approval of its application for submission of preliminary plans for the dual use of renewable energy in agricultural areas (agrivoltaic), for 17 pioneer facilities with a cumulative capacity of approx. 17 MW (hereinafter in this section - the "**facilities**" and the "**procedure**", respectively).In addition, as of the approval date of the report, the Company received approval for further 3 pioneer facilities. The facilities to be established as part of the procedure promote the dual use of agricultural land, so that they combine electricity generation in solar systems over yielding agricultural crops, while maintaining optimal agriculture in those areas alongside green energy production.

According to the terms of the regulation set by the Electricity Authority for the procedure, the feed-in tariff[64] for the facilities is 20.91 ag/KWh, linked to the CPI (hereinafter in this section - the "**tariff**"). The tariff is guaranteed from the date of commercial operation of each facility that will be established under the procedure and for a period of 23 years (hereinafter in this section - the "**tariff period**"). After the tariff period, the arrangements that will be customary at the time and which will be determined by the Israeli Electricity Authority will apply to the facilities. For additional information regarding the regulation, see Section 1.9.1.3.4.4 above.

It should be noted that as of the approval date of the report, the facilities are under advanced planning stages or in the pre-construction stage.

[64]It is possible that the Company will combine some of the facilities in additional regulations that it has won and/or other regulations of the Israeli Electricity Authority, in which there may be other tariffs.

In addition, the Company has commenced the construction of an agrivoltaic facility with a capacity of approx. 10 MW (AC) in the area of Kibbutz Maale Gilboa, since the project was recognized as a pioneer facility by the Office of the Chief Scientist in the Ministry of Energy, received a tariff by the Israeli Electricity Authority and approval of the first statutory plan of its kind in Israel for the construction of an agrivoltaic facility.

1.9.1.5.4. **Electric vehicle charging**

In recent years, as part of the trend of switching to the use of green energies, there has been a significant increase in the demand and use of electric vehicles. The increase in electric vehicles naturally leads to the need to deploy electric charging stations, which will enable daily and efficient use and reduce the existing gap in travel ranges compared to fuel-powered vehicles.

In the Company's opinion, the combination of generation and supply of electricity from renewable energies to the field of electric vehicle charging constitutes a business and strategic advantage for the Company's operations and is a significant growth engine.

On June 23, 2022, the Company signed an agreement with The Phoenix Holdings Ltd. (hereinafter - "The Phoenix"), and Ampa Partnerships Limited Partnership (hereinafter - "Ampa") in connection with a collaboration for the initiation, development, construction and operation or sale of energy storage facilities and/or charging stations for electric vehicles, provided that these facilities serve for consuming electricity in the site in which they are located (that is to say, the consumer's site), all in the areas of the State of Israel, including such facilities that will be located in residential buildings, car parks, hospitals, office buildings, commercial centers, and industrial and tourist centers. For details regarding the agreement, see Section 1.20.13 below.

1.9.1.5.5. **Additional Developments**

In recent years many resources have been invested by the producers of collectors, in an attempt to streamline and develop the technology of the solar collectors, so as to increase the utilization of the photovoltaic cells and enable more efficient electricity production, at a similar cost; such as - solar panels with Bifacial technology, which enable production at a higher output on a similar surface, with a varying range depending on the type of ground or rooftop on which the systems are installed. As of the date of the report, the Company is incorporating the installation of such panels in most of its projects.

Also, to the best of the Company's knowledge, many companies develop and market various robots and products, which perform automatic flushing of the collectors and systems. The integration of these systems reduces the maintenance costs of the facilities and may increase their output. As of the date of the report, the Company is making preparations for the incorporation of these systems in some of its projects.

Another technological development is single-axis tracking systems for photovoltaic facilities. These are systems that move on an axis, monitor solar radiation, thereby enabling the photovoltaic facilities to generate a greater amount of electricity. As of the date of the report, the Company is incorporating the installation of these systems into some of its projects.

In the Company's opinion, the development and use of the technological solutions listed above will significantly increase the economic viability of the construction of electricity generation systems using renewable energy, and may contribute significantly to the development and expansion of the Company's area of activity and businesses.

Forward-looking information: The Company's assessments of the implementation of the projects subject to the winning of competitive procedures, the implementation of projects initiated and promoted by the Company (including the execution and completion of pilots), its plans to integrate the technological developments listed above, expansion of the Company's activities to the areas referred to in this Section 1.9.1.5 above and the effect of the expansion of activity on the Company, the plans of the Israeli Electricity Authority, the realization of the regulations, as well as the Company's engagement with consumers, constitute forward-looking information, as this term is defined in the Securities Law, based on the information, forecasts and data in the Company's possession at the time of this report and on the Company's assessments and current plans, including based on examinations and research conducted. These assessments and plans may not materialize, or may be partially realized, due to various factors that are not under the sole control of the Company such as: prevention or delays in obtaining regulatory approvals and/or permits and failure to sign an agreement with the Ministry of Energy, meeting deadlines in the competitive procedures, changes in construction costs of the systems, increase in finance expenses, changes in foreign exchange rates, unexpected expenses, planning requirements, technological difficulties, delays in completing technological developments, technological development costs and efficiency, changes in the economy in general and the electricity sector in particular, the continued spread of the Corona virus, existence of one or more of the risk factors listed in Section 1.26 below, etc.

1.9.1.6 **<u>The critical success factors in the area of activity and their changes</u>**

The Company believes that the critical success factors in the area of activity are as follows:

- **Ability to locate and directly access land reserves, rooftops, ponds or water reservoirs, with economic viability and engineering and environmental feasibility**, enabling the establishment of photovoltaic systems. In this context, it should be noted that given the limited available land in Israel and the limit of transmission and distribution grids, as well as the fact that various parties have knowledge in the development and establishment of photovoltaic systems, **the Company believes that this is a critical success factor in the area of activity in Israel**.

  It should be noted that the Company has expanded its activities and its range of capabilities and is promoting **innovative projects for the dual use of land suitable for agricultural crops** by installing solar systems in areas designated for orchards and/or vineyards, among other things as part of dealing with the limited land.

- **Knowledge, reputation, experience and creativity** in the field, which enable the construction of projects of significant size, and which help in the proper and economical planning of the projects, in a way that allows the party holding them, **on the one hand - to be competitive in tenders issued in the area of activity, and on the other hand - to ensure that the projects will be profitable.**

- **Ability to advance regulatory procedures**, including statutory planning procedures with various entities, such as planning authorities, government ministries, etc., in a way that will not hinder the progress of projects.
- **Financial robustness and the ability to raise the necessary financing** in order to establish systems at a low capital cost.
- Publication of quotas, tenders and regulations by the regulator and the relevant authorities.
- Coordination between the various authorities and reduction of bureaucratic barriers - Coordination between government ministries, planning authorities and the relevant local authorities, whose approval is required in order to establish the system and connect it to the electricity grid.
- **Professionalism and efficiency in the planning, procurement and construction of electricity generation systems and storage systems**, which will ensure the completion of projects on time and ensure the maximum output of electricity in accordance with area conditions, technical data, and other constraints in each project.
- **Ability to comply with schedules** set in accordance with the various regulations.
- **Ability to monitor and control**, in real time, and **ongoing maintenance at a high level**, in order to detect and quickly repair defects and faults in the performance of the generation systems, and to optimize production during the operating period.
- **Ability to adapt and quickly adjust** for changes in the energy market in general and in the renewable energy market in particular.

1.9.1.7 **Main entry and exit barriers of the area of activity**

In the Company's opinion, the following factors constitute the main barriers to entry into the area of activity:

Entry barriers

- Ability to locate and identify land suitable for the establishment of photovoltaic systems, taking into account all the regulatory, planning and engineering constraints and conditions, and early, forward-looking, efficient and informed engagement in agreements for the use, rental or lease of land reserves, rooftops, ponds or reservoirs on which the Company would like to establish photovoltaic systems.
- Ability to finance the development activity throughout the project development period, which can be spread over several years and consume high investments (relating to the testing of the land’s suitability for the needs of the project and their planning and engineering use) under conditions of uncertainty regarding the implementation of the project.
- Existence of capital required for the financing of the development and provision of the financing and capital required for the construction (either under the provisions of the law or according to the requirements of the financing bank), or alternatively - access to sources of financing for the provision of such required capital.

- Recognition and expertise in the various regulatory provisions that apply to the area of activity and the ability to comply with them, in schedules that allow the formation of a business and competitive plan for the completion of all planning and regulatory processes required in order to establish a project quickly and efficiently, competing and winning competitive procedures at a feed-in tariff.
- Winning the tenders issued in the area of activity.
- Availability of the electricity grid managed by the IEC - the ability to connect the system to the electricity grid.
- For systems whose operation is subject to licensing - compliance with the conditions of the license, such as the absence of a criminal record, proof of the ability to provide equity, etc.

Exit barriers

- The Company's ability to be released from its obligations under joint venture agreements with kibbutzim and moshavim, financing bodies and partners in operations.
- Regarding the sale of the rights in the system - compliance of the purchaser of control in projects with the regulatory threshold conditions determined for this matter (including financial capacity, lack of a criminal record, experience, restrictions under the Antitrust Law, etc.).
- In relation to projects established as part of competitive procedures - forfeiture of guarantees due to non-completion of the system's establishment.

1.9.1.8 **Alternatives for the products of the area of activity and changes therein**

Currently, the main alternative sources for the generation of electricity from photovoltaic facilities are systems for the generation of electricity from other renewable energies (thermo-solar systems, wind turbines, biogas facilities, etc.); systems for the production of electricity based on fossil fuels (such as natural gas, coal, fuel oil and diesel); and systems based on nuclear energy.

The main advantages of electricity generation using renewable energy in general, and photovoltaic energy in particular, are the guaranteed availability of the energy source (sunlight), access to the energy source almost everywhere, lack of greenhouse gas emissions, safety and ease of operation of renewable energy facilities (whose cost and construction complexity is also significantly lower than the cost and complexity of building conventional power plants).

1.9.2. **Products and services**

As stated above, as of the date of the report, the Group is engaged in the initiation, licensing, management of financing procedures, development, establishment, maintenance, management and operation of photovoltaic systems, including in combination with energy storage facilities, and the sale of electricity generated and/or stored in these systems to the IEC or to the kibbutz partners in the SPCs (the corporation owner of the system) or to business end customers, in accordance with the various regulations. For information regarding the various regulations, see Section 1.9.1.3 above.

In addition, as stated in Section 1.9.1.1 above, the Group companies provide most of the SPCs with management, procurement, planning and construction services for the systems.

Furthermore, the Group companies have agreements with several SPCs and third parties (with photovoltaic systems) for the provision of management and/or operation and maintenance services for facilities in an insignificant amount, as well as agreements for the provision of consulting services and other professional services in an insignificant amount.

1.9.3. **Breakdown of revenues from products and services**

The following is a breakdown of the Company's revenues[(1)] in NIS thousands, for the years 2021 and 2022:[(2)]

	2022	% of the Company's revenue	2021	% of the Company's revenue	2020	% of the Company's revenue
Systems operating under a tariff arrangement[(3)]	**22,945**	**28.48%**	**18,385**	**32.78%**	**16,603**	**42.46%**
Systems operating under a net meter arrangement	**7,732**	**9.60%**	**7,219**	**12.87%**	**7,894**	**20.19%**
Systems operating by virtue of tenders for ground-mounted and other facilities	**11,933**	**14.81%**	**3,101**	**5.53%**	**2,634**	**6.74%**
Systems operating by virtue of tenders for solar facilities combining storage capacity	**1,155**	**1.43%**	**-**	**0%**	**-**	**0%**
Systems operating by virtue of tenders for rooftop and reservoir facilities	**5,938**	**7.37%**	**1,517**	**2.7%**	**88**	**0.23%**
Systems operating under a wind regulation	**560**	**0.7%**	**336**	**0.6%**	**-**	**0%**
Systems operating under a biogas regulation	**4,466**	**5.54%**	**249**	**0.45%**	**-**	**0%**
Provision of services and others[(4)]	**25,825**	**32.06%**	**25,277**	**45.07%**	**11,880**	**30.38%**
Total income	**80,554**	**100%**	**56,084**	**100%**	**39,099**	**100%**

(1) The Company's revenues include adjustments that reflect, among other things, the Company's share in the revenues of the various SPCs, in accordance with the rates of its indirect holdings in each of them. For further details, including the Board of Directors' explanations regarding the Company's financial data, see Section 1.4 of the Report of the Board of Directors.

(2) With respect to systems whose operation began during the year of operation - the table includes a supplementation for a full year of operation. For the expected results of the Company's systems in commercial operation for a full year of operation, see Section 1.4.2 above.

(3) This revenue reflects both the revenue stemming from systems operating under a tariff arrangement connected up to 2014, and the systems operating under a tariff arrangement connected after 2014. For a breakdown of revenues between these two groups of systems, see Section 1.4.2 above.

(4) The data in this section reflect non-GAAP adjustments. For additional information, including the Board of Directors' explanations of the Company's financial data, see Section 1.4 of the Report of the Board of Directors.

1.9.4. **Customers**

As of the report date, Group companies sell and supply electricity to the following customers:

1. Israel Electric Corporation;
2. Kibbutzim purchasing electricity in accordance with the relevant regulations;
3. Business customers as part of the opening of the supply segment to competition.

Set forth below is the scope of the Group's sales to each of its customers in the area of activity, the Company's share in revenues[65] received from which in 2021 and 2022 constituted 10% or more of total revenues of Group companies:

	2022		2021	
	NIS thousand	% of the total income of Group companies	NIS thousand	% of the total income of Group companies
Israel Electric Corporation	46,996	58.34%	23,588	42.06%

Sale of electricity to the Israel Electric Corporation (IEC)

As of the date of the report, the main customer of the Group companies is the IEC, which, in accordance with the terms of the relevant regulations, engages with the SPCs in long-term agreements (between 20 and 25 years, depending on the terms of the relevant regulation). The engagement with the IEC is under a generic agreement relevant to that regulation, in accordance with the tariffs set by the Israeli Electricity Authority under the relevant regulation, and in relation to projects under competitive procedure regulations, in accordance with the tariff set or to be determined in the relevant competitive procedure (for information regarding the relevant tariffs, see Section 1.9.1.3 above).

In these circumstances, the Company believes that the Group is dependent on the IEC as of the report date. Nevertheless, in view of the government's status and support for the commitments of the IEC and the electricity sector as a whole, and in view of the coming into force of the market regulation that will allow the sale of electricity to other significant customers and will significantly reduce the dependency on IEC or on any single customer, the Company believes that the above dependence is not likely to materially affect its operations.

[65] The Company's revenues include adjustments that reflect, among other things, the Company's share in the revenues of the various SPCs, in accordance with the rates of its indirect holdings in each of them. For additional information, including the Board of Directors' explanations of the Company's financial data, see Section 1.4 of the Report of the Board of Directors.

The manner of engaging with the IEC in a power purchase agreement is regulated by criteria for the electricity sector, and is determined by the Israeli Electricity Authority and the relevant regulations published by the Israeli Electricity Authority according to the criteria. The engagement is made under an agreement known as a 'power purchase agreement' (PPA). This is a standard contract, applicable to all electricity producers according to the various types of regulations, according to which, subject to compliance with the conditions and milestones specified in the agreement, the IEC will purchase the electricity generated by the electricity producer. The agreement obliges the IEC to purchase all energy generated (or all energy agreed to be sold to IEC), for the period specified in the regulation and at a tariff determined in a competitive procedure, or when receiving the tariff approval from the Israeli Electricity Authority, as the case may be. On the other hand, the producer is required to pay the IEC a fixed payment or a variable payment depending on the generation of electricity in respect of costs for backup, balance, use of the electricity grid, loss of operational energy, electricity consumption, meter reading, etc. The IEC may suspend the purchase of electricity for a certain period if the conditions defined in the agreement exist, and may also cancel the agreement in the event of a legal impediment preventing the purchase of electricity.

The agreement includes, among other things, provisions regarding the system's compliance with technical requirements, prior to the connection to the electricity grid, as well as provisions regarding the operation, maintenance and repair of the facility by the producer at any time during the term of the agreement. The parties may terminate the agreement, and the producer may encumber the agreement in respect of financing for the construction and operation of the generation facility, subject to notification to the IEC.

In the purchase agreement, the producer undertakes to take all insurances required under the Electricity Sector Regulations (Conditions and Procedures for Granting a License and Obligations of a License Holder), 1997, which are mainly liability insurance to cover the license holder's liability under any law, employers' liability insurance to cover the license holder's liability to its employees, and insurance for the assets, property, equipment and inventory of the license holder who uses it in the activity.

Sale of electricity to kibbutzim as part of the relevant regulations

The SPCs holding the systems built under a net meter arrangement, the default arrangement and rooftop and reservoir systems sell the electricity generated in the systems to partner kibbutzim in the SPC (or a corporation related thereto) at the same tariff as they would have paid to the IEC or to a private electricity producer, as the case may be, sometimes at a certain discount.

As of the report date, there is no Kibbutz, the revenues earned from which constituted 10% or more of total revenues of Group companies. The Company's share in revenues from all Kibbutzim under the different regulations as stated above in 2022 and 2021 amounted to NIS 7,219 thousand and NIS 7,723 thousand and constituted 12.87% and 9.6%, of the Company's share in the total revenues of the Group companies, respectively.[66] It should be noted that

[66] The Company's revenues include adjustments that reflect, among other things, the Company's share in the revenues of the various SPCs, in accordance with the rates of its indirect holdings in each of them. The Company's revenues for 2019 are based on pro forma financial statements of profit or loss and other comprehensive income, following the acquisition

the Company estimates that the entry of a particular kibbutz that purchases electricity into insolvency proceedings will not have a material effect on the Group, given the fact that payments for electricity are made monthly and even in insolvency situations, the kibbutz, its residents, livestock and factories on its premises will continue to consume electricity.

Business customers

Further to what is stated in Section 1.9.1.3.2 above about regulations whose purpose is to open the supply segment to competition, on January 11, 2022, the Company received notice from the Israeli Electricity Authority regarding the approval of its application for a power supply license, which came into force on January 5, 2022, and is valid for a five-year period. As part of the Company's activity as an "electricity supplier", and as from June 1, 2022, electricity supply agreements were signed with a range of business customers, and the Company started selling electricity to its customers. The power price under the agreement is linked to the generation component set from time to time by the Israeli Electricity Authority, sometimes at a certain discount. For more information about generally accepted conditions set in agreements of this type, see Section 1.20.15 below.

Furthermore, under the market regulation, as from 2023 the Company is expected to incorporate photovoltaic facilities in the market regulation, and as from 2024 it is expected to allocate the "green" and clean electricity that it will generate in its facilities directly to the end customers to whom it supplies electricity.

The Company believes that entering into the supply of electricity is a significant growth engine in view of the Israeli Electricity Authority's plans, government support, and the growing demand from consumers for electricity from renewable energies.

Forward-looking information: The information presented above regarding the incorporation of Company's facilities in the market regulation, and the allocation of the power generation to the end consumers to whom the Company supplies electricity, constitutes forward-looking information, as the term is defined in the Securities Law, which is based on the information and assessments of the Company and its plans as of the date of the report. These assessments and plans may not materialize, or may be partially realized, due to many variables that are not under the sole control of the Company, including economic-business variables as well as the risk factors set forth in Section 1.26 below.

Green certificates

As of the report date, IREC green certificates (International Renewable Energy Certificate) are available in Israel. These certificates are issued by the international I-REC organization, and meet the international standard on green certificates and the use thereof. The Company works to issue I-REC 'green certificates', which will be issued in respect of electricity generated in its facilities (a green certificate is issued against the generation in practice of 1 MWh), in order to sell them to third parties. In the Company's opinion, the issuance of the

of Solarit Doral (completed in September 2019), which were attached to the prospectus. For additional information, including the Board of Directors' explanations of the Company's financial data, see Section 1.4 of the Report of the Board of Directors.

green certificates and their sale, as stated above, is expected to generate additional revenues from projects with respect to which the certificates will be issued.

1.9.5. **Marketing and distribution**

The Group's marketing activities mainly include business development and focus on entering into agreements with landowners, agricultural fields, rooftops or available reservoirs, establishing photovoltaic systems - including with energy storage facilities, and expanding the activities of joint corporations by leveraging relationships with existing partners. Furthermore, the marketing activity also includes engagement in PPAs with business consumers. The marketing activity is carried out by the employees of the Group companies and strategic partners.

The Company estimates that it is not dependent on any of its marketing pipelines, and no material cost is expected as a result of the need to replace them.

1.9.6. **Competition**

According to the Company, the field of renewable energy in Israel is competitive, mainly due to the fact that players in the Israeli market compete for quotas for the establishment of photovoltaic systems (in competitive procedures or under tariff regulations), free space in the electricity grid, and available land. Furthermore, upon the opening of the supply segment to competition, dozens of private entities received "power supplier" licenses in the segment, which was exclusively controlled by the IEC through that date. As of the report date, the IEC is the main supplier in the supply segment, and in the opinion of the Company, the Company's share as an electricity supplier is not material.

To the best of the Company's knowledge, as of the date of the Report, dozens of competitors are operating in the field of photovoltaics in Israel. The most prominent of these entities are EDF-Renewables Israel, Shikun & Binui Renewable Energy Ltd., Enlight Renewable Energy Ltd., Energix Renewable Energy Ltd., Mishkei Energy Agricultural Cooperative Society and other companies.

The Company believes that its good and long-standing relationship with the kibbutzim, which hold land, rooftops and reservoirs, and are significant electricity consumers, its ability to locate, initiate, execute and manage projects, as well as its ability to provide capital to invest in projects, help the Company face market competition. In addition, the Company's activity in generating electricity using photovoltaic technology combined with storage capacity, as well as the Company's innovation in the area of activity (such as the establishment of photovoltaic systems over agricultural crops), constitute a significant advantage in competition in the field of photovoltaics.

As to the competition in the supply segment, in the Company's opinion, its professional experience, reputation, the quantities of electricity it is expected to generate, its relationships with leading renewable energy entities in particular and in the economy in general, its ability to adapt to changes in the renewable energy market, its ability to execute and manage projects, and the demand for electricity generated from renewable energy sources, which exceeds the supply, help Group companies face this competition. Furthermore, in accordance with the market regulation, as from January 1, 2024 the Company will be able to offer consumers 'green' electricity, which is generated in its

generation facilities, and in the Company's opinion this option gives it a significant advantage over other electricity producers, that do not have means of production from renewable energy; this advantage will be made possible in view of the expected demand for 'green' electricity in the market.

As for the negative factors that may harm the Company's competitive position - the Company estimates that the fact that entrepreneurial activity in the field is subject to significant regulation (obtaining approvals from planning institutions, existence of regulations and quotas, etc.), and the ability to connect to the electricity grid (for which there are additional competitors), may impair the Company's ability to execute projects it promotes - due to planning restrictions, due to the exhaustion of regulations and quotas by other companies in the market, and mainly due to limitation of the national electricity grid and delays or inability to connect projects to the electricity grid.

1.9.7. **Seasonality**

The ability of photovoltaic systems to generate electricity depends largely on the level of solar radiation and the temperature, wind and atmospheric pressure conditions where the solar panels are located. As a result of changes in these factors throughout the year, there is some variation in system outputs between the months of the year. Therefore, in Israel, the winter months are characterized by a lower output compared to the other months of the year, when in general, from April to October, the output of the systems is higher.

The following is a breakdown of the Group companies' revenues* in 2021 and 2022, by quarter:

	Q1	Q2	Q3	Q4
2022	19%	30%	33%	18%
2021	19%	33%	32%	16%

* The Group companies' revenues were calculated with respect to systems that operated commercially for a full year.

It should be noted that in systems that sell the electricity (or part of it) to consumers, the higher revenues in the third quarter stem both from stronger solar radiation and from higher electricity tariffs in those months.

1.9.8. **Generation capacity**

Regarding the Company's generation capacity, see Section 1.4 above.

The Company constantly invests in improving work processes, with regard to the supervision, monitoring and control of the systems in commercial operation, and for this purpose it uses advanced information systems and recruits qualified and experienced employees to the operations and maintenance departments.

1.9.9. **Raw materials, equipment and suppliers**

The main equipment used by the Group companies in the area of activity includes solar panels, energy storage systems, installation infrastructure for the panels, converters, cables, connectors, electrical cabinets, energy management systems, automated washing systems,

and generation meters. Generally, the purchase of the equipment from suppliers is carried out for the purpose of projects, depending on the materials and quantities required for each project, with Group companies holding inventory of spare parts in immaterial quantities in relation to projects as is generally accepted in the industry.

The Group companies insist on purchasing components for the photovoltaic systems and storage systems from leading suppliers, with extensive experience and reputation in the photovoltaic and storage fields. The purchase of the main equipment is carried out, mainly, from suppliers in South Korea, China and Germany. Installation infrastructure for the panels - purchased from a number of manufacturers in Israel or through construction contractors who communicate directly with the relevant manufacturers. In addition, the Group companies engage with subcontractors to prepare plans, drafts, environmental and hydrological documents, applications for building permits, etc., as well as to carry out evacuation work, sealing, strengthening rooftops and buildings, installing mounts, panels, converters, cables, electrical panels, connection and wiring of communications and electricity, cleaning, routine maintenance of the systems, etc.

As of the date of the Report, the Company is not dependent on suppliers. The Company estimates that due to the large number of companies in the world that manufacture components for photovoltaic and storage systems, it has the option of purchasing alternative products and services from competing suppliers in each of the component lines without the need for a significant change in the planning or execution of the projects.

The following are the main terms of the engagement with the raw material suppliers and subcontractors:

Storage equipment suppliers - Purchases are made under framework agreements or on a project basis, in USD, with the payment usually consisting of a down payment of approx. 10% to 20%, subject to a supplier guarantee, the bulk of the balance is paid near the time of delivery of the equipment and the balance of 15%-25% at various times throughout the process of receiving the storage units at the sites and the process of putting them to work. The basic warranty period provided by the storage equipment suppliers for defects in the product is usually for a period of 2-3 years, with extension options for 20 years or for shorter periods. In addition, a warranty is given for the capacity (degradation) of the storage units for 20 years, subject to compliance with the conditions specified in the warranty. In this context, it should be noted that the warranty of such storage equipment manufacturers does not cover the full liability of the Company and the full risks involved in operating the systems installed in the various projects (in terms of the damage amount and in terms of the warranty period and terms).

Panel and converter suppliers - Purchases are made under framework agreements or on a project basis, in USD or EUR, with the payment usually consisting of a down payment of 5% to 10% and usually subject to the provision of a guarantee by the supplier with respect to the down payment. The balance is paid near the time of delivery of the equipment. The warranty period provided by the suppliers of the panels for defects in the product is usually for a period of approx. 12 years. In addition, a warranty is given for the output of the panels for 25-30 years, subject to compliance with the conditions specified in the warranty. The standard

warranty period for converters is usually 5 years, with extension options for 10, 15 and 20 years.

With respect to some of the engagements (mainly large foreign exchange engagements), from time to time the Company performs hedging transactions to reduce the exposure to a change in the NIS exchange rate compared to the payment currency in the transaction. For details regarding the Company's hedge policy, see Section 2.3(c) of the Report of the Board of Directors.

Subcontractors - Most engagements with subcontractors are determined on a lump sum basis in exchange for a fixed amount[67], with the consideration being paid in accordance with and subject to compliance with the milestones and schedules specified in the agreement. Agreements with contractors to perform contracting work or to install parts usually include provisions regarding the details of the work that is the subject of the agreement and how it will be performed, schedules and milestones, the consideration and its payment terms (between EOM and 60 Days EOM), the contractor's responsibility to comply with the law (regarding the employment of workers, safety and hygiene at work, etc.), the contractor's liability for damages caused during the performance of the work and his obligation to indemnify for such damage, the contractor's obligation to take insurance of the types and liability limits as specified in the agreements, and an inspection obligation and responsibility for periods of between 24 months from the date of commercial operation and 10 years, depending on the type of work.

EPC and O&M agreements[68] - Most of the group's projects are established under agreements with a construction contractor (EPC), which is responsible for setting up the system according to technical and commercial specifications, and later - also for operating the system (O&M).

During the reporting period, the area of activity did not include suppliers and subcontractors from whom the amount of purchase orders made by the Group companies, for the supply of equipment and materials and for the execution of work, accounted for over 5% of the total Group companies' purchase orders.

[67] A Pauchale agreement is a contract for the performance of work and/or the provision of a service in exchange for a total and fixed amount. The Pauchale price reflects the valuation of the contractor of the work or the service provider in relation to the quantities required to carry out the work and/or provide the services in the project, in such a way that the total price paid does not depend on the quantities actually carried out (whether they will be higher or lower than the estimate).

[68] The EPC (Engineering, Procurement, Construction) agreement is an agreement for planning, procurement and construction in which the contractor is responsible for the regulations, procurement and construction of the project. The O&M (Operation & Maintenance) agreement is a service and maintenance agreement in relation to the operation of the system.

1.10. Renewable energy in the United States

1.10.1. General information regarding the area of activity

1.10.1.1 General

The Group, through Doral LLC, which is held at a rate of 41.78% (indirectly),[69] is engaged in the initiation, management, development and construction of photovoltaic facilities (Utility Scale), including a combination of energy storage facilities and stand alone storage facilities, as well as a wind energy project, mainly in the PJM, MISO, SPP electricity grids as well as in other grids.[70]

Doral LLC is unique in the sense that it focuses on the development of Utility Scale renewable energy projects[71], from their inception ("Green Field Development"), starting with the lease of land, licensing and permits, financing, construction, and sale of electricity to third parties. This way of working allows Doral LLC to maximize the efficiency of the entire value chain in the projects, without paying significant development and entrepreneurial fees to third parties. As of the date of approval of the report, Doral LLC is engaged in the initiation of renewable energy projects in the United States, with a total capacity of 15 GW (DC) and a storage capacity of 8.2 GWh. For details regarding these projects, see Section 1.4 above.

In the ordinary course of business, Doral LLC engages, through corporations under its ownership, in direct lease agreements with landowners for the purpose of developing, constructing and operating facilities for electricity generation from renewable energy on the leased land, and against which Doral LLC or its investee corporations undertook to pay annual lease fees during the development period, at amounts which are immaterial to the Company. For information about the characteristics of the lease agreements, see Section 1.10.1.1 of the 2021 Periodic Report, the information included therein is incorporated into this report by way of reference.

Following the engagement in the lease agreements, Doral LLC works to obtain the approvals and permits required for the construction of the project and to enter into various agreements required for their establishment (including agreement with a tax equity partner, financing agreements, PPAs, equipment purchase agreements, etc.).

These types of projects in the field of renewable energy in the United States, require significant capital investments of hundreds of millions of dollars per project; 65%-85% of the cost of construction of each project is funded through credit from banks or other financial corporations, and through investment by a tax equity partner,[72] and the remaining balance is financed by the developer as investment in the SPC holding the project.

It should be noted that the construction of projects for the generation of electricity from renewable energy in the United States is subject to federal, state and municipal-regional regulation, including obtaining environmental permits, planning permits, construction and

[69] Through Doral USA. The balance of the holding is 20% by the Migdal Corporation and 38.22% by CAG, as detailed below.

[70] For information regarding the electricity grids, see Section1.10.1.3 below.

[71] Utility Scale projects are projects in which electricity is normally sold to electricity corporations or other large corporations, rather than to institutions or private consumers. These are large-scale projects that require significant capital investments, and are normally funded through project financing.

[72] The tax equity partner provides some of the capital required for the construction of the project in return for most of the federal tax benefits available in respect of the project, as described in Section1.10.1.3 below.

operating permits, etc. Obtaining the above approvals is often conditional on considerations of the state's progressiveness in terms of climate agenda, local community support (which influences the decisions of elected officials sitting on the appointed committees), project area, project location, customer identity, whether electricity will be sold domestically or out of state, environmental considerations, etc., and therefore there is no certainty regarding their establishment.

In its operations, Doral LLC is establishing the Mammoth Solar Project in Indiana, whose total capacity is estimated at 1,600 MW (DC) (hereinafter - the "**Indiana Project**"), which in relation to its three parts: Mammoth North (hereinafter - "**Indiana North Project**"); Mammoth South (hereinafter - "**Indiana South Project**" and Mammoth Central (hereinafter - "**Indiana Central Project**") Doral LLC entered into power purchase agreements and agreements for the sale of green certificates for 15 years from the date of commercial operation, with an estimated aggregate capacity of 1,600 MW (DC), as detailed in Sections 1.20.7.1 and1.20.7.4 to 1.20.7.7 below. **Furthermore, the construction work in the Indiana North Project is underway, a building permit was received and photovoltaic panels were purchased for the Indiana South Project, and Doral LLC is conducting negotiations for the purchase of photovoltaic panels for the Indiana Central Project.**

In 2021 and 2022, Doral LLC entered into two investment and capital raising transactions for the purpose of developing its businesses, building and developing the Indiana Project and other projects in the area of activity:

1. Engagement in an agreement for investment in the Group's operations in the United States by a corporation owned by Migdal (both directly in Doral LLC and directly in the various parts of the Indiana Project), in which Migdal undertook, among other things, to invest a total of up to USD 300 million in consideration for holding at various rates in Doral LLC and in SPCs that directly own the northern and southern parts of the Indiana Project. For additional details regarding the investment agreement with Migdal, see Section 1.20.7.8 below. In view of the above-mentioned agreement, as of the report date, Migdal's holdings in the Company's activity in the United States are as follows: 20% in Doral LLC, and 37.5% and 22.5% in the project partnership of Indiana North and Indiana South, respectively.

2. Engagement in a transaction with investment funds under the management of Apollo - a leading global corporation for the management of alternative investments - in collaboration with Migdal for the issuance of notes convertible into shares totaling up to USD 500 million, based on set milestones at a conversion value of USD 1.5 billion (pre-money) assigned to Doral LLC, which will be used mainly to make investments in renewable energy projects in the United States, all in accordance with the terms set in the agreement between the parties. For more information about the transaction, see Section 1.18.6.3 below, and for more information about the accounting consequences of the Apollo transaction, see Note 10.C.4 to the financial statements.

Furthermore, in 2022, Doral LLC engaged into transactions for the financing of Indiana North Project through investee corporations:

1. Engagement in a financing agreement with a consortium of lenders led by the New York branch of Deutsche Bank AG, for the provision of USD 390 million in project financing

through three different loans - a construction period loan, a long-term loan and a bridge loan. For information regarding the financing agreement, see Section 1.18.6.1 below.

2. Engagement in a tax equity partner agreement at the total amount of USD 175 million with the Bank of America. For information regarding the tax equity partner agreement, see Section 1.20.7.4 below.
   In that context, it should be noted that the Bank of America expressed its willingness to provide support as a tax equity partner to both remaining parts of the Indiana Project, such that the total amount estimated by the Company is approx. USD 600 million for the entire project; such support will be given subject to compliance with milestones, due diligence work, underwriting and obtaining the required approvals of the competent organs of the parties.

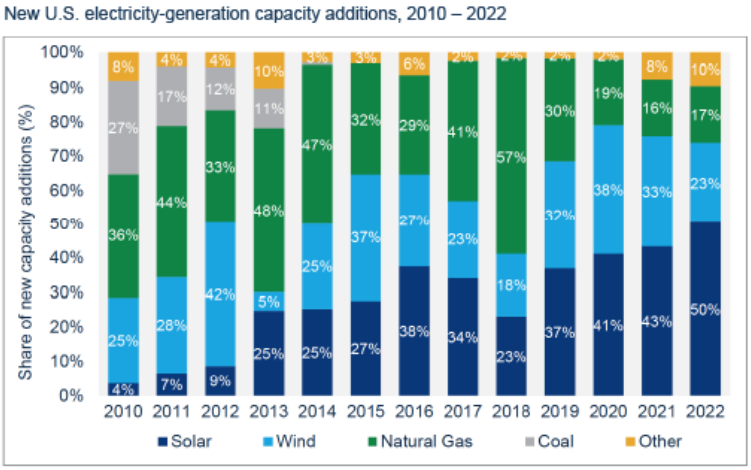
For details regarding the Company's systems in the area of activity with a breakdown into the various stages, see Section 1.4 above.

For details regarding significant agreements in the area of activity, see Section 1.20 below.

1.10.1.2 **Overview - The renewable energy market in the United States**

The United States is one of the world leaders in the generation of electricity from renewable energies, and in particular wind energy[73] and solar energy[74]. In 2022, the total generation of electricity from renewable energy in the United States is estimated at more than 22% of the total electricity generated, and the forecast is that in 2023 the rate will be around 24%.[75] In addition, according to estimates, by 2050 the share of electricity generation from renewable energies will be approx. 44%[76] of total electricity generation in the United States.

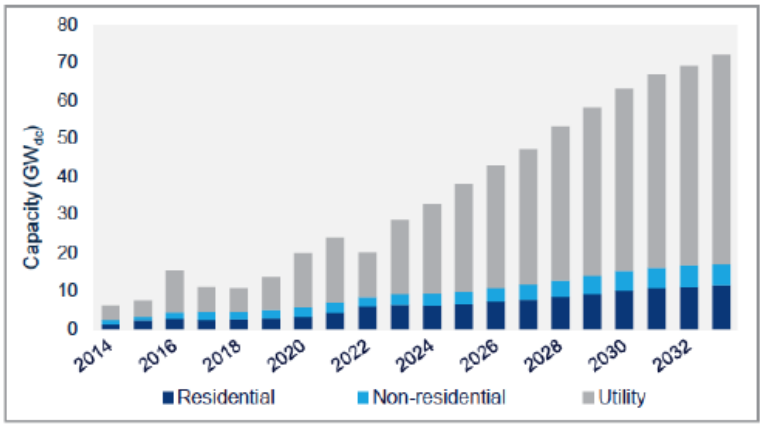
Solar - in 2022, solar energy facilities with a capacity of 20 GW were installed in the United States, which accounted for 50% of total energy sources added during that period to the electrical grid in the United States:[77]



[73] Source: www.energy.gov/science-innovation/energy-sources/renewable-energy/wind.
[74] Source: www.energy.gov/eere/solarpoweringamerica/solar-energy-united-states.
[75] Source: https://www.eia.gov/outlooks/steo/report/electricity.php.
[76] Source: https://www.eia.gov/todayinenergy/detail.php?id=51698.
[77] Source: Solar Market Insight Report 2022 Year in Review | SEIA.

These data reflect a 16% slowdown in the connection rate of solar projects compared with 2021, in the wake of new legislation and regulatory decisions as described in the regulatory events Section 1.10.1.3 below. Despite the slowdown, The Solar Energy Industry Association (SEIA), which is the most important lobbying organization for the solar industry expects that in 2023 and thereafter the market will overcome the regulatory barriers, and that the rate of construction of utility scale projects (which constitutes part of the Company's activity) will increase consistently[77]:

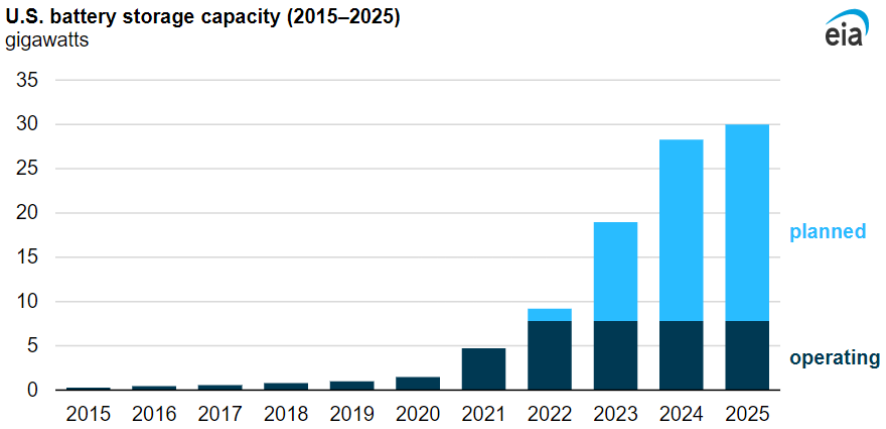
US PV installation historical data and forecast, 2014 - 2033



Wind - according to estimates - as of the end of 2022, the United States has wind energy projects with a total capacity of 143 GW (a 60% growth since 2017); it is expected that in the next couple of years further wind energy projects with a total capacity of 12 GW will be connected.[78] Furthermore, the US Department of Energy estimates that the connected capacity of wind projects will reach 224 GW by 2030, and 404 GW by 2050.[79]

Storage - the field of storage is considered a developed field in the United States. As of the end of 2022, the United States has active utility scale projects with total capacity of 7.8 GW. According to the forecasts, the field of energy storage is expected to gain significant momentum in the forthcoming years in the wake of the increase in renewable energy facilities and supporting regulation. According to forecasts, by 2025 the storage capacity in the United States will more than triple, and will reach up to 30 GW:[80]

[78] Source: https://www.eia.gov/todayinenergy/detail.php?id=55239.
[79] Source: Map: Projected Growth of the Wind Industry from Now Until 2050. Department of Energy.
[80] Source: https://www.eia.gov/todayinenergy/detail.php?id=54939.



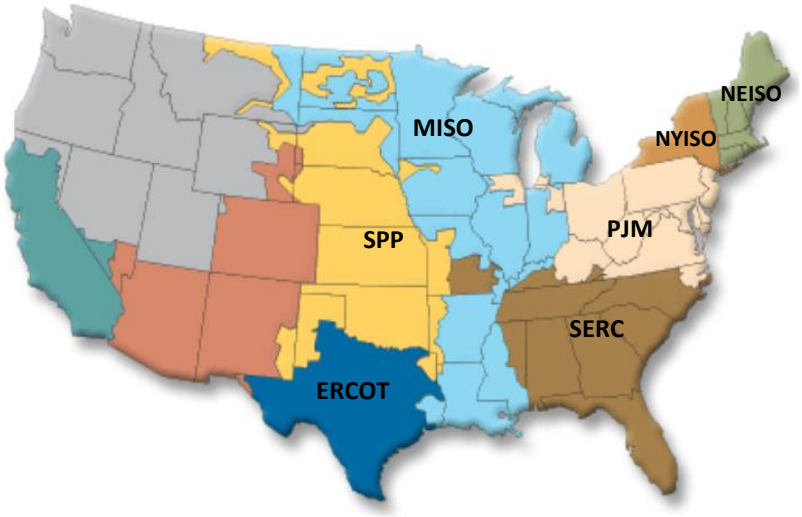
1.10.1.3 **The electricity market in the United States**

The sale of electricity in the United States is subject to federal and state regulation: Federal supervision is carried out through the Federal Energy Regulatory Commission (hereinafter - the "**FERC**"), which oversees wholesale electricity prices. In addition, U.S. states have a responsibility to ensure an adequate balance between the sources available for energy generation in that state, in the face of the expected demand for energy. Each state implements a different policy in order to meet this commitment. Some do so through the control of both energy production sources and energy tariffs (hereinafter - "**regulated market**"), while others implement a competitive market policy without substantial intervention on their part (hereinafter - "**unregulated market**").[81] In a regulated market, the relevant entity in the state is who defines, for the local electric companies, the need for a specific energy source (for example, an additional solar project or wind project in a particular area), while in an unregulated market, market forces (including with the help of various economic targets and incentives) dictate the type of projects to be developed in that state.

Supervision and operation of the electricity grid in the states are carried out through Regional Transmission Organizations (hereinafter - "**RTOs**") and Independent System Operators (hereinafter - "**ISOs**"), which regulate, among other things, the manner of sale and distribution of the electricity, bidding procedures, consideration payments, capacity, threshold requirements, etc. To the best of the Company's knowledge, the largest RTO in the United States is PJM Interconnection LLC (hereinafter - "**PJM**"), which operates in 13 states, mainly in unregulated markets, and the largest ISO in the United States is the Midcontinent Independent System Operator (hereinafter - "**MISO**"), which operates in 15 states in the United States and several regions in Canada, mainly in regulated markets, and serves approx. 42 million consumers.

The following is a diagram of the deployment of the electricity grids in the United States, including PJM and MISO, where most of the Company's activities are carried out, as well as other grids where the Company operates - ERCOT, NEISO, NYISO, SERC and SPP:

[81] It should be noted that even under unregulated market conditions, the federal authorities have the right to impose various restrictive measures, such as setting price limits, bidding rules and operational restrictions, in order to reduce significant market forces.



For details regarding the manner of electricity sales to customers in the various grids, see Section 1.10.6 below.

Economic incentives

The federal government and various states provide economic incentives for renewable energy projects in general, and in the field of solar energy in particular, the main ones being as follows:

(1) **Federal tax benefits (Production Tax Credit and Investment Tax Credit)** can be utilized optimally, mainly by engaging with a local partner with a federal tax liability (a Tax Equity Partner; hereinafter - "**tax equity partner**") in which the tax equity partner provides part of the capital required to establish the project, in exchange for receiving most of the federal tax benefits granted for the project (in most cases by establishing a dedicated corporation held by the project developer and tax equity partner, whose sole activity is the establishment, holding and operation of a renewable energy project), and a certain portion of the project's future free cash flow, which guarantees the tax equity partner a pre-defined return within a specified period of time. At the end of the defined period, the tax equity partner is entitled to a smaller share of the federal tax benefits granted in respect of the project and from the project's free cash flow. At that point in time, the developer usually has the right to pay for the rights of the tax equity partner for future benefits and cash flow according to a value formula predefined by the parties. The amount of the defined return and the period of eligibility of the tax equity partner depends, among other things, on the market situation and the negotiating power of the developer with the tax equity partner. During the reporting period, Doral LLC entered into a tax equity partner agreement with the Bank of America for the Indiana North Project. For information regarding the tax equity partner agreement, see Section 1.20.7.4 below.

Through 2022, the **PTC (Production Tax Credit) benefit** was granted mainly to wind projects whose construction has begun by the end of 2022. The benefit is awarded for a period of up to 10 years, and amount of the benefit is equal to the product of the amount determined by law (hereinafter - the "**determining amount**") multiplied by the amount of KWh generated in the project. As of the report date, the determining amount is USD 0.026 per KWh. This amount is revised once a year in accordance with

the inflation rate in the United States, and it is decreasing gradually relative to the commencement date of the project's construction. Relative to projects whose construction began between 2017 and 2021 the decrease is at rates of: 20%, 40%, 60%, 60%, 60% and 40%, respectively. It should be noted that for the purpose of determining eligibility for the PTC benefit, the date of construction of the project will be examined, among other things, according to the date of production and purchase of the equipment used to build the project.[82] In the reporting period, as part of the IRA legislation (for more information, see the regulatory events section below), among other things: The option of receiving this benefit was opened up for solar projects and stand alone storage projects; solar projects will be allowed to submit an application for this benefit in accordance with a determining amount of USD 0.026 per KWh[83], and the period during which the benefit will be available for projects that meet the criteria was extended to 2033.

The ITC (Investment Tax Credit) benefit is granted mainly to solar projects. The benefit is granted by way of a one-time tax credit at a rate of 30% of the project costs (calculation of project costs is based on conditions set in legislation). However, the benefit declines to 26% for projects whose construction will commence in 2033, and to 22% for projects whose construction will commence in 2034. In the reporting period, as part of the IRA legislation (for more information, see the regulation part below), among other things: The period during which the benefit will be available for projects that meet the criteria was extended by 10 years as described above; criteria were set for receipt of a tax benefit of up to 50%; other projects became available for this benefit, including stand alone storage projects.

Eligibility for the PTC and ITC is conditional on meeting various conditions, including that the electricity produced will be sold to third parties.

(2) **State-level tax benefits and the Tax Abatement Deal**

Different states in the United States grant different tax benefits for solar energy projects, in addition to the federal tax benefits:

Various and varied tax benefits are provided for regional development projects (e.g., real estate and energy projects) involving the leasing or acquisition of large areas or buildings, and capable of demonstrating significant regional economic development, whether it is the creation of new jobs, development of a particular target industry, development of a particular geographic area, etc.[84]

In Indiana, where the Indiana project is located, a tax exemption is granted for the purchase of equipment used by the project directly for electricity generation (such as solar panels, converters, etc.), and it is possible not to consider the value of the solar project in the calculation of the value of the property for determining the local tax amount.

[82] Source: https://www.irs.gov/irb/2013-20_IRB.
[83] Source: https://programs.dsireusa.org/system/program/detail/734/renewable-electricity-production-tax-credit-ptc.
[84] Source: https://www.urban.org/research/publication/state-tax-incentives-economic-development.

The state of Indiana also allows counties to grant tax benefits to development companies for projects carried out in an area designated as an "Economic Revitalization Area" as part of the area's rehabilitation or redevelopment efforts. In this context, the developer must present project-wide planning as well as conformance with standards for the purchase and placement of equipment in the project areas as part of the construction process[85].

In this context, it should be noted that the Pulaski County Council approved for Doral LLC a tax abatement deal for the Indiana Project; the Indiana South Project and the Indiana Central Project are planned to be built in the county. The deal is valid for 20 years and is expected to save the Company approx. USD 40 million in property tax, subject to minimum economic development payments throughout the deal period.

The Company has an additional tax benefit agreement with the Indiana Economic Development Corporation, which is expected to grant the Company 10 years of tax refunds against economic investment, equipment purchase and job creation for the local population.

(3) **Green certificates**

To the best of the Company's knowledge, as of the date of the report, 36 states in the United States have adopted targets and objectives for the transition to renewable energy generation and consumption for the coming years. Electricity suppliers in these states are required to generate or purchase electricity from renewable energy sources in accordance with the above objectives; otherwise, fines are expected. Alternatively, and in order to meet the above requirements and objectives, electricity suppliers may purchase green certificates (Renewable Energy Credits) from renewable energy producers issued for each megawatt hour (1 MWh) generated by them. These green certificates enable electricity suppliers to meet renewable energy generation targets without the need to generate or purchase electricity from renewable energy, and are an additional source of income for renewable energy producers. As of the date of the Report, there are 10 regional entities in the United States that are authorized to issue green certificates and manage and monitor their trade. These entities are RTOs and ISOs (such as PJM)[86] or other entities that aim to create a specific platform for selling green certificates in the state or territory in which they are located (such as M-RETS and MERC)[87].

Another type of certificates are Solar Renewable Energy Certificates. Of the states that have renewable energy targets in effect, nine of them require that a certain percentage of the renewable energy generated in them come from solar panels. In these states, energy producers can obtain a solar green certificate for every megawatt hour (1 MWh) produced by them, and in most cases, the value of these certificates is higher than that of ordinary green certificates.

[85] Source: https://law.justia.com/codes/indiana/2018/title-6/article-1.1/chapter-12.1/section-6-1.1-12.1-2.5/.
[86] MISO and SERC are not among the organizations that are allowed to issue and conduct green certificate trading.
[87] Source: https://www.leveltenenergy.com/post/intro-renewable-energy-certificates.

According to estimates, raising renewable energy targets and adopting targets in additional states will contribute to an increase in the demand for green certificates, regular and solar, and accordingly to an increase in their price. It should be emphasized that the Company's estimates regarding the increase in demand and the price of green certificates are forward-looking information, as this term is defined in the Securities Law, based on past experience as well as market assessments regarding the scope of projects for the generation of electricity from renewable energy to be established in the coming years. These assessments may not materialize due to a number of factors, including regulatory changes, cancellation of incentives, etc.

It should be noted that in the states of Indiana, Nebraska, Arkansas, Louisiana, Mississipi, Georgia, South Virginia and Kentucky, in which the Company operates, mandatory targets have not yet been set for the transition to renewable energy generation and consumption for the coming years, however, in those states, with an emphasis on Indiana and Georgia, there is in practice a voluntary trend of local electricity suppliers to purchase electricity generated from renewable energy. Also, project owners located in areas in Indiana that are within the scope of PJM, may sell the green certificates issued to them in other states within the market, such as New Jersey, the District of Columbia (Washington D.C.), Maryland and more.

Regulation

2022 was an important year in the renewable energy market in the United States; among other things, the US government passed the IRA legislation that provides significant support to the renewable energy market; a reform is to be introduced in the PJM market, the US Department of Commerce opened an investigation regarding the importation of photovoltaic panels from South Asia, and the Uyghur Forced Labor Prevention Act (UFLPA) came into force, which places various restrictions in connection with the Chinese Xinjiang province, including the prohibition of the importation of different products from the province, all as described below.

Inflation Reduction Act (IRA) – To the best of the Company's knowledge, in August 2022, the US President signed the Inflation Reduction Act (hereinafter in this section - the "**Legislation**"), under which USD 370 billion will be allocated to fighting global warming[88]. The legislation, in its present form, includes the following sections, which are relevant to the renewable energy market (summarized below):

Investment Tax Credit (ITC): A 10-year extension of the benefit; increasing the tax credit threshold for all investments in solar facilities to 30% for projects, whose construction will start by 2032, 26% for projects, whose construction will start in 2033, and 22% for projects, whose construction will start in 2034; opening the option to receive the benefit to other types of projects, including stand alone storage projects;[89] Additional 10% tax credit for projects included in the 'Energy Community' track, subject to certain condition, including building a project on brownfield sites, certain areas with significant employment rates, where employment has previously relied on coal, oil, or natural gas energy production facilities or

[88] Source: https://www.pv-magazine.com/2022/08/17/biden-signs-largest-climate-energy-package-in-us-history/.

[89] Source: https://www.energytoolbase.com/newsroom/blog/standalone-energy-storage-investment-tax-credit-itc-in-the-inflation-reduction-act-of-2022.

certain areas located near closed coal mine or coal-electric generating plants;[90] A further 10% tax credit will be available to projects, subject to certain conditions, including using a certain rate of raw materials manufactured in the United States in the project.[91]

The Indiana North Project, whose construction started in 2022, is working to obtain the maximum tax credit of 30%, subject to the consent of the tax equity partner and the lenders. Furthermore, in the Company's opinion, the Legislation will have a material positive effect on Doral LLC entire project backlog in the USA. Furthermore, Doral LLC commenced the process of assessing projects in the backlog, which it promotes, which may meet the criteria for receiving an additional 10% tax credit, in accordance with the above update, set forth below is the list of the relevant projects:

Project	Solar MWp	Storage MWh
Mammoth South	360	
Mammoth Central I	360	
Mammoth Central II	360	
Goonies	233	
Other Projects - PJM -	100	
Other Projects - MISO -	984	
Other Projects - SPP -	1,020	900
Total	**3,417**	**900**

Production Tax Credit (PTC): A 10-year extension of the benefit[92]; the option of receiving this benefit was opened up for solar projects and stand-alone storage projects; solar projects will be allowed to submit an application for this benefit in accordance with a determining amount of USD 0.026 per KWh.[93]

Expedients to investment under the tax equity investment track: The option to sell most of the tax benefits and tax credits to other companies without having to resort to complex tax equity partner structures; the option to sell some of the tax benefits and credits, and split the sale over a number of years; extending the periods for receipt of tax refunds - those can be carried back 3 years and carried forward for up to 22 years (instead of the current provisions allowing carrying back one year and carry forward 20 years)[92].

("UFLPA") Uyghur Forced Labor Prevention Act[94] – The UFLPA came into force on June 21, 2022; the act imposes various restrictions in connection with the Chinese Xinjiang region, including prohibition of importing various goods from the region, and the imposition of sanctions on those responsible for violation of human rights in this region. In accordance with the law, the US customs authorities are required not to accept any goods imported from this region, or products in respect of which it is suspected that they include components manufactured in that region. The potential effects of the act on the solar panels industry stem from the fact that according to estimates approx. 50% of the silicone manufactured

[90] Source: https://pv-magazine-usa.com/2022/10/20/inside-the-ira-what-is-an-energy-community/.
[91] Source: https://www.foley.com/en/insights/publications/2022/08/inflation-reduction-act-key-provisions-itc-ptc.
[92] Source: Schumer-Manchin Deal Bolts Forward | Norton Rose Fulbright - July, 2022 (projectfinance.law).
[93] Source: https://programs.dsireusa.org/system/program/detail/734/renewable-electricity-production-tax-credit-ptc.
[94] Source: https://www.dhs.gov/uflpa.

across the world is manufactured in this region[95], and silicone is a significant component of most types of solar panels. In the months following the act's coming into force, players in the solar energy sector reported that many deliveries of solar panels with a total capacity of 3 GW were detained in customs.[96]

In that context, it should be noted that Doral LLC has agreements for the importation of solar panels for the Indiana North, Indiana South and Goonies projects; to the best of the Company's knowledge, Doral LLC has all approvals required for proving that the panels ordered for those projects were manufactured without using any materials originating in the Xinjiang province, such that, where necessary, it will be possible to bring those panels into the United Stated without significant delays. Furthermore, for all other Doral LLC projects, including projects under advanced development (for which PPAs have already been signed), solar panels have not yet been acquired, and those projects are not directly impacted by the act, and are free to engage in solar panel acquisition agreements with various manufacturers.

The US Department of Commerce's investigation regarding the importation of solar panels from South Asia - to the best of the Company's knowledge, in February 2022, a petition was filed to the US Department of Commerce to investigate the claim that Chinese manufacturers of solar panels bypass custom duties and anti-dumping levies imposed thereon, by manufacturing their products in certain countries in Eastern Asia.[97] Following the petition, the Department of Commerce announced that it will instigate an investigation, and if the above claims are found to be correct, custom duties at different rates may be imposed on solar panels that were and/or will be imported from those countries. In June 2022, the Biden Administration announced a 24-month customs duty exemption for solar panels imports from four countries in Southern Asia.[98] At the end of December 2022, the US Department of Commerce published the preliminary findings of its investigation which indicated that 4 companies had not attempted to circumvent tariffs, 4 companies are suspected of attempting to circumvent tariffs, and another group of companies did not collaborate with the department's investigation or no sufficient evidence was collected in respect thereof, and, at this stage, are deemed to be suspected of attempting to circumvent tariffs. In addition, the US Department of Commerce published criteria where under the export of panels from the relevant countries to the United States shall be classified as tariff-exempted.[99] A final resolution regarding this issue is expected to be made in May 2023; until such resolution is published, it is not possible to estimate the investigation's impact on the importation of panels from these countries to the United States.

In that context, it should be noted that the panels importation agreements for the Indiana North and Indiana South projects are not expected to be impacted by the investigation, following the declaration of the President of the United States as stated above. In addition, most of Doral LLC's projects, including projects under advanced development (for which PPAs

[95] Source: Solar industry prepares for Uyghur Forced Labor Prevention Act implementation – Solar Energy Magazine.
[96] Source: Over 3 GW of solar panels have been held in US customs under forced labor law – pv magazine USA (pv-magazine-usa.com).
[97] Source: U.S. to consider tariffs on solar panels made in Southeast Asia | Reuters.
[98] Source: Exclusive: Biden to waive tariffs for 24 months on solar panels hit by probe | Reuters.
[99] Source: Federal Register :: Antidumping and Countervailing Duty Orders on Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Preliminary Affirmative Determinations of Circumvention With Respect to Cambodia, Malaysia, Thailand, and Vietnam.

have already been signed), solar panels have not yet been acquired, and therefore the investigation has no impact thereon, and they are free to engage in solar panels acquisition agreements with various manufacturers. It should be clarified that to the best of the Company's knowledge, Doral LLC will act to ensure that its future procurement agreements will not be affected by the investigation.

Reforms in the PJM grid - to the best of the Company's knowledge, during the reporting period, PJM filed to the Federal Energy Regulatory Commission (hereinafter - "**FERC**") proposals for reforms in connection with the procedures for approval of applications for connection to the electricity grid (hereinafter in this section - the "**Reform**"), and at the same time FERC published its own proposals. These procedures stem mainly from an exceptionally high number of connection applications. The reform was designed, among other things, to streamline the interconnection process in the PJM grid, and create certainty for developers in connection with the process and dates of the connection of facilities, by, among other things, transitioning to the first-ready, first-serve interconnection process, whereby projects' connection applications will be addressed based on the project's preparedness, rather than on the basis of the order by which the applications were submitted (first-come, first serve), as was the case until the reform; the reform is also designed to exclude connection applications with low success rates, by setting a payment and guarantees threshold, which is higher than that used until the reform. Furthermore, a procedure was set in relation to applications submitted in the interim period, that is to say, the period through the reform's coming into force (which is expected to take place during 2023), whereby the approval of projects that will meet certain criteria, including connection costs which are lower than a certain threshold, shall be fast-tracked. On the other hand, projects that will not meet the said criteria or will only meet some of them shall be handled at later dates, on a first-come-first-serve basis. The approval of the reform may lead to significant delays in the applications' approval procedures.[100] According to a publication of PJM of January 31, 2023, the reform is expected to come into force in July 2023, but there is no certainty that it will, indeed, come into force on that date.[101]

In that context, it should be noted that as of the date of this report, Doral LLC has a number of projects in the PJM grid, including: (a) The Indiana North Project, the work in which will continue as planned, and (b) the Indiana South Project, Indiana Central Project, the Goonies Project, and other projects under advanced development stages, which may fall within the scope of the reform's rules and experience certain changes in the time tables for their construction and connection as a result of those rules, depending on the date on which the reform will come into force, the results of their connection cost surveys, and other factors.

1.10.2. The critical success factors in the area of activity and their changes

The Company believes that the critical success factors in the area of activity are as follows:

- Ability to locate and directly access land reserves with economic viability and engineering and environmental feasibility, enabling the establishment of photovoltaic systems, and

[100] Source:Reforms in largest US grid set to send solar, wind builders elsewhere | Reuters Events | Renewables.
[101] Source: item-04---transition-update---ips---jan-2023.ashx (pjm.com).

the ability to enter into lease agreements with landowners or alternatively the ability to locate projects at various stages, which have economic viability and engineering and environmental feasibility, and to engage with those parties.

- Ability to advance regulatory procedures, including statutory planning procedures with various entities.
- Knowledge, which enables the initiation, planning and supervision of the projects' construction, including the construction of infrastructure connecting the projects to the various electricity grids, including the ability to engage with equipment suppliers and subcontractors, who assist in the proper and economic project planning, and the compliance with schedules at the required performance levels and amounts.
- Ability to communicate with the various potential customers in the area of activity, as well as with tax equity partners and hedging entities that will ensure the revenues from the various projects.
- Ability to finance the development and construction activities of the various projects, both through engagement with partners and through engagement with various financing entities.

1.10.3. **Main entry and exit barriers of the area of activity**

The Company believes that the entry and exit barriers that characterize the area of activity and/or are characteristic of activity in the United States are as follows:

Entry barriers

- Ability to locate and identify land suitable for the establishment of photovoltaic or wind systems and efficient and informed engagement in agreements for the use and rental of land reserves on which the Company would like to establish the systems.
- Recognition and expertise in relation to the various constraints that apply to the area of activity and ability to comply with them, including the regulatory processes required for the establishment of a project quickly and efficiently outside of the State of Israel.
- Ability to finance the development activity throughout the project development period, which can be spread over several years under conditions of uncertainty regarding the implementation of the project; ability to provide the financing required for construction. Alternatively, access to sources of financing for the provision of such required capital.
- Locating highly feasible projects in various stages, both independently and through connections with local entrepreneurs with proven capabilities for locating business opportunities and the ability to promote them, to establish photovoltaic systems, taking into account all regulatory, planning and engineering constraints and conditions, including access / ability to connect to various electricity grids.

Exit barriers

- Engagement in significant agreements for the construction and financing of renewable energy systems and for long-term maintenance and operation, which require the consent of third parties to cancel or assign the agreements, and may impose various financial charges.

- Exposure to lawsuits or claims for compensation in respect of a release from the obligations in such agreements.

1.10.4. **Alternatives for the products of the area of activity and changes therein**

See Section 1.9.1.8 above.

1.10.5. **Products and services**

Doral LLC is engaged in initiation, licensing, managing of financing procedures, development, construction and maintenance of photovoltaic systems, including combined with energy storage, stand-alone storage facilities and a wind energy project. The Group has entered into power purchase agreements that will be generated at the facilities to the various customers, as detailed in Section 1.10.6 below.

1.10.6. **Customers**

In countries in which Doral LLC operates, electricity may be sold in three different ways:

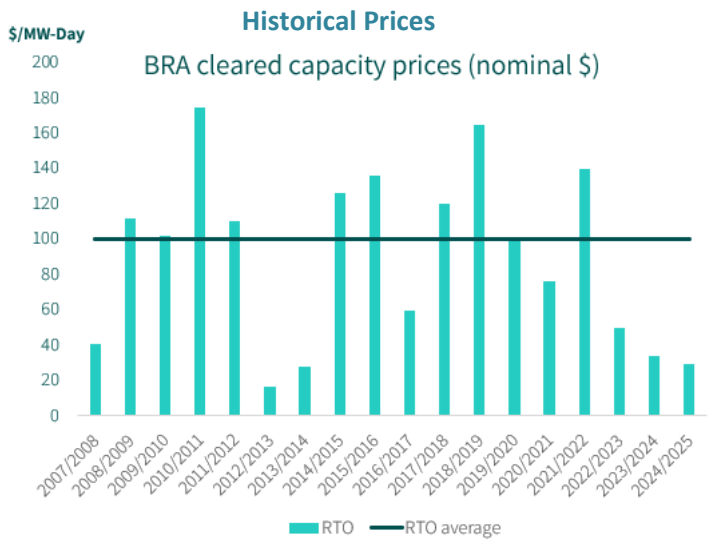
(a) "Free market sale" - the ongoing sale of electricity and green certificates through a trading system operated by the system operator (PJM or MISO), in which, on a daily basis, electricity producers offer the energy to be generated the next day, with the price of electricity being set on an hourly basis according to the supply and demand;

(b) "Power Purchase Agreement (PPA)" - engagement in power purchase agreements to third parties, such as local electric companies, electricity suppliers (who sell electricity to third parties), giant corporations (such as Google, Amazon, Facebook, who are leading policies of a transition to electricity consumption generated from renewable energy) etc., where in most cases the parties define a fixed tariff and a fixed period (usually between 6 and 20 years); The PPA agreement places the developer of the project in a convenient position to apply for federal tax benefits, due to the assurance of revenues expected for a pre-determined period, especially when the agreement is signed with a large and reliable utility company.

For details regarding the PPAs signed by Doral LLC in connection with the Indiana Project and the Goonies Project, see Sections 1.20.7.1 and 1.20.7.5 to 1.20.7.7 below.

(c) The capacity market in the PJM grid - this market is designed to ensure the reliability of the grid and uninterrupted power supply to its customers in the long-term, by purchasing pre-determined capacity undertakings from electricity generators. In order to ensure the achievement of this target, PJM holds a tender among its registered members for a delivery date which is 3 years away. The required quota is determined, among other things, on the basis of consumption forecasts 3 years ahead, geographic regions and the deployment of the grid in accordance with the capacity requirements in that region, with the price determined, among other things, according to a clearing price mechanism in relation to each geographic region and subject to the relevant rules.

Set forth below are PJM's historical capacity prices; it is evident that past data and multi-year averages of capacity tariffs indicate the convergence of the tariffs to the generally accepted forecasts:



PJM's forecasts indicate a difficulty in maintaining capacity in the grid, due to, among other things, expected shutdowns of power plants powered using conventional methods, which support the forecast increase in tariffs.[102] Furthermore, forecasts by leading consultancy firms in the USA indicate a significant increase in capacity prices in the forthcoming years.

1.10.7. **Marketing and distribution**

See Section 1.9.5 above. It should be noted that according to the relevant regulation, electricity is sold mainly to local electricity suppliers in each of the grids, and the Company works to enter into agreements to sell electricity or hedge its price, with these agreements are customary and in demand by many players in the local electricity market.

1.10.8. **Competition**

In general, the Company estimates that the renewable energy market in the US is very competitive and has more than 4,000[103] companies operating in it. As more states adopt mandatory targets for generating and consuming energy from renewable sources, as well as advancing agendas that support increasing energy production from renewable sources such as tax benefits and various incentives from the federal government, the competition and the market are expected to continue to grow.

Competition in the photovoltaic market and the storage market

In 2022, utility scale projects with total capacity of 11.8 GW were added to the electricity grid in the United States - a 31% decrease compared to 2021, which was due, among other things, to regulatory events as detailed in the regulation section above. However, in accordance with previous forecasts, in the next few years the pace will increase significantly, such that between 2023 to 2027 it is expected that utility scale solar projects with a capacity of 139 MW are expected to be added (429 GW by the end of the decade).[104] As to energy storage, as of the end of 2022, the United States has utility scale storage facilities with total capacity

[102] Source: Blackout risk: Nation's largest grid operator warns of capacity shortfalls | Washington Examiner.
[103] Source: List of top United States Renewable Energy Companies - Crunchbase Hub Profile.
[104] Source: Solar Market Insight Report 2022 Year in Review | SEIA.

of 7.8 GW. According to the forecasts, the field of energy storage is expected to gain significant momentum in the forthcoming years in the wake of the increase in renewable energy facilities and supporting regulation, such that by 2025 the storage capacity in the United States is expected to triple ((and even more) and reach 30 GW.[105] The Company estimates that the storage activity will continue to develop at a rapid pace along with the photovoltaic market, and maybe even at an even faster pace, and is expected to be integrated into the activities of the various entities in the market, including in the Company's activities. The most competitive states for the US solar and storage market are California and Texas,[102] which are the two largest states in the United States in terms of space and have a very friendly climate for solar energy. However, advancing incentive programs and economic benefits at the state, city and county level (such as the IRA) are expected to make more states more competitive, with an emphasis on central and southern U.S. states.

As of the date of approval of the Report, the Company's share in the market relative to all operating competitors is not significant, but even so, the Company is working to increase the scope of its activities.

1.10.9. **Seasonality**

For information regarding the seasonal characteristics of photovoltaic electricity generation systems, see Section 1.9.7 above.

As for wind turbines, their output is mainly affected by the wind regime in the area where the system is located. In addition, unpredictable environmental conditions may impair the success of the projects in which the Group is involved, including: floods, storms, fires and earthquakes, which may cause downtime, delay and destruction of the established facilities, thereby impairing the profitability of the projects.

1.10.10. **Generation capacity**

Regarding the Company's generation capacity, see Section 1.4 above.

1.10.11. **Raw materials, equipment and suppliers**

Regarding raw materials, equipment and suppliers of photovoltaic installations, including with integrated energy storage, see Section 1.9.9 above. For information about panels purchase agreements into which Doral LLC entered for the Indiana North and Indiana South projects, and the EPC agreement Doral LLC entered into for the Indiana North Project, see Sections 1.20.7.2, 1.20.7.3 and 1.20.7.9 below.

The following is a list of suppliers and subcontractors from whom the amount of purchase orders made by the Group companies, for the supply of equipment and materials and for the execution of work in 2022, in the area of activity, accounted for over 5% of the total Group companies' purchase orders in the above period:

Operator	Type of Procurement	Percent of Total Purchase Orders in 2022	Type of Engagement
Supplier A	Construction and	21.78%	EPC agreement

[105] Source: https://www.eia.gov/todayinenergy/detail.php?id=54939.

* The procurement amount and rate of procurement out of all orders of the Group companies were calculated in accordance with the total aggregate payments paid to suppliers by all Group corporations, without taking into account the Company's holding rates.

1.11. Renewable energy in Europe

1.11.1. General information regarding the area of activity

1.11.1.1 General

As of the date of the Report, the Company operates in Europe in the countries of Italy, Poland, Romania and Denmark, through partnerships with local third parties, for the for the purposes of locating, developing, promoting, establishing and operating existing and future renewable energy projects. The Company's photovoltaic project backlog consists of facilities that are expected to connect to extra-high-voltage grids, facilities that are expected to connect to high-voltage grids and facilities that are expected to participate in government tenders or to sell electricity on the free market, including in combination with power purchase agreements (PPAs).

The Company operates in EU countries; in recent years, the EU has been promoting policies to reduce greenhouse gas emissions with an objective of reaching net zero in 2050 in the wake of global warming; this is to be achieved by various investments and ventures that will accelerate the transition to renewable energies in EU countries. In 2021, the EU's Recovery and Resilience Facility (RRF) came into force, which was aimed at moderating the economic and social effects of the Covid-19 crisis and stabilize the economies of EU countries, including by promoting renewable energies. As part of this plan, the EU decided to advance EUR 385 billion in loans and EUR 338 billion in grants to EU countries, based on their compliance with certain conditions; some of those amounts will be allocated to the promotion of green energy in Europe. Furthermore, following the war between Russia and Ukraine and the global energy crisis, in 2022, the REPowerEU plan came into force (that will be implemented on the basis of RRF), which was designed to give EU countries incentives to reduce their dependency on Russian gas and accelerate the transition to renewable energies. In view of the above, the acceleration of the transition to renewable energies is at the heart of the agenda of EU countries, which receive a range of incentives and support from the EU.[106]

For details regarding significant agreements in the area of activity, see Section 1.20 below.

For details regarding the Company's systems in the area of activity with a breakdown into the various stages, including projected dates of commercial operation, see Section 1.4 above.

1.11.1.2 The Company's renewable energy activity in Italy

Company's activity in Italy

The Company operates in Italy through a special-purpose company in which it has holdings (80%) and by a third party, unrelated to the Company, operating in the field of renewable energy in Italy (20%), for the purpose of locating, developing, promoting, establishing and operating existing and future solar energy projects. As of the date of approval of the report,

[106] Source: https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en#the-recovery-and-resilience-facility.

the Company has projects in Italy at various stages of initiation with an aggregate capacity of 486 MW (DC).

For additional information regarding the collaboration agreement in Italy, see Section 1.20.5 below.
For a list of the systems owned by the Company, including projected dates of commercial operation, see Section 1.4 above.

Overview - The renewable energy market in Italy

In 2022, the Italian energy market had record investments in electrical grid infrastructure, as a result of the approval - by the Italian Ministry of Environment and Energy Security - of an investment amounting to more than EUR 2.5 billion in electrical grid development projects, which is twice the amount invested in 2021, and ten-fold the amount invested in 2020.[107]

In addition, as part of the National Resilience and Recovery Plan (NRRP) that was adopted in accordance with the EU's plan referred to above (RRF), Italy decided to allocate EUR 59 billion to the promotion of renewable energies by 2026[108]; the said amount was allocated out of Italy's share in the RRF (which stands at EUR 69 billion in grants and EUR 123 billion in loans).

In the reporting period, electricity consumption in Italy remained stable and similar to consumption levels in 2021, and electricity is still generated mainly from non-renewable sources. In the reporting period, 55.3% of the electricity consumed in Italy was generated using non-renewable sources, 31.1% were generated using renewable sources, and the remaining balance was imported.[109]

As part of the National Plan for Energy and Climate (NECP), Italy has set a target according to which renewable energy will account for 30% of the total energy consumption and 55% of the country's electricity generation by 2030.[110] In order to increase the market share of renewable energy from the level as of November 2022 (31.8%) to 55% of the country's electricity generation by 2030, Italy should continue connecting renewable energy projects at a significant scale.

As to solar energy, in 2022 levels of electricity generated in Italy from photovoltaic facilities increased by 12% compared with 2021; during that period, 2,482 MW were connected to the grid, compared with 936 MW that were added in the corresponding period in 2021 (a 165% jump)[109].

The electricity market in Italy

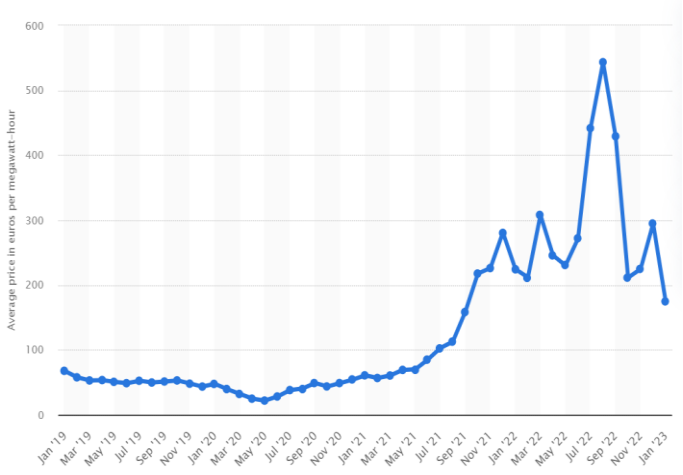
Electricity prices in Italy depend, among other things, on the geographical location of the electricity consumer or producer; variances stem from the generation mix, the levels of

[107] Source: https://www.terna.it/en/media/press-releases/detail/new-projects-approved-2022.
[108] Source: https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/italys-recovery-and-resilience-plan_en.
[109] Source: https://download.terna.it/terna/Monthly%20Report%20on%20the%20Electricity%20System_December_22_8db05191d37299b.pdf.
[110] Source: https://www.iea.org/countries/italy.

consumption, and the restrictions on transmission of electricity in the relevant region. The electricity economy in Italy is divided into 7 different regions characterized by different electricity prices depending on the characteristics mentioned above, as shown in the diagram below:

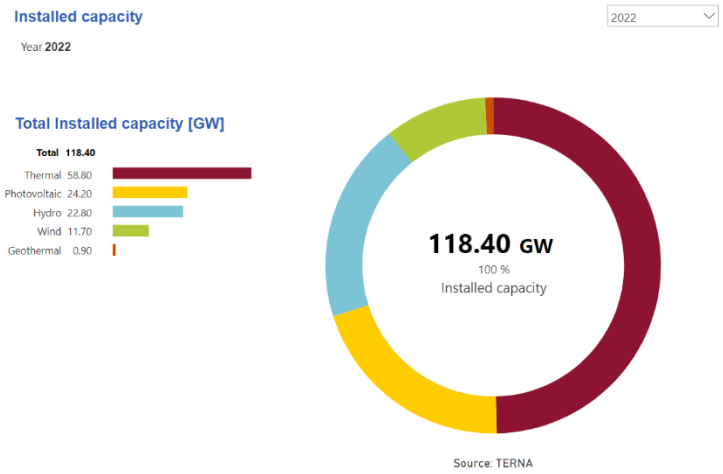


In recent years, the average monthly electricity prices (wholesale) in Italy have been on the rise. In addition, in the wake of the war between Russia and Ukraine, which broke out in February 2022, in the reporting period electricity prices in Italy increased significantly, as shown in the graph below:[111]



As of the end of 2022, Italy has a maximum electricity generation capacity of 118.4 GW, of which approx. 24.2 GW is from photovoltaic facilities.[112]

[111] Source: https://www.statista.com/statistics/1267548/italy-monthly-wholesale-electricity-price/.
[112] Source: https://www.terna.it/en/electric-system/transparency-report/installed-capacity.



The existing regulation in Italy allows the sale of electricity from renewable sources according to the following outlines:

(1) Regulation of feed prices relating to old facilities established during the previous two decades.

(2) Sale through the local electricity exchange - Gestore dei Mercati Energetici (GME). Any manufacturer can sell electricity in this exchange. The selling price of electricity on this exchange varies continuously according to supply and demand at the time of the sale, and is affected, among other things, by the time the electricity is supplied and the supply area. The price is set on a daily basis based on hourly prices according to the balance point between supply and demand.

(3) CFD (Contract for Difference) tenders, according to which the winner is entitled to sell the electricity at the winning price (Strike Price) for 20 years. Participation in the tender is permitted for solar projects that are not established on agricultural land, and are therefore not relevant to the Company's activities.

(4) Electricity trading under bilateral power purchase agreements (hereinafter - "PPAs") for long periods, with relevant electricity consumers, or a combination of a sale on the electricity exchange and PPAs.

The transmission grid (TSO) is managed by Terna, a public company operating in the Italian market since 1999. The distribution grid (DSO) is managed by an investee of ENEL, the second largest distribution grid in Europe, which supplies electricity to approx. 32 million residents[113].

Economic incentives

The state implements a direct economic incentive policy for renewable energy projects, which varies depending on the size of the project and type of technology. These incentives include green certificates, contracts for difference (CFD), feed-in-tariffs to projects with capacity lower than 1 MW for a 15-year period; sale of electricity by producers to Gestore Servizi Energetici, a government company that operates to promote and support renewable energies, instead of selling the electricity under agreements or in the electricity exchange.

[113] Source: https://eu-sysflex.com/partners/e-distribuzione-spa-edis.

Alongside this, the Italian government has created simplified regulatory approval procedures for small renewable energy projects or those with characteristics it wants to prioritize, known as PAS (as detailed below).[114]

Regulation

The electricity market in Italy is not centralized, and consumers are free to choose their electricity producer from a range of producers. The Italian Regulatory Authority for Energy, Networks and Environment (ARERA) is in charge of regulating and supervising the energy sector in the country, including promoting competition, efficiency, consumer protection and regulation of prices.

The market is mainly regulated by legislation, at the national and regional level, and by the regulator's decisions. For example, in the emergency regulations adopted to address the Covid-19 crisis, the legislature adopted a series of measures to support the economy through broad incentives (tax relief) for energy efficiency and environmental protection, both for individuals and companies with the aim of adopting more efficient organizational models for transportation, energy distribution and environmental protection, including at the local authority level.

The initiation stages of production facilities in Italy require approvals, permits and licenses issued by various regulatory authorities, such as environmental inspections, environmental survey, PAUR (approval which includes all the necessary permits to build a solar facility) as well as various other public and environmental approvals. Before initiating the procedures for obtaining these approvals, the potential producer must ensure the land designated for the construction of the project, as well as space in the electricity grid.

Alongside the above, there is a faster and simpler process - the PAS process, under which developers are allowed to submit an application to build a facility with a capacity of up to 1 MW (AC) (and under certain conditions even at larger capacities of up to 10 and 20 MW (AC)), under a quick and relatively simple track that is designed to encourage the building of projects. The notable uniqueness of the PAS process is that an Environmental Impact Assessment, in which the project's impact on the environment is assessed is not required (due to its relatively small size or compliance with certain conditions, such as location, which allows it to be exempted from such a survey)[115].[116]

1.11.1.3 **The Company's renewable energy activity in Poland**

Company's activity in Poland

The Company operates in Poland through a subsidiary, Doral Energy Poland sp. z o.o (hereinafter in this section - "**Doral Poland**"), which is held at a rate of 73% by the Company and the balance (27%) by El-Mor Electric Installation and Services (1986) Ltd.[117] (for

[114] Source: https://thelawreviews.co.uk/title/the-renewable-energy-law-review/italy.

[115] Source: https://www.dentons.com/en/insights/guides-reports-and-whitepapers/2022/may/4/italy-decree-energia-a-guide-to-the-new-simplification-rules-for-renewables.

[116] Source: https://www.roedl.com/insights/renewable-energy/2021/november/italien-approval-eia-process-simplified.

[117] El-Mor Electric Installation & Services (1986) Ltd., is a public company whose shares are listed on the Tel Aviv Stock Exchange Ltd. (hereinafter - "**El-Mor**").

information regarding the sale of shares from the Company to El-Mor, see Section 1.20.10 below).

Doral Poland operates in Poland in three main ways:

(A) Independent projects purchase and development activity.

(B) Collaborations with third parties / local partners not related to the Company. As of the date of the report, the Company has entered into framework agreements with third parties for the initiation and construction of photovoltaic projects that are in various stages of development. As of the date of the report, the Company's engagement with one of the partners in a project with a capacity of 110 MW is not promoted.[118]

(C) Provision of engineering, procurement and construction services (EPC) and operation and maintenance (O&M) for the Company's projects through a dedicated corporation, as detailed in Section 1.20.10 below.

As of the date of approval of the report, the Company has projects in Poland at various stages of initiation with a capacity of 514 MW (DC).

For additional information regarding the collaboration agreement in Poland, see Section 1.20.8 below.

For a list of the systems owned by the Company, including projected dates of commercial operation, see Section 1.4 above. **Overview - The renewable energy market in Poland**

Poland is the largest economy in the CEE (Central and Eastern Europe) countries that were formerly part of the "Eastern Bloc" and the renewable energy market in Poland is one of the main markets in the European Union. Electricity production in Poland relies mostly on fossil fuels (mainly coal), and is considered one of the "polluting" countries in Europe. As of 2021, 80% of the electricity generated in the country was generated using coal, and 12.6% was generated using renewable energy.[119]

In February 2021, the Energy Policy Plan for 2040 (PEP2040) was approved in Poland, under which it was determined that electricity generation from coal-based facilities will exceed 56% by 2030. In addition, a 23% minimum target was set for power consumption from renewable energies by 2030; this is expected to lead to 32% of electricity being generated from renewable energies by 2030, and 40% by 2040.[120]

Also, in response to the Covid-19 crisis, the Polish parliament has made a number of regulatory amendments aimed at supporting producers generating energy from renewable sources. Thus, for example, the period during which it is possible to hold tenders for the sale of electricity from renewable energy sources was extended, and an option was given to postpone the deadline (set in the connection agreement) for the connection of photovoltaic systems to the grid in certain cases.[121]

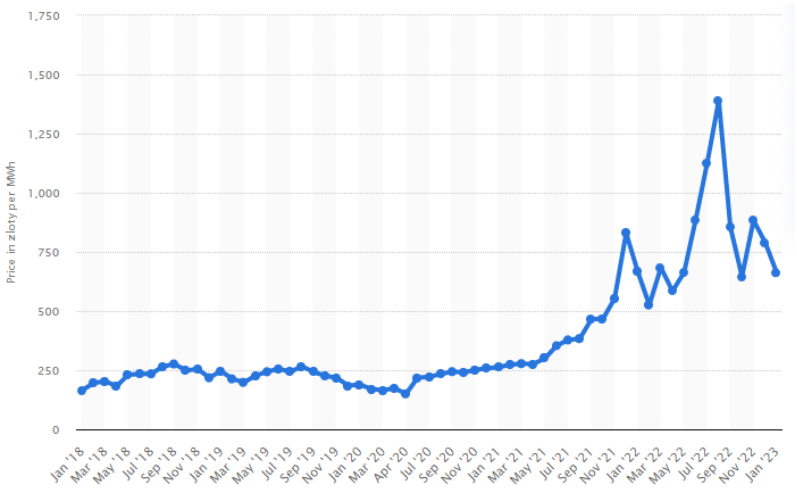
[118] The total number of projects initiated with this partner is not included in the Company's project backlog in Poland.
[119] Source: https://www.ure.gov.pl/en/markets/electricity/elctricitymrket/292,Electricity-Market-Characteristics.html.
[120] Source: Energy policy of Poland until 2040 (EPP2040).
[121] Source: https://www.dentons.com/en/insights/alerts/2021/august/18/res-act-amendment-august-2021.

In addition, according to the above RRF plan of the EU as described above, and according to the EU's National Resilience and Recovery Plan (NRRP) for Poland, the EU approved the allocation to Poland, subject to its compliance with conditions, a total of EUR 35 billion, of which EUR 24 billion in grants and EUR 11 billion in loans; 43% of the amount will be allocated to promoting reforms and investments with positive environmental effects, including the promotion of renewable energies.[122]

The electricity market

As of December 2022, Poland has photovoltaic facilities with installed capacity of 12.19 GW, which reflects a 59% increase compared with the corresponding period in 2021[123], with experts expecting that the capacity will increase significantly in the next few years and may reach 30 GW by the end of 2030.[124]

In recent years, the average electricity prices (wholesale) in Poland have been on the rise. In addition, in the wake of the war between Russia and Ukraine, which broke out in February 2022, in the reporting period electricity prices in Poland increased significantly, as shown in the graph below:[125]



Following the sharp rise in prices as stated above, a temporary cap was set on prices in December 2022 (as described below).

The transmission grid in Poland is managed by the state-owned company PSE (Polskie Sieci Elektroenergetyczne S.A.), which operates under the authority given to it by the Polish regulator URE (Urząd Regulacji Energetyki), which is responsible for regulating the electricity market in the country.[126] The largest players in the electricity distribution grid are: Stoen Operator Sp. z o.o, ENERGA-Operator S.A., ENEA Operator Sp. z o.o., TAURON Dystrybucja

[122] Source: https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/recovery-and-resilience-plan-poland_en#operational-arrangements.
[123] Source: https://www.statista.com/statistics/1066239/poland-power-installed-in-pv-panels/.
[124] Source: https://www.pv-magazine.com/2021/11/26/poland-may-reach-30-gw-of-solar-by-2030/.
[125] Source: https://www.statista.com/statistics/1066654/poland-wholesale-electricity-prices/.
[126] Source: www.pse.pl.

S.A., and PGE Dystrybucja S.A. The market has more than a 100 electricity producers[127]; however, in 2021 the four largest producers generated more than 74% of the electricity.[128]

Renewable energy facilities in Poland operate under the Renewable Energy Act and through regulations and directives published thereunder.

Electricity trading takes place in several main channels: electricity exchange (TGE), bilateral agreements, including by brokers and trading in a balancing market that balances supply and demand in electricity capacity.[129]

Economic incentives[130]

Since 2016, the Polish government has been promoting renewable energies through new Contract for Difference (CFD) support programs, under which producers who offered the lowest electricity prices win. The terms of the tender include, among other things, reaching the preconstruction stage (receiving a building permit and an approval for connection to the grid), and providing a bid guarantee. The winners in the tender have a guaranteed price for a period of 15 years for the capacity that won, with the payment paid by the state being the difference between the winning price and the current market price. The main advantage of the tender system is the stability of the price of electricity sold compared to the market price, which gradually decreases.

The tenders are divided into five "baskets", including photovoltaic electricity generation and wind energy (onshore) facilities. Within the baskets, there is a division into categories according to the size of the facility (large - over 1 MW, or small - up to 1 MW) and a separation into new and existing facilities. In 2021, the Company won such tenders with a cumulative quota of 25.55 MW.

Regulation

Energy regulation in Poland began to develop and grow as the issue was promoted in the European Union, which began to set renewable energy targets for EU member countries.

Thus, the EU determined for Poland that it must meet a renewable energy target of 32% by 2030. Following the above, in 2019, Poland adopted the National Energy and Climate Plan (NECP PL) for 2021-2030, aiming to fulfill the undertaking listed in Regulation 2018/1999 (EU) of the European Parliament and the European Commission of December 2018,[131] and at a later stage adopted the PEP2040 plan as stated above. Alongside these programs, there is the Polish Renewable Energy Act of 2015 (RES Act), and the Polish Energy Act of 1997, all of which constitute the main regulatory source in Poland designed to assist it in achieving its renewable energy targets.

In Poland, facilities with an installed capacity exceeding 0.05 MW but less than 1 MW require registration only in the Register of Energy Producers, while installations with an installed capacity exceeding 1 MW require an electricity generation license. The required license

[127] Source: https://www.wolftheiss.com/app/uploads/2022/05/wt_res_guide_2022c.pdf.
[128] Source: https://www.ure.gov.pl/en/about-us/reports/67,Reports.html.
[129] Source: https://www.ure.gov.pl/en/markets/electricity/elctricitymrket/292,Electricity-Market-Characteristics.html.
[130] Source: https://www.wolftheiss.com/app/uploads/2022/05/wt_res_guide_2022c.pdf.
[131] Source: https://www.gov.pl/web/klimat/national-energy-and-climate-plan-for-the-years-2021-2030.

specifies the required rules of performance from the producer, and is granted by the Energy Regulatory Office (ERO) for a period of up to 50 years.[132]

Project development procedures in the field of energy are also regulated, with the main milestones for the development of photovoltaic projects in Poland including: ensuring a land interest (required for an examination of connection conditions and a permit for construction work), environmental assessment of project impact, receipt of a project planning permit, receipt of conditions for connection to the grid from a local distributor or from a transmission system (depending on the size of the project), exclusion of the land from agricultural use, receipt of a building permit, a permit to participate in Ministry of Energy tenders (presentation of a building permit is required at this stage and payment of a deposit for each MW), receipt of an electricity generation license from the Ministry of Energy and more.

On September 30, 2022, the European Commission reached agreements regarding temporary measures for dealing rising energy prices in EU countries, including an agreement for setting a temporary cap on prices (until June 30 2023) of EUR 180 per MWh produced with renewable energy, while giving a certain room to maneuver to member companies allowing them to make adjustments that meet their needs, including the option to adopt a higher or lower cap.[133] Further to the above, and noting high electricity prices in Poland, in December 2022, regulations were amended and legislation was adopted, as part of which producers of renewable energy, who are not a party to CFD arrangements, will be restricted by a temporary price cap (until the end of 2023), in accordance with the technology they use, as follows:

Photovoltaic systems with a capacity of up to 1 MW: PLN 425 (PLN 375 + PLN 50) (EUR 90) per MWh.

Photovoltaic systems with a capacity of up to 1 MW: PLN 405 (PLN 355 + PLN 50) (EUR 86) per MWh.

Onshore wind systems: PLN 345 (PLN 295 + PLN 50) (EUR 74) per MWh.

This price cap shall apply to the Company's additional projects, which are expected to be connected to the grid in 2023 and sell electricity at market prices.

1.11.1.4 The Company's renewable energy activity in Romania

Company's activity in Romania

The Company operates in Romania through a special-purpose company in which it has holdings (80%) and by a local partner that is unrelated to the Company, operating in the field of renewable energy in Romania (20%), for the purpose of locating, developing, promoting, establishing and operating existing and future solar energy projects in Romania. As of the report date, the Company has projects in Romania, in initiation and advanced development stages with a capacity of approx. 671 MW (DC).

For additional information regarding the collaboration agreement in Romania, see Section 1.20.6 below.

[132] Source: https://www.wolftheiss.com/app/uploads/2022/05/wt_res_guide_2022c.pdf.

[133] Source: https://www.consilium.europa.eu/en/press/press-releases/2022/09/30/council-agrees-on-emergency-measures-to-reduce-energy-prices/.

For a list of the systems owned by the Company, including projected dates of commercial operation, see Section 1.4 above.

Overview - The renewable energy market in Romania

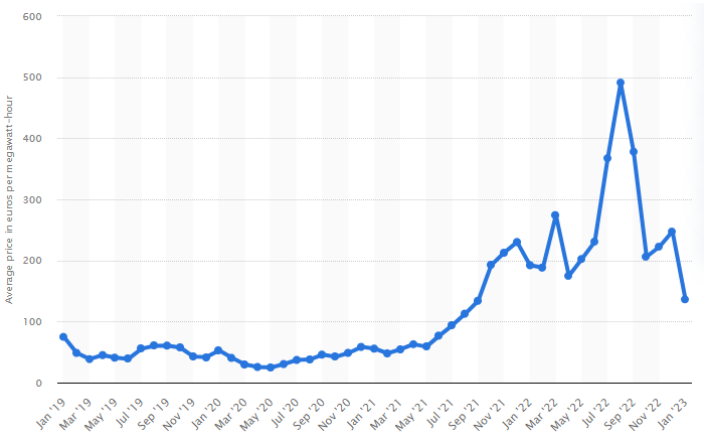
Romania has achieved the EU's renewable energy target for 2020, and at present more than 24% of the country's energy consumption comes from renewable energy.[134] As part of the National Plan for Energy and Climate (NECP 2021-2030), Romania has set targets, among other things, regarding consumption of renewable energies and the reduction of greenhouse gas emissions. The target for consumption of electricity from renewable energy by 2030 was revised during the reporting period, and to date that target is set at 34%[135], and the target for reduction of greenhouse gas emissions by 2030 is a 2% reduction (of total emissions as of 2005).

In order to meet the targets listed above, Romania plans, among other things, to promote the installation of renewable energy projects with a capacity of 10 GW, which will be funded through the National Resilience and Recovery Plan (NRRP), which is promoted in accordance with the EU plan described above (RRF), and through the Modernization Fund[135].

The electricity market

The electricity market in Romania is estimated to have an annual demand of 59 TWh and in 2022 energy consumption in the country amounted to 51.7 TWh.[136] The installed capacity in the country is estimated at 19 GW, of which 7.5% are photovoltaic facilities.[137]

In recent years, the average monthly electricity prices (wholesale) in Romania have been on the rise. In addition, in the wake of the security tensions between Russia and Ukraine, which emerged in February 2022, in the reporting period electricity prices in Romania increased significantly, as shown in the graph below:[138]



[134] Source: https://www.trade.gov/country-commercial-guides/romania-energy.
[135] Source: https://www.energynomics.ro/en/d-dragan-romania-will-triple-its-renewable-energy-production-capacity-by-2030/.
[136] Source: https://seenews.com/news/romanias-energy-output-falls-26-in-2022-814511.
[137] Source: https://www.anre.ro/en/electric-energy/reports-companies/installed-power-in-electricity-production-capacities.
[138] Source: https://www.statista.com/statistics/1314553/romania-monthly-wholesale-electricity-price/.

Most of the electricity generation in Romania is produced by government enterprises. Furthermore, Transelectrica, which is a government-owned company, is the only company that manages the transmission grid (TSO) in the country. On the other hand, the electricity distribution sector (DSO) has undergone a privatization process and now consists of eight companies (private and government), such as Distributie Oltenia SA or E-Distributie Muntenia SA.[139]

Romania's grid is connected to neighboring countries, such as Hungary, Serbia, Bulgaria and Ukraine, and has import and export relations with those countries.[140]

The Romanian Ministry of Energy is the authority responsible for the electricity market, including the management of public resources, the implementation of energy policy and strategy, supervision and enforcement, in accordance with environmental regulations and compliance with EU requirements. The Romanian energy regulator (ANRE) is in charge of regulating the country's electricity and gas sectors, as well as the energy efficiency sector; this includes ensuring that the country has a safe, competitive and sustainable market, increased transparency and development of a safe, reliable and efficient national energy system, including the incorporation of renewable energies.[141]

The sale of electricity in Romania can be carried out in one of the following ways[142]:

(1) A retail electricity market, in which electricity is sold by the supplier to the end customers, for example, through PPAs.

(2) A wholesale electricity market, in which electricity is traded between authorized producers and traders and electricity suppliers by conducting independent negotiations on the basis of a PPA or through the electricity exchange - OPCOM.

Economic incentives

Romania gives entrepreneurs incentives through government support used to finance renewable energy projects, including through support from the EU as part of the National Resilience and Recovery Plan (NRRP) and the Modernization Fund (as stated above).

Furthermore, the government is working on a plan that establishes a new mechanism for subsidizing investments in the renewable energy sector, consisting of Contracts for Differences ("CFD") between the investor and OPCOM. Depending on the planned mechanism, if the sale price is lower than the exercise price, OPCOM will make up the difference. On the other hand, if the sale price is higher than the exercise price, the seller will pay OPCOM the difference. The CFD mechanism intends to support projects in the field of wind and solar energy[139]. In that context, further information is expected to be published during 2023; the first tender for CFD entitlement is expected to take place at the end of 2023,[143] after receipt of approval from the government entity and the EU's State Aid Commission.

[139] Source: https://uk.practicallaw.thomsonreuters.com/.
[140] Source: https://trendeconomy.com/data/h2/Romania/2716.
[141] Source: www.anre.ro.
[142] Source: https://cms.law/en/int/expert-guides/cms-expert-guide-to-electricity/romania.
[143] Source: https://www.romania-insider.com/romania-cfd-scheme-solar-wind-2023.

The alternatives facing the Company in terms of electricity sales include: (1) entering into PPAs for periods estimated at 5-10 years with energy trading companies (offtakers) at a pre-determined price; (2) sale of electricity to the state electricity grid at free market prices set on a daily basis (merchant strategy) or short-term hedging and (3) participation in state tenders if and when published for sale to the state electricity grid at a fixed price for periods determined in the tender.

Regulation

Romania's electricity generation is regulated according to the licenses issued by the state. Connecting the projects to the transmission and distribution grid requires permits and approval for connection. The necessary aspects are determined according to each project, but there are several key permits required for the construction of a solar facility, including: a building permit issued by the local authority, which determines the important parameters for construction in that area (such as site access, protection of adjacent land and environmental protection), an urban certificate, which includes the environmental requirements according to the project environment (such as limits on height and location), work completion protocol confirming that the work was carried out in accordance with the building permits issued in the initial stages of the project, and more.

In accordance with the Electricity and Natural Gas Law 123/2012, wholesale electricity market transactions must be carried out in the centralized energy markets operated by OPCOM SA. An exception to this law applies to small generation units with an installed capacity of up to 3 MW, in which contracts for the sale of electricity can be signed directly between energy suppliers and end consumers[144].

In 2020, Government Emergency Ordinance 74/2020 was enacted, effectively enforcing EU Regulation 943/2019, which allows electricity-generating projects established as from June 2020 to sign long-term purchase and sale agreements (PPAs) outside the centralized markets, such that currently there is a free PPA market in the country for the Company's activity.

Following the Covid-19 crisis, the EU approved Romania's National Recovery and Resilience Plan (NRRP), which includes reforms and investments aiming to moderate the social-economic effects of the Covid-19 crisis on the country. As part of this plan, the European Commission shall lend funds to Romania, for the purpose of, among other things, accelerating the transition to green energy.[145] Thus, for example, the authorities allocated funds, through the NRRP, for a Call for Proposals for renewable energy projects; the call was addressed to independent producers and consumers, alongside another Call for Proposals in the field of green hydrogen. Concurrently, a Call for Proposals is expected to be published for the building of energy storage projects, the development of batteries and photovoltaic panels.[146]

Furthermore, during 2022, the Modernization Fund was launched as part of an EU plan for supporting 10 member states, including Romania. The fund's objective is to assist countries to meet the energy targets for 2030 by modernizing the energy systems and improving energy

[144] Source: https://uk.practicallaw.thomsonreuters.com/.

[145] Source: https://gov.ro/en/media/press-releases/the-government-approved-the-first-documents-to-start-the-romania-s-national-recovery-and-resilience-plan-pnrr.

[146] Source: https://www.energynomics.ro/en/d-dragan-romania-will-triple-its-renewable-energy-production-capacity-by-2030/.

efficiency,[147] including by upgrading the transmission and distribution networks. Thus, EUR 430 million were allocated to Transelectrica (TSO) for the reinforcement of the energy transmission network. Concurrently, towards the end of 2023 a first tender is expected to be published regarding Contracts for Differences (CFD) for the generation of energy from renewable sources (as described in the economic incentives section above)[146].

Furthermore, in 2022, and as part of the effects of the war between Russia and Ukraine, which led to an increase in electricity prices, the Romanian Senate amended a previous ordinance - the Government Emergency Ordinance (GEO 119/2022) - in order to regulate the energy market.[148] Most of the provisions of the emergency ordinance pertain to capping the gas and electricity prices charged to end consumers by electricity suppliers, setting the maximum value of the weighted average price of electricity (1,300 RON/MWh), and adding a tax in the form of a donation to the Energy Transition Fund; the tax amount will be equal to the difference between the monthly sale price and a cap of 450 RON/MWh (EUR 92). Furthermore, a temporary step was introduced to cap the revenues of electricity producers through a centralized electricity purchase mechanism for the period between January 2023 and March 31, 2025 (this mechanism is not relevant to electricity generated using renewable energy). The final order is expected to be issued by the Chamber of Deputies[149], and is not expected to apply to renewable energy projects that will be built and commissioned after April 2022.

Alongside the above, at the end of 2022, another expedient was introduced to the process of developing solar energy projects in Romania, that are built on an area of up to 50 hectares; this expedient was introduced upon the publication of a legislation that allows the development of such projects also on farm land (extra muros), by obtaining a building permit without having to change the designation of the area (zoning permit). This step is expected to facilitate and accelerate the process of achieving a building permit for those projects.[150]

1.11.1.5 The Company's renewable energy activity in Denmark

Company's activity in Denmark

The Company operates in Denmark independently through a special-purpose company under its ownership. The Company has engaged with a local entrepreneur who is not related to the Company, and who operates in the field of renewable energy in Denmark for the purpose of locating, developing, promoting, establishing and operating existing and future solar energy projects in Denmark.

As of the date of the report, the Company has projects in Denmark in initiation and pre-construction stages with a capacity of approx. 316 MW (DC).

For additional information regarding the collaboration agreement in Denmark, see Section 1.20.9 below.

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[147] Source: https://modernisationfund.eu/.

[148] Source: https://www.wolftheiss.com/insights/new-government-emergency-ordinance-regulating-the-romanian-energy-market/.

[149] Source: https://www.energynomics.ro/en/senate-adopted-the-amendments-to-geo-119-chamber-of-deputies-decision-making-body/.

[150] Source: https://www.pv-magazine.com/2022/06/29/romania-introduces-new-rules-for-solar-on-agricultural-land/.

For a list of the systems owned by the Company, including projected dates of commercial operation, see Section 1.4 above.

Overview - The renewable energy market in Denmark

The renewable energy market in Denmark is one of the leading markets in the EU, with most of the energy generated in the country (67%) being generated using renewable energy.

According to current estimates and market tests conducted by the Company, the renewable energy industry in Denmark is expected to continue to grow significantly in the coming years. This is, among other things, after in 2020, the Danish parliament passed the Climate Act, which set a target for reducing Denmark's greenhouse gas emissions by 70% by 2030, and a target of net zero emissions by 2050.[151] In addition, Denmark aims for 100% electricity consumption from renewable energy by 2050.[152]

Alongside this the Parliament passed the Climate Act (Act No. 965 dated June 26, 2020), according to which the Danish Minister of Climate, Energy and Services must set sub-targets once every five years with a perspective of a decade ahead. It was further determined that these goals should be more ambitious than the last goal set each time.

The electricity market in Denmark

The electricity market in Denmark is constantly growing. Accordingly gross production in 2022 stood at 35 TWh compared with 33 TWh that were generated in 2021.[153]

The Danish Utility Regulator (DUR) is in charge of supervising and regulating utilities and energy systems in the country, including supervising access to infrastructures, efficiency, supervision of prices, ensuring a safe and stable supply of energy, incorporation of renewable energies, etc.[154]

The Danish electricity market allows consumers to choose their electricity supplier, and also choose between different types of contracts (a fixed electricity price for a certain period, a variable price or a combination of the two), and at present there are 38 electricity suppliers and switching suppliers or contract type is simple.[155] Currently, the sale of electricity in Denmark can be done directly to end consumers (PPA) or through the exchange (Nord Pool).

Nord Pool is the largest electricity market in Europe connecting the Nordic and Baltic countries. In 2022, the Nord Pool traded 1,077 TWh in electricity (a 12% increase compared with 2021).[156] Most electricity generation at Nord Pool is based on hydroelectric sources and nuclear energy. However, the scope of development of solar energy projects and the low costs of solar electricity generation are expected to significantly increase the solar energy component in the electricity generation mix in Denmark and the Nordic countries. The

[151] Source: https://www.trade.gov/country-commercial-guides/denmark-renewable-energy-products.
[152] Source: www.iea.org.
[153] Source: https://ens.dk/en/our-services/statistics-data-key-figures-and-energy-maps/annual-and-monthly-statistics.
[154] Source: https://www.nordicenergyregulators.org/about-nordreg/member-states/.
[155] Source: https://ens.dk/sites/ens.dk/files/Globalcooperation/liberalisation_of_the_danish_power_sector_-_report_final.pdf.
[156] Source: https://www.nordpoolgroup.com/en/message-center-container/newsroom/exchange-message-list/2023/q1/nord-pool-announces-2022-trading-figures/.

functional currency of Nord Pool is the EUR. The high liquidity of the Nord Pool market enables the sale of all the electricity generated in the solar projects in the market.

The transmission grid in Denmark (TSO) is managed by Energinet.DK (hereinafter - "**Energinet**"), a state-owned company that operates and develops electricity and natural gas transmission systems in the country. It is the responsibility of Energinet to ensure a balance between consumption and generation in the electricity system, to determine the framework for the electricity market, to ensure fair prices for consumers and producers, and at the same time to promote climate-friendly energy solutions[157]. There are a number of distributor system operators (DSOs) in Denmark that hold and operate the infrastructure connecting between electricity producers and consumers and the transmission grid; those operators also measure production and consumption.

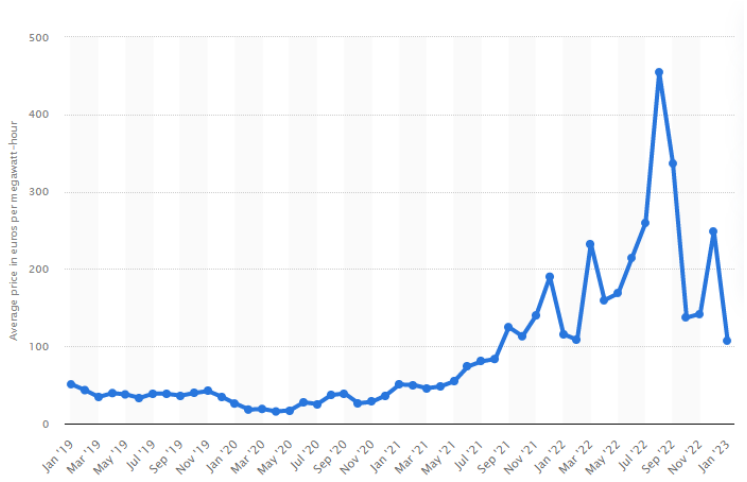
The construction and operation of renewable energy generation facilities in Denmark require approvals, permits and licenses issued by various regulatory authorities as well as public and environmental approvals. Before initiating the procedures for obtaining these approvals, the potential producer must ensure the land designated for the construction of the project. Also, depending on the characteristics of the project and its location, additional approvals may be required.

The Danish electricity grid is divided into two regions: DK1, which is located in the west of Denmark and connected to the central European grid, and DK2, which is located in the east of Denmark and connected to the Nordic grid (see chart below).[158] As a result of the division, each region has a different electricity price, which changes every day as published in the Nord Pool.[159]



In recent years, the average monthly electricity prices (wholesale) in Denmark have been on the rise. In addition, in the wake of the war between Russia and Ukraine, which broke out in February 2022, in the reporting period electricity prices in Italy increased significantly, as shown in the graph below:[160]

[157] Source: https://en.energinet.dk/.
[158] Source: Oversight over systemydelser (energinet.dk).
[159] Source: https://www.nordpoolgroup.com/en/Market-data1/Dayahead/Area-Prices/DK/Hourly/?view=table.
[160] Source: Denmark: monthly electricity prices 2023 | Statista.



Economic incentives

In 2021, the European Commission approved a plan to support the acceleration of the transition to renewable energy in Denmark under EU State Aid Rules, in order to assist Denmark to meet its environmental targets.[161] Among other things, the assistance will be rendered through a tender for a two-way premium, which is expected to be held by 2024. According to this model, where the electricity price is below a reference price established, the State pays the renewable electricity producer the difference between the actual electricity price and the reference one. On the other hand, where the electricity price is above the reference price, the electricity producer pays the State the difference between the actual electricity price and the reference one. This guarantees renewable energy producers long-term price stability, helping them to make the necessary investments. The measure has a total maximum budget of approximately EUR 400 million; however, as of the report date such a tender is yet to be published.

Regulation[162]

Denmark's electricity generation is regulated according to the licenses issued by the state. Connecting projects to the transmission and distribution grid requires permits and approval for connection. The necessary aspects are determined according to each project, but there are several key permits required for the construction of a solar facility, including: a building permit issued by the local authority, which determines the important parameters for construction in that area (such as site access, protection of adjacent land and environmental protection), environmental certificate, which approves the construction of the project in terms of environmental protection, and more.

The regulatory basis for renewable energy activities in Denmark is based on the Promotion of Renewable Energy Act, which promotes energy generation through renewable energy sources in order to reduce fuel dependence, increase supply security in order to reduce emissions of greenhouse gases.

[161] Source: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_2242.
[162] Source: https://www.lexology.com/library/detail.aspx?g=b293a11f-016e-496a-b118-9fde98eaa46c.

In addition to the Renewable Energy Law, Denmark has The Electricity Supply Act and the enforcement orders issued thereunder, which regulate the subject of electricity generation, transmission, trade and supply. This law is intended to ensure organized electricity supply for security regarding the supply, the economy and the environment, the protection of consumers and ensuring equal access to electricity.

Through the end of 2021, the costs of connection to the grid, which accrue as a result of the construction of the project, and which include reinforcement and expansion costs as well as current operating and maintenance costs, were subsidized by the Danish government through the PSO plan (which is called the equality plan). Following a legislative amendment, which came into force at the beginning of 2022, the PSO plan was canceled. The Danish parliament adopted a transitional arrangement for 2022, which is funded with government grants, and as from 2023 and thereafter the DSO and TSO companies are expected to charge connection fees and feed-in-tariffs from the electricity producers[163]. This regulation is a result of legislative amendments that came into force in January 2022.

As a result of the energy crisis, and due to, among other things, the war between Russia and Ukraine, in October 2022 the EU published State of Emergency Regulations for intervention in the rising energy prices in EU countries.[164] The EU regulations generally apply directly to all EU member states; however, the regulations prescribed that the member states will adopt and publish national directives. Following the above, the Danish government filed a bill that sets, among other things, a EUR 180 MWh cap; electricity producers that will exceed the cap will be required to refund certain amounts to the Danish government. If the bill will be passed into law, it will apply retroactively from December 2022 through June 2023.

At the same time, as part of Directive (EU) 2018/2001 of the European Parliament and the Commission of December 2018 regarding the promotion of the use of energy from renewable sources, Denmark implemented the Renewable Energy Guarantees of Origin (REGO) plan, as part of which end customers will be able to know the origin of the energy supplied to them. The certificate, which confirms the use of energy from renewable energies, is highly significant in ideological terms, and there are customers and consumers, who will opt to pay higher prices in order to benefit from electricity that was generated from renewable energies[165].

1.11.2. **Main entry and exit barriers of the area of activity**

See Section 1.10.3 above.

[163] Sources: https://forsyningstilsynet.dk/aktuelt/nyheder/forsyningstilsynet-godkender-energinets-metode-for-producentbetaling and https://forsyningstilsynet.dk/aktuelt/nyheder/ny-vejledning-for-producentbetaling-er-i-overensstemmelse-med-lovgivningen..

[164] Source: EUR-Lex - 32022R1854 - EN - EUR-Lex (europa.eu).

[165] Source: https://en.energinet.dk/energy-data/guarantees-of-origin-el-gas-hydrogen/.

1.11.3. **Alternatives for the products of the area of activity and changes therein**

See Section 1.9.1.8 above.

1.11.4. **Products and services**

The Group is engaged in initiation, licensing, managing of financing procedures, development, construction and maintenance of photovoltaic systems, including combined with energy storage.

The Company, through Doral Poland Renewable Energy, a limited partnership wholly owned by the Company, together with El-Mor, as defined in Section 1.20.10 below, established a dedicated corporation that will engage in the engineering, procurement and construction (EPC) and operation and maintenance (O&M) of renewable energy projects in Poland. The company shall be given right of first offer in an engagement with Doral Poland for the provision of EPC and O&M services to projects initiated by Doral Poland. As of the date of the report, the special purpose corporation is building projects for Doral Poland.

1.11.5. **Customers**

The electricity market in Italy, Poland and Romania is developed on the part of the customers so that the sale of electricity in Italy can be made to various entities active in the field of electricity and electricity traders (through participation in appropriate state tenders to the extent that they continue and their terms are appropriate for the Company's operations, brokers operating in the electricity exchange, direct agreements with the electricity companies that trade and supply electricity in the country, as well as through sales to other electricity traders who sell electricity to end consumers (PPAs)). As for Denmark the sale of electricity can be carried out in direct agreements with end consumers, through brokers operating on the Nord Pool electricity exchange, the largest electricity market in Europe linking the Nordic and Baltic countries, as well as through PPAs with end consumers.

1.11.6. **Marketing and distribution**

See Section 1.9.5 above.

1.11.7. **Competition**

The solar energy market in Europe is characterized by a decentralized structure that is divided between different developers, from established companies to small independent developers who develop projects at low capacities. In the projects in which the Company focuses, most of the competition revolves around locating and acquiring projects that are in various stages of initiation, that meet criteria such as legal and technical adequacy, low risks, rate of return to the investor and future marketability. As part of its operations, the Company is assisted by local cooperation to ensure the best transactions in the above-mentioned respects. The Company's operations, both in Europe and around the world, assist it in closing significant transactions, and leveraging connections and activities from one continent to another. As of the date of the report, the Company's share in the market is not significant.

1.11.8. **Seasonality**

For information regarding the seasonal characteristics of photovoltaic electricity generation systems, see Section 1.9.7 above.

1.11.9. **Generation capacity**

Regarding the Company's generation capacity, see Section 1.4 above.

1.11.10. **Raw materials, equipment and suppliers**

Regarding raw materials, equipment and suppliers, see Section 1.9.9 above.

During the reporting period, the area of activity did not include suppliers and subcontractors from whom the amount of purchase orders made by the Group companies, for the supply of equipment and materials and for the execution of work, accounted for over 5% of the total Group companies' purchase orders.

1.12. **Other activities**

In addition to the Company's areas of activity described above, as of the date of the report, the Company is engaged, through companies it holds indirectly, together with partners, in investments in technologies synergistic with the Company's operations and in the initiation of several electricity generation systems using biogas technology. It should be noted that due to the Company's decision to focus on the Company's core activities in the field of renewable energy in Israel, the United States and Europe, during 2021 and 2022 the Company acted to reduce its activity in the natural gas (co-generation), so that as of December 31, 2022 and as of the date of approval of the report, it holds approx. 7 MW in this activity, it has no intention of holding these facilities and is in advanced negotiations for the sale of the full rights in the projects to third parties.

1.12.1. **Doral-Tech activity - Investments in Energy, Environment and Climate Technologies**

On December 10, 2020, the Company established Doral-Tech, a limited partnership owned by the Company, in which the Company operates on three levels:

Investments in renewable energy, environment and climate technologies – locating innovative companies and ventures developing groundbreaking technologies aimed at addressing significant energy, environmental and sustainability challenges (hereinafter - "**target companies**"). Doral-Tech invests capital and management resources in target companies at various stages of raising capital, in order to provide them with the full infrastructure for the projects' development, among other things, by accompanying all stages of development, assistance in creating the necessary connections for development and advancing their growth trajectory, providing capital, financing of projects, development and testing sites, technological capabilities, product guidance, marketing and business development, and ultimately, in some cases, the Company will enjoy various rights and benefits in relation to those technologies. As of the date of the report, Doral-Tech has invested in the following companies: Phinergy Ltd., which develops green energy solutions through the use of "aluminum-air" and "zinc-air" technology for the generation, transmission and storage of energy; Ascend Elements, which is developing a unique technology for recycling lithium-ion batteries and producing new batteries; Zohar Clean Tech Ltd., which develops local systems for the treatment and conversion of waste into energy "on the consumer's premises"; Yotta Energy, which develops integrated energy storage systems with micro-converters for the C&I market; AM Batteries, which is developing a unique technology for dry coating of electrodes in batteries; Titan AES, which is developing an innovative system

for the diagnosis, control, and optimization of batteries and energy storage systems, based on ultrasound technology; Addionics, which is developing a technology to improve battery performance by changing the battery architecture to 3D; Storage Drop Ltd., which develops energy storage and cooling/heating systems using compressed air tanks; H2PRO, which is developing an electrolyzer using E-TAC technology for green hydrogen production and Verdagy, which is developing an electrolyzer for large scale green hydrogen production based on a unique technology that combines the benefits of AWE and PEM technology and overcomes their shortcomings; Helios, which develops a unique technology that allows the production of "green" steel, with no emission of carbon dioxide, reduced energy consumption, at a price that is tens of percents lower than the current production price; Reverion, which developed a technology for increasing the efficiency of biogas facilities by tens of percents, and for reducing the carbon dioxide emissions to zero; Noon Energy, that develops a cheap energy storage technology with a range of more than 100 hours, which is based on carbon dioxide; Capow, which develops a system for wireless energy transfer, without a battery, to robots and autonomous vehicles, Quino Energy, that develops water-based flow batteries that store electrical energy in organic molecules for 8-12 hours, and Type One Energy, that develops a Fusion Stellerator for the production of green energy.

Academic R&D and relationship with the local ecosystem – creating strategic collaborations with academic research institutions and other entities, such as the Technion, Bar-Ilan University, the European Institute of Innovation & Technology and the 8200 Alumni Association, in which Doral-Tech invests in diverse technological ventures on topics synergistic with the Company's activity, finances advanced applied research and accompanies the ventures through all stages of the development, in order to promote research, development, commercialization, and to locate and realize business opportunities in response to global challenges in the fields of energy, climate and environment, as well as in order to enjoy various rights and benefits in relation to those technologies.

Exposing the Company to technologies – exposing the Company to innovative technologies in its business activities, through market research, identifying business opportunities and mutual exposure to other players in the industry, and adopting the technologies, in order to position the Company at the technological and business forefront of renewable energy.

As of the date of approval of the report, Doral-Tech has invested NIS 94 million in its activities as described above, out of a NIS 100 million amount approved by the Company's Board of Directors.

1.12.2. **Doral Environmental Infrastructures**

As of the date of the Report, the Company operates through Doral Environmental Infrastructures, a company it holds indirectly, at a rate of 80%, and corporations held by Doral Environmental Infrastructures, at a rate of between 33% and 100%, initiating several electricity generation systems using biogas technology (hereinafter jointly - the "**Biogas Companies**").

As of the date of the report, the biogas companies hold an approval to connect to the distribution grid and a tariff approval for 5 systems for electricity generation using biogas technology, with a total capacity of 8.3 MW, and Doral Environmental Infrastructure engaged in development and lease agreements for the establishment of three additional biogas

systems with a total cumulative capacity of approx. 5 MW. In addition, Doral Environmental Infrastructures is negotiating with a number of additional kibbutzim, for partnership and/or for the lease of areas that will be used for the establishment of biogas systems.

During 2022, Doral Environmental Infrastructures expanded its activities through: (a) a partnership with the Meirav and Maale Gilboa kibbutzim, under which the construction of a biogas facility in Kibbutz Maale Gilboa with a capacity of approx. 0.63 MW has begun which will soon be commissioned; (b) acquisition of 100% of Global Bio Power 1 Ltd., which holds the full rights in a power plant for the generation of electricity from biogas with a capacity of 2 MW on the premises of Hadera Paper, as described in Section 1.20.11 below. The electricity generated in the power plant is sold to the IEC Ltd. according to the approved CPI-linked feed-in tariff. The power plant combines the paper recycling industry with green energy generation, by using the gas produced from the waste of the paper production process for electricity generation; and (c) expanding its activity to Europe and completing the acquisition of 100% of the holdings in the Polish company TP BIOGAS SP ZO.O, and in two special purpose companies for the construction of 2 biogas facilities (1 MW each) for treating organic/agricultural waste, which received all approvals required for their construction. After the purchase of the companies, the name of the Polish company was changed to Doral EI Poland.

During 2020, Doral Environmental Infrastructures invested, together with a group of investors, in Pauli Cleantech Ltd. (hereinafter - "**Pauli Cleantech**") and also invested in Keilot Ltd. (hereinafter - "**Keilot**"). For information regarding the investment agreement with Pauli Cleantech, see Section 1.14.1 of the 2020 periodic report. For information regarding Doral Environmental Infrastructures engagement with Keilot, which operates in Africa in the field of off-grid renewable energy systems for communities without a grid and infrastructures, see Section 1.9.3 of the 2020 periodic report. As of the date of approval of the report and according to Keilot's compliance with milestones, Doral Environmental Infrastructures has transferred an amount of USD 800 thousand (as a shareholder loan) in consideration for 47% of Keilot's issued and paid-up share capital. In addition, Doral Environmental Infrastructures has the option to increase its holdings in Keilot to up to 51%, for an additional amount of USD 175 thousand. Furthermore, in 2022, Doral Environmental Infrastructures entered into an additional agreement with Keilot, under which it provided Keilot with another shareholder loan totaling USD 30 thousand.

For information regarding the Doral Environmental Infrastructures founders' agreement, see Section 6.17.3 of the prospectus.

For information regarding the lease agreements and the agreements regarding the establishment of the biogas companies, see Section 1.12.2.2.1 below.

For information regarding the Company's systems with a breakdown into the various stages, see Section 1.4 above.

1.12.2.1 **General**

According to publications, every year over 3 million tons of agricultural waste is generated in Israel[166]. A significant proportion of agricultural waste is not treated satisfactorily and can cause severe incidents of odors, flies, transmission of disease and soil, water and air pollution[167]. In recent years, the Ministry of Environmental Protection has formed policies on waste treatment, procedures and decisions, the purpose of which is to encourage entrepreneurs to establish and expand the end facilities for all kinds of agricultural waste, including the establishment of biogas electricity generation systems.

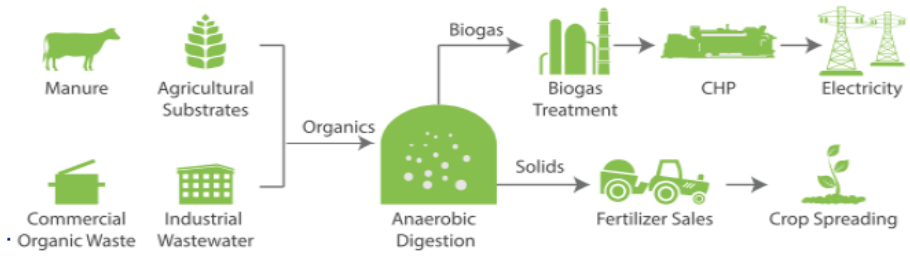
The electricity generation systems promoted by Doral Environmental Infrastructures are part of the waste treatment solutions it promotes.

The anaerobic digestion process is a biological process, carried out in the absence of oxygen, in which bacteria break down the organic matter found in agricultural waste and release biogas, which consists mostly of methane[168], carbon dioxide and water.

As part of the decomposition of organic matter, part of the energy potential found in agricultural waste is converted to methane, which is later used to produce electricity (while using the residual heat to heat the reactor).

The biogas generated as part of the decomposition of agricultural waste is discharged, through pipes, into a cleaning and methane gas separating system. The biogas generation system includes a generator for the production of electricity that operates using methane gas (instead of using other combustible materials) while utilizing the residual heat to heat the reactor (which is the main component of the system).[169]

The following is a schematic diagram describing the biogas-based electricity generation systems:



To the best of the Company's knowledge, as of the date of the Report, three main biogas plants are operating in Israel and active in the agricultural sector (in Emek Hefer, in the Golan Heights and near Moshav Timurim), and a local facility in Kibbutz Tel Yosef, which generate electricity with a total capacity of 9 MW. There are also several biogas facilities in sewage treatment plants spread throughout the country (which treat the excess sludge), the largest of which was established by "Igudan" in the Shafdan - the largest sewage treatment plant in the country. This is in contrast to European countries and the USA, where there are

[166] Source: www.sviva.gov.il/subjectsenv/agroecology/agro-waste/pages/default.aspx.
[167] See the Agricultural Waste Treatment Policy published by the Ministry of Environmental Protection dated January 7, 2013.
[168] Methane gas is one of the main components (65%) in natural gas and is considered a high-quality fuel.
[169] A reactor is a container in which the anaerobic digestion process takes place.

thousands of active biogas plants, which generate electricity with a capacity of thousands of MW[170].

In addition, to the best of the Company's knowledge, there are a number of biogas plants in Israel that are adjacent to the food industry plants, dairies, the fresh beverage industry, landfills, etc. (about 20 facilities), which utilize the biogas produced from food scraps and manure as a fuel source to power generators for generating steam, burners, or as a substitute for fuel oil or condensed carbon gas used by factories.

1.12.2.2 **Structure of activity and its changes**

Biogas technology is a technology that has been around for decades around the world. However, with regard to Israel, as stated above, to the best of the Company's knowledge, there are only a few individual facilities that generate electricity from biogas, with a total capacity of approx. 27 MW[171].

Recent years have been characterized by the construction and promotion of a number of plants for the generation of electricity using biogas, among other things, thanks to the update of the Ministry of Environmental Protection's policy regarding agricultural waste treatment, additional regulatory changes required dairy owners to treat waste generated in dairy farms, expedients in relation to the planning and construction of biogas systems, supportive regulation by the Israeli Electricity Authority, and the expansion of the designation of agricultural land and "farm buildings" also for biogas systems (NOP 16/4/2).

According to the decision of the Israeli Electricity Authority dated December 26, 2016[172], the existing quota, which is in effect until December 31, 2022 or until the end of the quota, whichever is earlier, is 100 MW installed.

1.12.2.2.1. **Initiation of procedures for the construction of biogas systems**

The procedures for initiating biogas systems by Doral Environmental Infrastructures are similar to the procedures for initiating solar systems and wind turbines:

Doral Environmental Infrastructures enters into joint venture agreements with partners (usually kibbutzim or factories) to establish a joint corporation, which will be held by the parties and will be the owner of the biogas system, which will be established on land owned by the kibbutz or the partner plant (hereinafter - the "**Partner**" and the "**SPC**", respectively).

In most cases, the partner provides the SPC with the land on which the system will be built, as well as agricultural waste that will be used for biogas generation. Doral Environmental Infrastructures provides the SPC with the necessary knowledge and experience to establish a biogas system, including management of the initiation stages, financing management, planning management, selection of suppliers and contractors, and professional guidance of the construction stage.

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[170] Source: European Biogas Association, Annual report 2019, p.10 .

[171] See the list of production licenses published by the Israeli Electricity Authority as of May 2021: https://www.gov.il/he/departments/publications/reports/statusrish.

[172] See the decision of the Israeli Electricity Authority of Session 507 dated December 26, 2016, Resolution No. 9 (1119) - Extension of the deadlines set in Resolution No. 6 of Session 275 dated September 7, 2009, in Resolution No. 6 of Session 399 dated April 22, 2013, in Resolution No. 2 of Session 344 dated July 25, 2011, in Resolution No. 59104 dated November 22, 2020 from Session 591 and in their accompanying resolutions, Resolution 61007 dated July 18, 2021.

Doral Environmental Infrastructures estimates that for the establishment of biogas systems on kibbutz or factory premises and in cooperation with them, there are many advantages, including: on-site and immediate treatment of agricultural waste without the need to transport the waste to major treatment facilities; reduction in the amount of garbage for dispersal and the landfill; fertilizer production for local agricultural uses instead of purchasing chemical fertilizer; electricity generation directly to the electricity grid for a fixed and known tariff; prevention of contamination created by excretions/manure and leachates; prevention of odor nuisances and flies; use of residual heat obtained from the generator, etc.

Joint venture agreements and lease agreements

The joint venture agreements are similar to the agreements signed in relation to the photovoltaic systems. In addition, the agreements include an undertaking by the parties to cooperate in order for the SPC to enter into agreements with cowsheds, animal farms or garbage suppliers in the area, in order for them to commit to providing the SPC with organic manure.

Simultaneously with the engagement in the joint venture agreement, a lease agreement is signed with the partner, arranging for the lease of the land on which the system is intended to be built for a period of 24 years and 11 months, starting from the financial closing and handing over possession of the land to the SPC. Usually, the lease agreements are against the payment of rent to the partner (the land owner). In addition, the lease agreements include provisions regarding the termination of the agreement, including its early termination.

1.12.2.2.2. **Regulation of biogas systems**

Starting December 2019, it is possible to establish a biogas system without the need to obtain a conditional license under a general criterion that regulates the conditions for connecting systems to the electricity grid.

The tariff provided under the relevant regulations for the sale of electricity generated through biogas plants is linked to the CPI (50%), to changes in the USD exchange rate (25%), and to changes in the EUR exchange rate (25%). Once a tariff is approved, the tariff is in effect for a period of 20 years from the date of commercial operation, and is linked to changes in the CPI (100%).

The construction of the facility is carried out by experienced external EPC contractors. The operation of the system is carried out on an outsourcing basis by an operating and maintenance contractor or professional personnel to be hired by the SPC.

For further details on the regulation of biogas systems, see Section 1.9.3.2.2 of the 2020 periodic report. It should be noted that the regulation is no longer effective as from December 31, 2022, and to the best of the Company's knowledge the relevant parties work to introduce a new regulation that will allow further construction and connection of biogas systems to the grid.

Part Four - Matters relating to the Activities of the Corporation as a Whole

1.13. Property, plant and equipment, land, and facilities

The Company's offices are located in an office building in Ramat Gan, which the Company leases under a lease agreement in an amount that is not material for its activities.

The electricity generation systems owned by the project companies are installed on real estate (including rooftops, reservoirs, fish ponds, agricultural fields, fences and other land divisions).

Regarding the Group's activity in Israel, some of the project companies receive the right-of-use, authorization, rent or lease (as the case may be), for extended periods, from the kibbutz or the landowner's plant, without the need to pay usage/rental fees, and some receive the right-of-use against payment of usage/rental fees. In addition, some of the engagements include provisions according to which, until the exercise of an option given to the partner to acquire rights in the joint corporation, the SPC undertakes to pay rent to the partner.

In relation to the Group's activity in the USA and Europe, Group companies and land owners enter into agreements for the lease of the areas of the various projects.

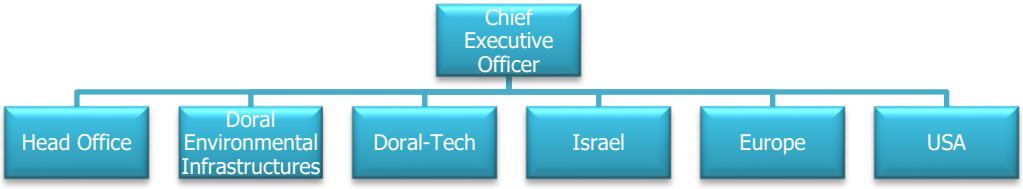
The Company has no significant property, plant and agreement, except for the electricity generation systems owned by the subsidiaries or the SPCs. For details, see Note 14 to the financial statements.

Usually, the assets of the facilities is owned by the SPC, and is encumbered for the benefit of the financing entity for the financing period only. The assets of the SPC mainly includes the electricity generation systems, including all their components.

1.14. Human Capital

1.14.1. Organizational structure

The following is a diagram of the Group's organizational structure:



1.14.2. As of December 31, 2022, and as of the date of approval of the report, the Group has 121 employees compared to 74 employees on December 31, 2021, in the following breakdown:

	December 31, 2021	December 31, 2022
Head Office	20	30
Israel	27	46
USA	20	31
Europe	3	5
Doral - Tech	2	3
Doral Environmental Infrastructures	2	6

In view of the accelerated growth in the Company's activity, the Company sees great importance in adjusting the organizational structure in which it operates, emphasizing the fact that activity in various markets (Israel, USA and Europe) requires a dedicated local response. In view of the above, as of the approval date of the report, the Company has branches in Poland, Philadelphia and Chicago, and expanded its workforce in Israel, the United States and Europe. The Company's Head Office includes the finance departments, the Company's secretariat, investor relations, spokespersons and branding, and business development. Israel, USA, Europe and Doral-Tech include business development, engineering, procurement and logistics, operations and maintenance, planning and regulation and project management.

1.14.3. The Company estimates that it has no significant dependence on a particular employee.

1.14.4. **Benefits and the nature of the employment agreements**

The terms of employment of the Company's employees are regulated in individual contracts, which vary from employee to employee, and which are determined for each employee according to his skills, education and position. The employees' personal agreements regulate the terms of payment, vacation, convalescence, advanced notice period, severance pay, sick days, contributions into funds, additional benefits and a commitment to confidentiality and non-compete. In addition, as of the date of the Report, the Company has allocated to the Trustee, for 8 employees, convertible option warrants for the Company's shares. All employees of the Company have signed Section 14 of the Severance Pay Law. The Company usually contributes to the employees' funds from the first day of their work in the Company.

Accordingly, the financial statements as of December 31, 2022, do not include a liability for severance pay.

In addition, On November 18, 2021, the Board of Directors of Doral LLC approved an options plan, under which Doral LLC may allocate a quota of 31,977 options, constituting approx. 2.5% of the share capital of Doral LLC (fully diluted), to employees, managers, officers, directors and consultants, for the acquisition of Membership Interests of Doral LLC. As of the publication date of the report, the Compensation Committee of Doral LLC has approved the allocation of 14,911 options, constituting approx. 1.16% of the share capital of Doral LLC (fully diluted), under the plan.[173] The options plan includes an appendix for Israeli offerees, including terms and conditions in accordance with Section 102 of the Income Tax Ordinance [new version], as well as accepted provisions regarding adjustments of the amount of options and the exercise price in acceptable cases (structural changes, IPO events, distributions, etc.), provisions for the termination of employment, etc. According to the plan, unless otherwise decided by the Compensation Committee, including in accordance with a personal engagement agreement, the options can be exercised within a period of 3 years from the date of allotment, subject to the vesting period, during which options will vest in tranches over three years from the allotment, on the following dates: 33% starting from the end of the first year from the date of allotment, 33% from the end of the second year from the date of allotment, and the balance from the end of the third year from the date of allotment.

[173]Of the said number of options, 2,558 options, comprising 0.2% of Doral LLC's share capital (on a fully diluted basis) were allocated to Mr. Dani Rinot, who serves as the company's Head of Business Development in the United States.

Furthermore, in accordance with the plan, the exercise of the vested options shall be subject to Doral LLC's executing an IPO, provided that this condition does not apply to options that were allocated in accordance with Section 102 to the Income Tax Ordinance [New Version] in accordance with the above appendix. The plan also stipulates that Doral LLC will be entitled to allocate 37,412 options, constituting approx. 3% of Doral LLC's share capital (fully diluted), for the acquisition of Doral LLC's Membership Interest to one of the incumbent directors in Doral LLC, in accordance with the terms determined in a personal engagement agreement.

1.14.5. For details regarding the terms of office and employment of the Company's officers, see Regulation 21 in Part D (Additional Information Chapter) of this report. For details regarding the options granted to the Company's employees, see Section 3.6.2 of the prospectus.

1.14.6. For details regarding the compensation policy of the Company's officers, see Regulation 21 of Chapter D of this report.

1.15. Working capital

1.15.1. General

The Company's working capital, according to its consolidated financial statements as of December 31, 2022, amounts to approx. NIS 519,084 thousand, and consists of current assets less current liabilities, as detailed below.

Current assets amounted to NIS 792,061 thousand and included mainly cash and cash equivalents, deposits and restricted cash, trade receivables, accounts receivable and debit balances, and financial assets measured at fair value through profit and loss.

Current liabilities amounted to approx. NIS 273,013 thousand and mainly included current maturities in respect of loans and leases, short-term loans from an institutional entity, suppliers and service providers, and accounts payable and credit balances.

1.15.2. Working capital components of the Group companies[174]

1.15.2.1 Inventories

Group companies do not usually hold inventory. Most purchases of equipment from suppliers are made on a project basis or as needed, with the equipment being imported directly from the supplier or through local importers.

1.15.2.2 Customer credit and supplier credit

Customer credit[175]

As of December 31, 2022, the credit provided by the Group companies to their customers amounted to NIS 45,278 thousand. Credit terms for the customers of the Group companies range between cash and 60 Days EOM.

As of December 31, 2022, there is no provision for doubtful debts in the Company's financial statements.

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[174] The Company's working capital (solo) amounts to a total of approx. NIS 493,074 thousand, and consists of current assets (approx. NIS 602,491 thousand) less current liabilities (approx. NIS 109,417 thousand).

[175] The total credit to customers and from suppliers is in the absolute values of the Company and the Group companies, regardless of the Company's rate of holdings.

For information regarding the terms of the contract with the IEC, see Section 1.9.4 above. Payment by the IEC is made between 15 days and 60 days from the date the invoice is issued to the IEC.

Supplier credit

As of December 31, 2022, the supplier credit of the Group companies amounted to approx. NIS 32,765 thousand.

The credit period given to the Group companies by their suppliers is usually between 30 Days EOM and 60 Days EOM.

The following is a breakdown of the average customer and supplier days of the Group companies for 2022:

	2022
Customer days[176]	83
Supplier Days[177]	92

1.16. Insurance

In accordance with the provisions of the Electricity Sector Regulations (Conditions and Procedures for Granting Licenses and Duties of a License Holder), 1997 and the Book of Standards, the Group companies hold insurance as follows: Liability Insurance to cover the license holder's liability under any law, in connection with activity under the license and any activity accompanying this activity, within the limits of USD 1 million to USD 3.5 million (depending on the size of the system) per case and period; Employer Liability Insurance within the limits of liability of USD 5 million per case and period; Third Party Liability Insurance within the limits of between USD 5 million and USD 25 million per case and period (depending on the size of the system); Expanded Fire Insurance for the systems, property, equipment and inventory used for electricity generation activities and any other property at the full cost of its establishment; In addition, systems operating under the regulation of competitive procedures or a production license are also insured with All Risks Insurance and Consequential Loss Insurance for the facility, which covers loss of revenue from damage covered under the property policy for the systems. Some of the insurance policies are prepared on several levels. In addition, Doral LLC purchases property insurance in respect of the systems and liability insurance (on two levels) in respect of its legal liability in connection with its activities, as well as employer liability insurance and insurance policies for directors and officers.

1.17. Investments

For information regarding investment in synergistic activities through Doral-Tech, see Section 1.12.1 above.

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[176] Customer days were calculated according to the ratio of the customers to revenue in the absolute values of the Company and the Group companies, regardless of the Company's rate of holdings.

[177] Supplier days were calculated according to the ratio of the suppliers to the operating expenses and to purchases of property, plant and equipment in the absolute values of the Company and the Group companies, regardless of the Company's rate of holdings.

1.18. **Financing**

The Group finances its operations through its equity, the issuance of shares and debentures, excess cash flows stemming from its systems, investments by third parties in Group companies, loans from banking corporations and other institutional entities, and sometimes loans from partners in the SPCs. For additional information, see Section 2.3(b) to the Report of the Board of Directors.

Most of the loans taken by the Group companies are designated loans taken for the purpose of establishing electricity generation systems and are secured by an encumbrance on the systems, the SPCs that own them and the holding corporations that own the SPCs.

1.18.1. **Interest rates**

The following are data regarding loans taken by the Group companies and the weighted and effective interest rates for those loans as of December 31, 2022:[178]

	Balance as at December 31, 2022 (in NIS thousand)	Weighted interest (as of December 31, 2022)	Effective weighted interest (as of December 31, 2022)
Long-term loans			
Banking sources	201,251	5.71%	5.71%
Institutional entities	257,436	3.22%	3.22%
Other sources	133,849	5.41%	6.49%
Short term loans			
Banking sources	137,275	6.25%	6.25%

For details regarding Doral LLC's agreement with Apollo, which is not included in the above table, see Section 1.18.6.3 below.

1.18.2. In the period from the date of the financial statements to December 31, 2022 and until the date of approval of the report, the Group companies took loans to finance projects in the total amount of approx. NIS 90,743 thousand.

1.18.3. **Credit facilities**

As of December 31, 2022, the Group companies that are not SPCs do not have binding credit facilities, with the exception of the revolving bridging credit facility with Mizrahi Tefahot Bank Ltd. For information regarding the financing agreement, see Section 1.18.6.2 below.

[178] The amounts include all loans taken by the Group companies (loans of corporations accounted for by the equity method in the Company's reports were calculated using the proportionate consolidation method, in accordance with the holding rate therein), except for debentures listed in Appendix A to the Report of the Board of Directors, the loans to Doral Pauli listed in Regulation 22 of Chapter D, and shareholder loans provided to the joint corporations as equity. It should be noted that most of the loans were taken by corporations that are accounted for in the Company's statements according to the equity method.

1.18.4. **Credit at variable interest rates**

The following are details regarding loans taken at variable interest rates by the Group companies[179] as of December 31, 2022:

Change mechanism	Interest Range	Credit Amount as of December 31, 2022 (NIS thousands)	Interest Rate (Weighted Average) Near the Reporting Date
Prime	4.75% to 6.95%	180,193	5.87%
SOFR	5.3% to 5.55%	132,768	5.67%

1.18.5. **Project financing**

Most of the systems that have been established (or are being established) by the Group companies are financed, for the most part, through credit, provided by banks or other financial corporations, in the form of project financing, against an encumbrance on all rights in the system and in the joint corporation holding it, as well as an encumbrance on the rights of the shareholders in the joint corporation.

During the construction period of the system, the project credit is, usually, for a period of up to two years, after which it is spread over a long period of time (usually, for a period of up to approx. 22 years, depending on the nature of the regulation and the period in which the financing is taken). Usually, the financing for systems established in Israel is 80%-100% of the construction cost of the system (depending on the nature of the regulation and the period in which the financing was taken), with the balance provided by the Group companies and the partner (or partners) in the joint corporation that is the owner of the system (in parts as agreed between them) as shareholder loans or investments, as the case may be. In the field of renewable energy in the United States, 65%-85% of the cost of construction of each project is funded through credit from banks or other financial corporations, and through investment by a tax equity partner.

As for photovoltaic systems in Israel, as a rule, the Company establishes dedicated holding corporations, which arrange with a particular financial entity (bank or other institutional corporation) a financial outline, regarding the provision of senior debt financing for the establishment of systems by the financial entity (hereinafter in this section - "**Financing Corporations**"). The financing corporations hold, under one roof, all the SPCs (the system owners) for which the financial entity has provided financing according to the same financing outline. With the exception of loan amounts, their periods and interest rates, which vary between the loans depending on the dates they are taken and the conditions prevailing in the market at that time, in general, the financing terms of the SPCs held by a particular financing corporation are the same.

[179] Loans of corporations accounted for by the equity method in the Company's reports were calculated using the proportionate consolidation method, in accordance with the holding rate therein.

The following are the main financing outlines for the various projects[180]: The provision of loans is conditional on the investment of the required equity (including through shareholder loans), an encumbrance on all assets and rights of the SPC, assignment of rights with electricity consumers, the IEC and insurance entities, endorsement of contractors' guarantees, receipt of subordination letters from the owners of the SPC, an encumbrance on the holdings of the SPC, a guarantee from the financing corporation and sometimes also guarantees from the corporation holding the financing corporation and from the Company (removed after spreading the loans over the long term, subject to compliance with certain conditions). After the completion of the systems' construction and subject to compliance with various conditions (such as obtaining an operating permit and connection to the electricity grid, meeting the revenue forecast, the system's compliance with technical and other conditions, preparing insurance, receiving guarantees, etc.), the credit is spread over the long term.

The financing outlines include commitments to meet various financial covenants, which mainly include: maintaining a historical and expected debt service ratio[181] for the coming year (between 1.05 and 1.3, and there are systems for which this ratio is tested together); in net meter systems, the expected debt service ratio, according to a protection tariff and spread over the protection tariff years - may not fall below 1; in some cases, the expected debt service ratio for the next year and the expected debt service ratio over the life of the project may not fall below 1.1; in several financing agreements: tangible equity may not be less than 20% of the borrowing corporation's balance sheet; and in several credit financing agreements, the credit rating may not be less than a rating of BBB+. As of the date of the Report, the SPCs are in compliance with the financial covenants.

In addition, the financing outlines include obligations regarding the filling of reserve funds and restrictions regarding payments to shareholders, which include, among other things, filling of reserve funds, compliance with financial covenants (annual debt service ratio of not less than 1.12 to 1.25), number of distributions per year, etc.

For additional information regarding the terms of financing, see Note 18 to the financial statements.

1.18.6. Set forth below are the details regarding the Group's material loans as of December 31, 2022:

1.18.6.1 <u>Financial closing of the Indiana North Project</u>

On June 13, 2022, Doral LLC engaged, through a project corporation (hereinafter in this section - the "**Project Company**"), in which it has an indirect interest of 62.5% (with the remaining interest held by Migdal), and which holds all rights to the project in a financing

[180] The description below includes the main conditions of the project financing agreements. For convenience and to avoid duplication, the description is given jointly. However, some conditions apply only in relation to some loans, and sometimes only to a few of them. Also, in case different rates have been set by different lenders, the description below includes the range set.

[181] "Debt service ratio", means - the ratio between the available cash flow for the debt service and the debt service in a certain period.
"Free cash flow for debt service", means - revenues (operating or other current) received in the relevant corporation in a particular period, less operating, maintenance and general expenses of that corporation in that period.
"Debt service", means - the cumulative amount of principal payments, interest, etc. finance expenses in a particular period.

agreement with a consortium of lenders led by Deutsche Bank AG, New York Branch (hereinafter - the "**Lenders**"), under which the Lenders will provide an amount of USD 390 million for financing the Project, and all in accordance with the terms and conditions set in the agreement.

Pursuant to the Agreement, the Lenders will provide three loans (a construction period loan, a long-term loan and a Bridge Loan (hereinafter - the "**Loans**"); and a framework for the provision of bank guarantees, which will be used by the Project Company to finance the construction work and additional project costs. Below is a breakdown of the main points of the Loans:

Line item	Loan for the construction period	Long-term loan	Bridge loan
Borrower	Projects company	An entity holding the corporation in which the tax equity partner will invest, who will hold the project company	Projects company
Loan amount	Approx. USD 155 million		Approx. USD 170 million
The amount of the loan advanced as of December 31, 2022	USD 43 million		USD 47 million
Guarantees facility	Bank guarantees facility at the total amount of USD 50 million to USD 65 million		
Loan term	Through to the earlier of (1) the date of conversion of the loan to a long-term loan; and (2) October 31, 2023	5 years from the date of the conversion of the loan to a long-term loan (the conversion shall be made subject to the fulfillment of the terms set in the agreement)	Through to the earlier of (1) the date of conversion of the Construction Period Loan to the long-term loan; (2) completion of the Tax Equity Partner investment in the Project in accordance with the equity partner agreement; and (3) October 31, 2023
Interest	SOFR (Zero Floor) with addition of a margin of 1%-1.75%[182]		

[182]The Loans' interest rates are not identical, but they all fall within the range noted in the table.

Line item	Loan for the construction period	Long-term loan	Bridge loan
Amortization schedule	The principal, plus accrued interest, shall be repaid at the end of the loan term, as stated above. Subject to the provisions of the agreement, the loan shall be repaid through the loan principal of the long-term loan.	Structured amortization schedule for a period of 20 years, with quarterly principal and interest repayments. The outstanding balance shall be repaid in full at the end of the loan term, as stated above, and the borrower is expected to take steps for the refinancing of the loan balance prior to that date.	The principal, plus accrued interest, shall be repaid at the end of the loan term, as stated above. Subject to the provisions of the agreement, the loan will be repaid using the funds injected from the Tax Equity Partner's investment.[4]
Right for early repayment	The borrower has the right to make early repayment of all or some of the loans at any time, without payment of a fine (except for payment in respect of any economic damage that may be caused to the Lenders, if any, other than loss of expected profits), subject to prior notice.		
Distribution limitations	Distributions will be made possible as from the Project's commercial activation date, subject to fulfillment of conditions, the key of which are: any of the generally accepted breach events as set out in the agreement will not take place; The DSCR[183] will not be lower than 1.2; and the balance of the debt service reserve is not lower than the principal and interest payments for the six consecutive months following the calculation date.		
Debt to equity ratio	The Construction Period Loan and the Bridge Loan shall be extended such that the debt to equity ratio will not exceed 65:35.		
Primary events for calling for	The usual conditions for immediate repayment, as well as the following conditions (all subject to conditions, reservations and/or		

[183]The DSCR will be calculated for the 12 consecutive months prior to the calculation date (except in relation to the first repayment date, that will be calculated as from the loan conversion date and through the next payment's date), as the ratio between the cash flow available for debt service for that period and the total amounts of the principal and finance expenses to be paid for that period, all as specified in the agreement).

Line item	Loan for the construction period	Long-term loan	Bridge loan
immediate repayment	relief periods as set out in the Agreement): cross-default of the Company and/or secondary corporations in the Project and/or Migdal[184] (subject to minimum amounts); insolvency; failure to comply with the deadlines set in the Agreement, including commercial operation by October 31, 2023; breach of Tax Equity Partner agreement; failure to comply with material obligations in the Project agreements (including the PPA); suspension or revocation of licenses or permits, etc.		
Key collateral	The usual project financing liens on all the rights and assets related to the Project, including the property belonging to the Project Company, interests in the plants, project agreements, insurance policies and project accounts, the right to cash flows from the Project as well as the full share capital of the corporations with stakes in the Project. Furthermore, in order to enable the injection of the capital to the project simultaneously with the withdrawal of the financing funds (rather than in advance), a USD 90 million package of collaterals was made available to the Lenders; the package includes a mix of owners' guarantees and various charges placed on 'capital call' rights from Migdal and/or its subsidiaries and subsidiaries of the Company. In this framework, the Company provided a Company guarantee in the amount of USD 30 million (as part of which the Company will be required to comply with the following financial covenants: consolidated equity of no less than NIS 250 million for two consecutive quarters, and separate equity to net separate balance sheet ratio (as defined in the Agreement), which will not fall below 30% for a period of two consecutive quarters), all solely as a collateral for the injection of capital required for the project). In addition, the Project Company undertook to provide a bank guarantee to secure payment of excise taxes that may be imposed (if imposed) on the import of solar panels for the Project, if the US Department of Commerce investigation will result in a negative result for the supplier of panels to the Project. As the approval date of the report, the provision of such guarantee was not required, in view of an order issued by the US government regarding exemption from tariffs for a 24-month period, during which the equipment shipments for the project will be completed.[185]		
Additional material undertakings	Additional conditions generally accepted in such transactions, representations and obligations, cash sweeps and waterfall		

[184]Migdal and/or corporations under its ownership.

[185] For more information about the investigation of the US Department of Trade, see Section 1.10.1.2 above.

Line item	Loan for the construction period	Long-term loan	Bridge loan
	payment mechanisms, conditions precedent for withdrawals, payment of fees and commissions, hedging the interest rate for the entire period of the long-term loan's amortization schedule, undertaking not to place charges, and not to assume additional debt, engaging in insurance agreements, etc.		

1.18.6.2 Revolving bridging credit facility master agreement for the financing of solar projects in combination with storage

On November 14, 2022, a wholly-owned corporation of the Company and Mizrahi Tefahot Bank Ltd. (hereinafter in this section - the "**Bank**") entered into a NIS 200 million revolving bridging credit facility master agreement; on February 28, 2023, the parties agreed to revise the credit facility such that its amount will stand at NIS 300 million, for the financing of projects in the immediate term, prior to the financial closing[186] (hereinafter in this section - the "**Corporation**" and the "**Credit Facility**", as applicable). The corporation shall extend the funds as loans to the different project corporations.

The Credit Facility shall be utilized, among other things, to repay to the Company up to 85% of the costs that the Company has borne so far in respect of projects under construction, and projects that will be built under Tender 1 and Tender 2 of the Israeli Electricity Authority, further payment of costs to third parties as stated above, and the provision of bank guarantees and letters of credit to suppliers where required. The finance costs arising from the Credit Facility constitute part of the construction budgets of the financed projects.

The Credit Facility is a revolving credit facility; that is to say - the corporation will be able to borrow funds for a period of up to one year; as soon as any amount is repaid (including by way of extending this amount again to the project as a senior debt) the Credit Facility amount will increase accordingly, such that it will also be possible to redraw amounts that were repaid, provided that the outstanding balance of loans that were withdrawn under the facility shall not exceed NIS 200 million.

The availability of the Credit Facility	Through May 15, 2025, or through May 31, 2023 (if a senior debt agreement is not signed by that date)[187].
Annual interest	Prime plus 0.5%-1.5%.
Right for early repayment	The corporation has the right to make early repayment all or some of the loans extended by virtue of the Credit Facility at any time, without paying a penalty.
Distribution limitations	So long as there is an outstanding balance of loans extended by virtue of the Credit Facility, it will be forbidden to make distributions to owners from the projects, except for the

[186] For information about the Bank's engagement in a memorandum of understanding for the financing of combined solar and storage projects using senior debt and other facilities, see Note 13.B to the financial statements.

[187] This period may be extended after obtaining the Bank's advance written consent.

	reimbursement to the Company of up to 85% of the project costs it paid.
Equity to debt ratio	15:85
Events under which immediate repayment / reduction of the amount of the Credit Facility will be called	Generally accepted events, including default on payments and failure to make payments on the dates set in the agreement.
Collateral	The Company's guarantee; first ranking charge on the Company's rights in the corporation; and if requested by the Bank - a first ranking charge on the corporation's rights in the project's corporations, and on the rights conferred by virtue of Tenders 1 and 2 in relation to the financed projects. On the senior debt agreement's signing date, these charges shall be subordinated to the senior debt, and a subordinated rank charge shall be placed on the collaterals that will be provided to the entities funding the senior debt.
Additional material undertakings	Other generally accepted terms, including representations and warranties, conditions precedent in relation to withdrawals, payment of fees and commissions, no financial debts and liabilities (except for suppliers credit in the ordinary course of business and shareholders' loans subordinated to the loan), etc.

1.18.6.3 Doral LLC's engagement in an agreement with Apollo for the issuance of convertible notes

On October 14, 2022, Doral LLC - through a wholly-owned corporation thereof (hereinafter in this section - the "**SPC**"), that holds all of Doral LLC's sub-corporations - entered into a transaction with funds under the management of Apollo (NYSE: APO), and/or related companies thereof; Apollo is a leading global corporation for the management of alternative investments (hereinafter in this section - the "**Investor**").[188] As part of the transaction, the Investor will provide up to USD 500 million, against receipt of convertible notes (hereinafter in this section, jointly - the "**Convertible Deed**"), that will be mainly used to make investments in renewable energy projects in the United States, all in accordance with the terms set forth in the agreement between the parties (hereinafter in this section - the "**Agreement**" or the "**Transaction**").

Set forth below are the key terms of the agreement:

1. On the Transaction's completion date - November 4, 2022 - the Special Purpose Company issued to the investor a convertible note at the total amount of USD 90 million, and will be allowed (but not obliged) to issue further convertible notes at the total amount of up

[188]To the best of the Company's knowledge, Migdal Insurance Company Ltd. and/or a related company thereof (hereinafter - "**Migdal**") shall participate in 20% of the investment.

to USD 410 million, by no later than December 31, 2024, subject to meeting milestones and according to the Doral LLC projects' progress rate, and subject to its discretion and to the terms set forth in the Agreement. The convertible notes shall not be linked and will bear unlinked fixed annual interest of 11%-12%, as is generally accepted in similar transactions in the United States; the interest shall accrue on the principal during the first three years after the Transaction's completion date, and will become payable as from the beginning of the fourth year after the Transaction's completion date, in accordance with the terms set out in the Agreement.

2. In the event of the execution of an initial public offering (hereinafter in this section - "**IPO**") by Doral LLC, or as from two years after the Transaction's completion date, the investor will be entitled to convert the entire outstanding balance of the principal of the convertible note plus interest that accrued and not paid through that date (hereinafter in this section - the "**Outstanding Note Amount**") into Doral LLC shares at a company value of USD 1.5 billion (pre-money - NIS 5.25 billion), all in accordance with the terms set out in the Agreement. Also, in the event of an entitling IPO (as defined in the Agreement), the Special Purpose Company may force the investor to convert the redemption amount (as defined below) into Doral LLC shares, at a share price reflecting 85% of the IPO share price and up to a holding rate of 9.9%, and the outstanding balance will be repaid in cash, all in accordance with the terms set forth in the Agreement. Furthermore, in the event of a sale event,[189] the investor will be allowed, subject to its discretion, to opt for one of the following two alternatives: (1) to convert the entire outstanding note amount into Doral LLC shares at the above company value (pre-money valuation); or (2) receive a payment equal to the redemption amount (as defined below).

3. The Special Purpose Company may redeem the Convertible Note (entirely or partially) through an early redemption at any time, in exchange for the higher of (hereinafter - the "**Redemption Amount**"): (a) a multiplier at the rate set forth in the Agreement, on the original principal amount attributed to the early redemption; or (b) the Note balance, subject to the terms set forth in the agreement.[190]

4. After 7 years pass of the Transaction completion date, the Special Purpose Company may: (a) pay the Investor the Outstanding Note Amount or (b) force the Investor to convert the Outstanding Note Amount under the Note into shares in the Special Purpose Company, so that after the conversion, the Investor will hold 90% of the shares therein, subject to compliance with the stipulated provisions of the agreement.

5. In case of default events (such as breach of representations, failure to pay the interest on time, breach of the withdrawal terms, or a breach event under a project financing agreement subject to the terms set out in the Agreement), the Investor may call for immediate repayment of the Redemption Amount, subject to the terms set forth in the Agreement.

6. The Agreement places restrictions on the Special Purpose Company and the project companies it holds in connection with assuming debts and placing charges, except in the

[189] The sale event was defined in the agreement as the sale of most of the holdings in Doral LLC or the SPC or their assets.

[190] Including the investor's right to convert the redemption amount into Doral LLC shares at a company value of USD 1.5 billion (pre-money valuation), in lieu of early redemption in cash as stated above.

context of project financing in accordance with provisions set out in the Agreement, and in connection with distributions to Doral LLC (except for certain cases that were defined in the Agreement).

As part of the Transaction, it was agreed that the Investor's approval will be required to approve projects' development and construction budgets, until the achievement of milestones set in the agreement, and that the structure of Doral LLC and the Special Purpose Company's Boards of Directors will be as follows: 3 directors that will be appointed on behalf of the Company,[191] one director on behalf of Migdal,[192] a director on behalf of Clean Air Generation LLC (hereinafter - "**CAG**"), and one director on behalf of the Investor. The Chairman of the Board of Directors (who will be appointed by the Company so long as its stake in Doral LLC exceeds 30%, or by a majority of the directors' votes if the Company's stake is lower than 30%) shall have a casting vote, provided that in the case of votes pertaining to material topics (appointment and dismissal of a CEO, approval of an annual budget, and approval of financial closing), a majority of 5 out of 6 Board members will be required. Furthermore, the voting agreement of November 30, 2019 between the Company and CAG (as amended on December 16, 2020) was canceled.

Furthermore, as part of the transaction, the financing agreement with Migdal for the provision of a credit facility ended, as described in Section 1.20.7.8 below.

For more information about accounting consequences of the Apollo transaction, see Note 10.C.4 to the financial statements.

1.18.6.4 Debentures (Series A)

For information regarding the Company's Debentures (Series A), including the Company's compliance with the financial covenants under the terms of the bonds, see Appendix A to the Report of the Board of Directors, and Note 18.A.1 to the financial statements. It should be noted that the aforesaid financial covenants are also considered in connection with the Company's guarantee, which serves as a partial collateral for the injection of the equity required for the Indiana North Project, at the same time with the provision of the financing funds.

1.18.7. **Guarantees**

For details regarding the amounts of the proposal guarantees and the performance guarantees that have been provided in connection with projects of the Group companies, as of December 31, 2022, see Section 3.2(b) of the Report of the Board of Directors.

1.18.8. **Owner Guarantees**

As of December 31, 2022, the controlling shareholders, Doron (Dori) Davidovitz and Alon Kessel, are guarantors of the Group companies' debts to two banking corporations. For additional information, see Chapter D of the report.

[191] Through Doral USA.

[192] If Migdal does not appoint a director on its behalf, an independent director will be appointed in his/her place, who will be elected by a majority of votes in the General Meeting, from an agreed list of candidates. Migdal will be entitled to appoint the director on its behalf at any time, in which case the independent director's tenure will automatically expire.

1.18.9. **Credit for the coming year**

The Company estimates that in 2023, the Group's companies will be need to raise project financing in the estimated additional amount of hundreds of millions of NIS for the financing of construction of the projects that are pre-construction.

1.18.10. **Encumbrances**

As of the date of the Report, all the assets of the Company as well as all the assets of the financing corporations, the SPCs and their holdings, are encumbered in favor of banks and other financing entities. For details, see Note 18 to the financial statements.

1.19. **Taxation**

See Note 27 to the financial statements.

1.20. **Material agreements**

1.20.1. For information regarding the main provisions of the joint venture agreement[193] with the Group companies' partners for the establishment of photovoltaic projects, see Section 1.17.1 of the 2020 periodic report, the information contained in which is presented in this report by way of reference.

1.20.2. **Collaboration agreement with Mishkei Solar Energies, Limited Partnership (energy sector)**

On September 6, 2018, Mishkei Solar Energies, Limited Partnership (hereinafter - "**Mishkei**") and the Company entered into a collaboration agreement, under which "Doral Renewable Energy Farms" was established, which works to initiate, build and operate photovoltaic power generation facilities intended for self-consumption at a rate of at least 30%, in projects with an area of up to 25 dunams per facility, under a net meter arrangement, a tariff arrangement, a regulation for rooftops and reservoirs and a default arrangement (hereinafter - the "**area of activity with Mishkei**").

The agreement includes an undertaking by the parties that from the date of signing the agreement, the parties, their controlling shareholders and corporations under their control, will not enter into an agreement to carry out a new project in the area of activity with Mishkei if not through Doral Renewable Energy Farms, unless Doral Renewable Energy Farms was first offered to carry out the project. The undertaking will be canceled six months after either party ceases to have a right in Doral Renewable Energy Farms or 45 days after either party notifies the other of the termination of the collaboration. The undertaking will not apply in relation to projects that have been agreed and excluded in the agreement (such as the extension of projects with an existing kibbutz).

Each of the parties undertook to provide Doral Renewable Energy Farms with the equity required for its operations, in accordance with its share of Doral Renewable Energy Farms and the business plan to be approved by the parties. Receipt of financing for Doral Renewable Energy Farms is conditional on the parties guaranteeing its repayment or otherwise ensuring that it meets its obligations. Receipt of such financing will be subject to the consent of each

[193] As defined in Section 1.9.1.1 above.

of the partners, who will guarantee separately for their relative share in the guaranteed charge.

The agreement determines that the Company will provide Doral Renewable Energy Farms with management services for an annual consideration of NIS 750 thousand until March 2019, followed by a consideration in an amount to be agreed between the parties. Also, until December 31, 2021, the Company was given the first right of refusal to provide Doral Renewable Energy Farms with the management services on the best terms offered by a third party.

The agreement includes a profit-sharing mechanism, according to which, subject to any law, Doral Renewable Energy Farms will distribute the full profits that will not be required for its operating activities, a ban on a transfer of rights in Doral Renewable Energy Farms for a period of two years from its establishment and provisions regarding a first right of refusal. The agreement also includes a BMBY mechanism, and the right of each party to notify, after two years have passed from the date of establishment of Doral Renewable Energy Farms, of the termination of the collaboration (even without activating the BMBY mechanism). In such a case, Doral Renewable Energy Farms will cease to enter into new transactions and will act only to complete the existing transactions while reducing its expenses and selling all its assets (run-off).

Following the engagement in the collaboration agreement, the parties reached an agreement according to which: (a) Mishkei will provide Doral Renewable Energy Farms with a loan of NIS 10 million (hereinafter in this section - "**Mishkei Loan**"); (b) The Group will charge Doral Renewable Energy Farms NIS 300 thousand for its projects that it transferred to Doral Renewable Energy Farms (hereinafter in this section - "**Doral Loan**"); (c) The Group will be entitled to a development fee from Doral Renewable Energy Farms in an amount equal to the amounts of interest and linkage differences in respect of the Mishkei loans (hereinafter in this section - "**development fee**"). The Mishkei loan and the Doral loan will be repaid, pari-passu, from Doral Renewable Energy Farms' free cash flow before distributing profits or repaying other shareholder loans. The interest on the Mishkei loan, interest on Doral loans and the development fees will be repaid, pari-passu, after the repayment of the full principal of the Mishkei loan and the Doral loans, before distributing surpluses or repaying other shareholder loans provided by the parties.

On September 16, 2020, Doral M.K. 2018 Limited Partnership, held directly by the Company, engaged with Meshek Energy - Renewable Energies Ltd. (hereinafter - "**Meshek Energy**") in an agreement, under which, subject to the receipt of the approvals required by the Economic Competition Law, 1988, Meshek Energy will transfer 50% of its rights and obligations to the Company and/or to a corporation under its control,[194] in a project for which Meshek Energy entered into a memorandum of understanding with Tapuz Agricultural Cooperative Society Ltd., an association that consolidates kibbutzim and moshavim in Emek HaMaayanot for the development, construction and operation of solar facilities for electricity generation, designated for connection to the transmission grid (extra-high voltage) on land with an area of approx. 4,000 dunams in the Emek HaMaayanot region (hereinafter - the "**Project**" and

[194] For additional information, see the Company's immediate report dated September 16, 2020 (Ref. No.: 2020-01-101802), the information therein is presented in this report by way of reference.

the "**Memorandum of Understanding**:, as relevant). It should be clarified that the execution of the project is subject to the conditions set out in the Memorandum of Understanding and there is no certainty that they will be met and/or that the project will indeed be implemented.

As of the date of the Report, under the partnership, there are quotas from tenders in the amount of 86.5 MW (AC), which Doral Renewable Energy Farms is working to complete in accordance with the terms of the collaboration agreement. As of the date of approval of the Report, the Company is working to complete the projects within the framework of Doral Renewable Energy Farms as aforesaid, and has also terminated the commitment to exclusivity given to Doral Renewable Energy Farms in relation to business development activities in the area of activity with Mishkei. For further information, see Section 1.17.3 of the 2020 Periodic Report, where the information contained therein is presented in this Report by way of reference.

1.20.3. **Agreement for the purchase of all holdings in Doral Invenergy Solar Ventures, General Partnership (hereinafter - "Doral Invenergy Solar")**

On August 23, 2022, the Company completed a transaction for the acquisition of all of Invenergy Solar Development LLC's holdings (hereinafter in this section - "**Invenergy**") in Doral Invenergy Solar (which constituted 50% of the rights therein), that holds 67% of the "Hadarey Shean" project (hereinafter in this section - the "**Project**"). To the best of the Company's knowledge, the transaction was executed in the wake of strategic changes in Invenergy's operations in Israel. The acquisition was carried out in consideration for an amount composed of the reimbursement of the costs of development of the Project for third parties, which were born by Invenergy, and development fees at rates generally accepted in transactions of this type, which amounts to a total, which is not material for the Company.

Upon completion of the Transaction, the "Hadarey Shean" project is held by the Company (67%, indirectly, through Doral Invenergy Solar), and by Hadarey Shean Energy, Agricultural Cooperative Ltd. (33%), which represents 11 kibbutzim from Emek Hamaayanot.

1.20.4. **Option agreement and collaboration regarding the Hadarey Shean project**

In October 2014, Doral Hadarey Shean Ltd. (hereinafter - "**Doral Hadarey Shean**") entered into an agreement with Hadarey Shean Energy, Agricultural Cooperative Society Ltd. (hereinafter - "**Hadarey Shean Society**"), and 11 kibbutzim (out of 12) holding Hadarey Shean Cooperative Society (hereinafter in this section - "**the Kibbutzim**"), in an option agreement, as amended in 2018, under which Doral Hadarey Shean is held by Doral Invenergy Solar (67%) and Hadarey Shean Cooperative Society (33%). According to the agreement, the parties are working to promote a photovoltaic project that will be connected to the national transmission grid, on land belonging to the kibbutzim, through the Hadarey Shean Solar Project, Limited Partnership, which will be managed by Doral Hadarey Shean as general partner and Doral Invenergy Solar and Hadarey Shean Cooperative Society will be limited partners at the same holding rate as their holding rate in Doral Hadarey Shean (hereinafter in this section - the **"Partnership**").

The agreement determines that the rate of development expenses up to the date of the financial closing, as well as the equity required for the financial closing, will be 93% by Doral Invenergy and 7% by Hadarey Shean Cooperative Society.

In addition, it is stipulated that the decisions in the partnership are made by the general partner by a simple majority (except in relation to customary decisions that are subject to unanimous consent).

The agreement also includes provisions regarding the order of distribution of receipts to partners, and restrictions regarding the transfer of rights, according to which the transfer of rights to a third party is subject to the granting of a right of first refusal to the other limited partners.

As stated above, as of the date of the Report, the plan known as National Infrastructure Plan No. 97, which enables the issuance of a building permit for the construction of the regional photovoltaic facility, as well as the electricity route that will connect it to the national electricity grid, on a total area of approx. 1,900 dunams, on which the Hadarey Shean Project is to be built, has been approved and given the validity of a government resolution. For additional information regarding the Hadarey Shean Project, see the table in Section 1.4 above.

It should be emphasized that in view of the approvals and permits required for the construction and commercial operation of the project, including the issuance of the building permit, as of the date of this report, there is no certainty about its materialization, completion and connection to the electricity grid, among other things due to concern regarding the materialization of one or more of the risk factors listed in Section 1.26 below.

1.20.5. **Collaboration agreement regarding the activity in Italy**

For information, see Section 1.17.7 of the 2020 Periodic Report, where the information contained therein is presented in this Report by way of reference.

1.20.6. **Collaboration agreement in Romania**

For information, see Section 1.20.6 of the 2021 Periodic Report, where the information contained therein is presented in this Report by way of reference.

1.20.7. **Agreements in connection with the Indiana Project**

1.20.7.1 **Power purchase agreement in the Indiana North Project**

On March 19, 2021, an SPC wholly owned by Doral LLC (hereinafter in this section - the "**SPC**") entered into an agreement with an energy corporation from the American Electric Power Group (hereinafter - "**AEP**"), a leading utility company in the United States, for the sale of electricity (PPA) and "green certificates". Under the Agreement, the Purchaser has undertaken to purchase, at a fixed price and over a period of 15 years from date of commercial operation, all the electricity and green certificates generated in the Indiana North Project, with an estimated capacity of approx. 480 MW (DC) (hereinafter in this section - the "**Agreement**").

The agreement includes generally accepted conditions in connection with the project corporation's compliance with power supply targets that were set; generally accepted

guarantees to be provided by the parties to secure the fulfillment of their undertakings under the agreement, including reaching commercial operation in 2023; agreed compensation in the event of a delay in commercial operation; accepted grounds for termination subject to remediation periods, etc.

Due to the increases in the prices of transportation and raw materials used to manufacture solar panels and the increases in energy prices and PPA prices in the United States, which occurred during the reporting period, in March 2022 the parties agreed to increase the feed-in tariff for the purchase of electricity and green certificates under the agreement. As stated, at the same time as the increase in the Company's expected revenues under the amendment to the PPA Agreement, the prices of the photovoltaic collectors increased in connection with the Indiana North Project, as detailed in Section 1.20.7.2 below, and therefore the Company estimates that the improvement in the tariff does not materially affect the project or the Company, and if there will be an effect, it will be positive.

It should be emphasized that in view of the preliminary stages in the development of this stage, at this time there is no certainty regarding the completion of its development procedures, receipt of financing for its construction, its construction or connection to the electricity grid, among other things, due to the fact that it is subject to the receipt of various approvals for which there is no certainty that they will be received.

1.20.7.2 **Agreement for the purchase of photovoltaic panels for the Indiana North Project**

On June 11, 2021, a company controlled by the Company (hereinafter referred to as the "**Project Company**"), which holds all rights in the Indiana project, entered into an agreement with Risen Energy America, Inc., of the global Risen Group, a Tier-1 global photovoltaic panel supplier (hereinafter in this section - the "**Agreement**" and the "**Supplier**", respectively), for the purchase of photovoltaic panels for the construction of the Indiana North Project, at a cost of approx. NIS 455 million (hereinafter in this section - "**purchase amount**"). It is planned that the panels will be supplied in the first quarter of 2023.

Due to the increases in the prices of transportation and raw materials used to manufacture solar panels, which occurred in the reporting period, in March 2022 the parties agreed to an increase in the purchase amount of the photovoltaic collectors for the Indiana North Project, so that the purchase amount is approx. NIS 550 million. As stated, at the same time as the increase in the purchase amount, the Company's revenues are also expected to increase under the amendment to the PPA Agreement, as detailed in Section 1.20.7.1 above, and therefore the Company estimates that the change in the purchase amount does not materially affect the project or the Company, and if there will be an effect, it will be positive.

The agreement includes generally accepted terms, including a compensation to the SPC in respect of a delays in the supply of the panels and a warranty for defects and output; provision of bank guarantees by the supplier at the amount set in the agreement to secure the advance payments and the supplier's performance under the agreement; the provision of company guarantee at the Purchase Amount by Doral LLC in order to secure the payment of the consideration by the SPC; the SPC's option to terminate the agreements in respect of delays in supply as a result of a force majeure event; and the SPC's right to pledge the panels as collateral for the project's financing requirements, subject to the provisions of the Agreement.

It should be emphasized that the engagement in the agreements for the purchase of the panels does not guarantee the construction of the Indiana North Project at the aforementioned capacity or on the date of its construction expected by the project company. In addition, in view of the preliminary stage that the Indiana North Project is at, to date there is no certainty regarding the completion of its development, receipt of financing for construction, setting up or connecting it to the electrical grid, among other things, due to the fact that it is subject to various approvals which it is not certain will be obtained.

Forward-looking information: The above information regarding the supply date of the panels constitutes forward-looking information, as the term is defined in the Securities Law, and is based on the information and assessments of the Company and its plans at present. These assessments and plans may not materialize, or may be partially realized, due to many variables that are not under the sole control of the Company, including economic-business variables as well as the general risk factors that characterize the Company's operations set forth in Section 1.26 below. Accordingly, the information presented in this report may not be realized and/or may materialize in a substantially different way than expected by the Company.

1.20.7.3 **EPC Agreement in the Indiana North Project and Notice to Proceed (NTP)**

On March 7, 2022, the SPC, Mammoth North LLC (hereinafter in this section - the "**SPC**") engaged in an EPC agreement (Engineering, Procurement, Construction) for the planning, procurement and construction, under which the contractor is responsible for the planning, procurement and construction of the project, with Solv Energy LLC, one of the leading contractor companies in the United States (hereinafter in this section - the "**Contractor**"), to carry out the construction work for the Indiana North Project (hereinafter in this section - the "**Agreement**").

In exchange for the construction work, the SPC will pay a total of approx. NIS 850 million, subject to the contractor's compliance with the milestones set in the agreement. At the same time as the signing of the agreement, the SPC gave the contractor a Notice to Proceed ("NTP") with the work in the field; the agreement includes customary conditions, such as the contractor's commitment to complete the work by the third quarter of 2023, a warranty period of 24 months from the date of completion of the work, customary guarantees to secure the parties' obligations, agreed compensation in the event of a delay in the execution of the work, customary grounds for termination of the agreement, insurance, etc.

1.20.7.4 **Tax equity partner agreement for the Indiana North Project**

On June 13, 2022, Doral LLC entered into a set of agreements as part of which the Bank of America (hereinafter in this section - the "**Bank**" or the "**Tax Equity Partner**") will serve as the tax equity partner in the Indiana North Project (hereinafter - the **Tax Equity Partner Agreement**" and the "**Project**"); Doral LLC entered into the said agreement through corporations in which it has an indirect interest of 62.5%; those corporations hold and/or will hold Doral LLC's entire rights[195] in the Project.

[195] Excluding rights to be granted to the tax equity partner by virtue of the Tax Equity Partner Agreement, the main points of which are outlined below.

As part of the Tax Equity Partner Agreement, it was decided that the Bank will invest a total of USD 175 million (the initial investment accounting for 20% of the investment shall be made available upon completion of the Project's construction work (mechanical completion) as defined in the Tax Equity Partner Agreement) in a corporation that will have a 100% interest in Indiana North Project's project company[196], subject to the fulfillment of generally accepted conditions precedent, including non-occurrence of (event of default) under the project's financing agreement (for information see Section 1.18.6.1 above) in return for 99% of the federal tax benefits (ITC) that are expected to be received for the Project[197], as well as a fixed cash flow rate from the Project of 30% of the contractual operating cash flows (derived only from revenues arising from the Project's PPA, without any further revenues from the free market), provided that if within 8 years (hereinafter in this section - the "**Defined Period**") the investment will not generate to the Tax Equity Partner a certain internal rate of return as set in the Agreement, then the Tax Equity Partner will be entitled to a fixed cash flow from the Project of 70% of the total cash flows from the Project until the foregoing internal rate of return is achieved.

The balance of the tax equity partner's investment (approx. 80%) will be made available as of the project's commercial activation date (substantial completion as defined in the Tax Equity Partner Agreement), subject to the fulfillment of generally accepted conditions precedent, including a condition whereby an event requiring immediate repayment (Default Event) as per the project's financing agreement will not take place, and reaching Substantial Completion by the end of 2023; as is generally accepted in engagements of this type, mechanisms for the indemnification of Doral LLC and guarantees to be provided thereto, were set to secure the undertakings under the Tax Equity Partner Agreement. At the end of the Defined Period, the tax equity partner shall be entitled to tax benefits and a fixed cash flows at reduced rates, and the Project Corporation shall be entitled to purchase the Bank's remaining rights as aforesaid, in accordance to a mechanism that was set in an agreement based on the fair value of the tax equity partner's remaining rights.

Forward-looking information: The information presented above regarding the provision of the initial investment, the total investment amount and the fulfillment of conditions precedent, including Substantial Completion by the end of 2023, constitutes forward-looking information as defined in the Securities Law, which is based on the Company's information and assessments as of that date. These assessments and plans may not materialize, or may be partially realized, due to many variables that are not under the sole control of the Company, including economic-business, regulatory and environmental variables as well as the general risk factors that characterize the Company's operations set forth in Section 1.26 below. Accordingly, the information presented in this report may not be realized and/or may materialize in a substantially different way than expected by the Company.

[196] As is generally accepted in tax equity partner transactions, on the date of initial investment by the tax equity partner the project company will be transferred to a special purpose corporation, and the tax equity partner will be given certain rights in that corporation, most of which are listed below.

[197] Furthermore, Tax Equity Partner shall be entitled to a certain rate of the current taxation components in the Project, as is generally accepted in tax equity partner transactions in the USA.

1.20.7.5 **Power purchase agreement in the Indiana South project**

On July 28, 2021, an SPC under the ownership of Doral LLC (hereinafter in this section - the "**SPC**") entered into an additional agreement with AEP (hereinafter in this section - the "**Purchaser**"), for the sale of electricity and "green certificates" (hereinafter in this section - the "**Agreement**").

Under the Agreement, the Purchaser has undertaken to purchase, at a fixed price and over a period of 15 years from date of commercial operation, all the electricity and green certificates generated in the Indiana South project, with an estimated capacity of approx. 360 MW (DC).

The Agreement includes generally accepted conditions in connection with the SPC's compliance with power supply targets that were set; generally accepted guarantees to be provided by the parties to secure the fulfillment of their undertakings under the agreement, including the SPC's undertaking to reach commercial operation in 2024; agreed compensation in the event of a delay in commercial operation; the granting of an option to the SPC to sell to the Purchaser electricity from a project other than the Indiana South project, subject to the terms set in the agreement; accepted grounds for termination subject to remediation periods, etc.

It should be emphasized that, in view of the current stage of the Indiana South project, at this time there is no certainty regarding the completion of its development, receipt of financing for construction, setting up or connecting it to the electrical grid, among other things, due to the fact that it is subject to various approvals which it is not certain will be obtained.

1.20.7.6 **Power purchase agreement in the Indiana Central project**

On March 16, 2022 an SPC under the ownership of Doral LLC engaged with Constellation New Energy, Inc., an electricity provider and one of the leading U.S. providers of 'green' power solutions (hereinafter in this section - the "**Purchaser**"), in a power purchase agreement and "green certificates" for half of the Indiana Center project (hereinafter in this section - "**Indiana Central 1**" and the "**Agreement**").

Under the Agreement, the Purchaser has undertaken to purchase, at a fixed price and over a period of 15 years from date of commercial operation, all the electricity and green certificates generated in Indiana Central 1, with an estimated capacity of approx. 360 MW (DC).

The Agreement also determined that the Purchaser will be entitled to transfer its rights under the Agreement, with regard to approx. 184 MW (DC), to Bank of America Corporation, which will take the Purchaser's place and purchase the electricity and 'green certificates' directly from the SPC.

The agreement includes generally accepted terms in connection with the SPC's compliance with the set electricity supply rate; customary guarantees to secure the parties' obligations, including the SPC's commitment to commercial operation in 2024; Agreed compensation in the event of a delay in commercial operation; agreed compensation in the event of a delay in commercial operation; customary grounds for termination of the agreement subject to cure periods, etc.

It should be emphasized that, in view of the current stage of the Indiana Central 1 project, at this time there is no certainty regarding the completion of the project's initiation and development, receipt of financing for construction, setting up or connecting it to the electrical grid, among other things, due to the fact that it is subject to various approvals which it is not certain will be obtained.

1.20.7.7 **Power purchase agreements in the Indiana Central project and the Goonies project**

On March 22, 2022, two SPCs under the ownership of Doral LLC engaged with AEP (hereinafter in this section - the "**Purchaser**"), in two additional and separate power purchase agreements and 'green certificates', for the second half of the Indiana Central project (hereinafter - "**Indiana Central 2**"), and for the Goonies project in Pennsylvania, USA (hereinafter in this section - "**Goonies**" and the "**Agreements**", as appropriate).

Under the agreements, the Purchaser undertook to purchase, at a fixed price, and over a period of 15 years from date of commercial operation, all the electricity and 'green certificates' that will be produced by the plants with cumulative capacity of approx. 530 MW (DC), of which, approx. 360 MW (DC) of the Indiana Central 2 project and approx. 170 MW (DC) of the Goonies project.

Each of the agreements includes generally accepted terms in connection with the SPC's compliance (as relevant) with the set electricity supply rate; customary guarantees to secure the parties' obligations, including the SPCs' commitment to commercial operation in 2024; Agreed compensation in the event of a delay in commercial operation; agreed compensation in the event of a delay in commercial operation; customary grounds for termination of the agreement subject to cure periods, etc.

It should be emphasized that, in view of the current development stage of the Indiana Central 2 project and the Goonies project, at this time there is no certainty regarding the completion of the project's development, including receipt of planning approval for the Indiana 2 project, receipt of financing for their construction, their construction or connection to the electricity grid, among other things, due to the fact that they are subject to various approvals which it is not certain will be obtained.

1.20.7.8 **Investment agreement with Migdal**

On May 24, 2021, Doral USA, Doral LLC, CAG and a company owned by Migdal signed a binding agreement in connection with Migdal's investment in Doral LLC.

As part of the transaction, Migdal undertook to invest a the amount of approx. USD 110 million (hereinafter - the "**consideration amount**"), in consideration for 20% of the holdings in Doral LLC (fully diluted), with up to approx. USD 20 million of the consideration amount to be used for the purchase of part of CAG's shares in Doral LLC and repayment of part of the shareholder loans to Doral USA.

The consideration amount was paid according to the milestones set in the investment agreement as follows: on the date of completion of the transaction, the amount of approx. USD 70 million was paid; in August 2021, an amount of USD 20 million was paid following the signing of a power purchase agreement for a project with a capacity greater than 150 MW,

and an additional USD 20 million was paid in June 2022 upon financial closing of a project owned by Doral LLC with a capacity of at least 100 MW.

It was also agreed that in the event of an IPO of Doral LLC, with a minimum value of between USD 1.5 billion and USD 2 billion, Migdal will pay an additional USD 15 to USD 20 million for its shares, all according to the mechanism determined in the investment agreement.

As part of the investment agreement, Doral LLC, CAG and Doral USA provided representations as is customary in such transactions regarding Doral LLC. The Company also undertook to indemnify Migdal in the event of a breach of representation and other customary cases, insofar as Doral LLC or its shareholders breach their indemnification obligations under the investment agreement, all in accordance with the mechanism and subject to the terms and conditions set forth in the Investment Agreement.

On June 4, 2021, the transaction was completed, and in accordance with their obligations as part of the transaction, the parties signed an agreement to provide a credit facility from Migdal (hereinafter - the "**Financing Agreement**"), a shareholders agreement in Doral LLC (hereinafter - "**Shareholders Agreement**", and a partnership agreement in connection with the holding in the Indiana North Project (hereinafter - the "**Partnership Agreement**"); the main points of the agreements are listed below:

Shareholders agreement

For information regarding the shareholders' agreement signed on the transaction completion date, see Section 1.20.7.7 of the 2021 periodic report.

As part of the engagement with Apollo, the shareholders' agreement was revised, as stated in Section 1.18.6.3 above.

Partnership agreement

As part of the partnership agreement, Migdal acquired 37.5% of the rights in the partnership, which will hold 100% of the rights in the Indiana North Project, in consideration for an investment in the required equity of up to USD 100 million. The partnership agreement includes accepted mechanisms for the protection of non-controlling interests, including the right of first offer and Migdal's tag along right in the event of a co-sale, all in accordance with the terms and restrictions set forth in the partnership agreement.

Financing agreement

As part of the financing agreement, Migdal will provide Doral LLC with a credit facility of USD 130 million that can be used for a period of 3 years, for the financing projects owned by Doral LLC. As part of Doral LLC's engagement with Apollo, the said financing agreement was canceled.

1.20.7.9 **Entering into an agreement for the purchase of photovoltaic panels for the Indiana South project**

On August 31, 2022, Doral LLC - through a project corporation in which Doral LLC has a 77.5% indirect stake, that holds the entire rights in the Indiana South Project (hereinafter in this section - the "**Project Corporation**"), with a capacity of approx. 360 MW (DC) (hereinafter in this section - the "**Project**") - entered into an agreement with Waaree Energies Limited, a

global supplier of Tier 1 photovoltaic panels (hereinafter - the "**Agreement**"), for the acquisition of photovoltaic panels for the purpose of building the Project (including spare parts and full logistics services that include, among other things, transporting the equipment to the project's site), at a cost of approx. NIS 500 million (hereinafter in this section - the "**Acquisition Amount**").

The agreement includes linkage to the price of silicon and generally accepted terms, including a compensation to the Corporation Project in respect of a delay in the supply of the panels; a warranty for defects and output; provision of bank guarantees by the Supplier; provision of collaterals by the Project Corporation to secure the payment of the consideration by the Project Corporation; the Project Corporation's option to terminate the agreements in respect of delays in supply as a result of a force majeure event as defined in the Agreement; and the Project Corporation's right to pledge the panels as collateral for the Project's financing requirements, subject to the provisions of the Agreement.

It should be emphasized that the engagement in the agreement for the acquisition of the panels does not guarantee the building of the Project at the aforementioned capacity or on the date of its building as expected by the Project Corporation. In addition, in view of the stage that the project is at, to date there is no certainty regarding the completion of its development, receipt of financing for construction, setting up or connecting it to the electrical grid, among other things, due to the fact that it is subject to various approvals which it is not certain will be obtained.

1.20.7.10 **Engagement in an agreement with Apollo for the issuance of notes convertible into shares**

For information about the engagement in a transaction with investment funds under the management of Apollo - a leading global corporation for the management of alternative investments - in collaboration with Migdal for the issuance of notes convertible into Doral LLC shares totaling up to USD 500 million, at a conversion value of USD 1.5 billion (pre-money), which will be used mainly to make investments in renewable energy projects in the United States, see Section 1.18.6.3 above.

1.20.8. **Collaboration agreement in Poland**

For information, see Section 1.20.8 of the 2021 Periodic Report, where the information contained therein is presented in this Report by way of reference.

1.20.9. **Collaboration agreement in Denmark**

For information, see Section 1.20.9 of the 2021 Periodic Report, where the information contained therein is presented in this Report by way of reference.

1.20.10. **Agreement for the partial sale of Doral Poland's shares**

On September 12, 2021, Doral Poland Renewable Energy, Limited Partnership, which is wholly-owned by the Company (hereinafter in this section - "**Doral Poland Renewable Energy**") entered into an agreement for the sale of 27% of Doral Poland's share capital[198] to El-Mor Electrical Installation and Services (1986) Ltd., in consideration for an allotment to

[198] A company that prior to signing of the agreement with El-Mor was wholly-owned (100%) by the Company (indirectly).

Doral Poland Renewable Energy of 4.99% of El-Mor's share capital (hereinafter - the "**Agreement**" and the "**Allocated Shares**", respectively).[199]

On November 11, 2021, once all the conditions precedent were met, this transaction was completed, such that Doral Poland is held by Doral Poland renewable Energy at a rate of 73% and El-Mor - at a rate of 27%.

Under the Agreement, Doral Poland and Doral Poland Renewable Energy provided representations in connection with Doral Poland and its activity, as is generally accepted in transactions of this type. It was also agreed that on the date of completion, the Company will commit to indemnify El-Mor in the event of a breach of representations and under other generally accepted circumstances, should Doral Poland Renewable Energy breach its indemnity undertakings under the Agreement, all in accordance with the mechanism and subject to the conditions and restrictions set out in the Agreement.

Simultaneously with the completion of the transaction, a shareholders agreement was signed between the parties, regulating Doral Poland's operations and management. The agreement includes generally accepted provisions, such as El-Mor's right to appoint a director, special resolutions that will require the consent of both parties and restrictions on the transferability of Doral Poland's shares. It was also determined in the shareholders agreement that all of El-Mor's and the Company's activities in Poland pertaining to Doral Poland's area of activity will be conducted exclusively by Doral Poland, all in accordance with the terms and restrictions to be set in the shareholders agreement.

Subject to the closing of the transaction, the parties agreed to establish a special purpose company that will engage in engineering, procurement, and construction (EPC), and in the operation and maintenance (O&M) of renewable energy projects in Poland (hereinafter in this section - the "**Special Purpose Corporation**"). The Special Purpose Corporation will be held by Doral Poland (50%), El-Mor (25%) and a Polish contractor that engages in the electricity and energy sectors (25%). The Special Purpose Company will be given right of first offer in an engagement with Doral Poland for the provision of EPC and O&M services to projects initiated by Doral Poland, the cost of construction of which is estimated at hundreds of millions of shekels as of the date of approval of this report.[200]

1.20.11. **Purchase of the full holdings in a power plant for electricity generation from biogas**

On December 7, 2021, Doral Environmental Infrastructures entered into an agreement for the acquisition of 100% of the shares of Global Bio Power 1 Ltd. (hereinafter - "**Global 1**"), which is held approx. 60% by G.P. Global Power Ltd. and approx. 40% by Green Reserve Energy Ltd. (hereinafter in this section - the "**Sellers**"), and which holds all the rights in the power plant for electricity generation from biogas on the premises of Hadera Paper, with an installed capacity of 2 MW (hereinafter - the "**Power Plant**"), as well as for the purchase of

[199] According to the provisions of the Securities Law and the Securities Regulations (Details regarding Sections 15A to 15C of the Law, 2000), the Allocated Shares shares are subject to a restriction period.

[200] For additional information regarding the electricity market and the Company's activity in Poland, see Sections 1.4 and 1.11.1.2 above.

capital notes and shareholder loans provided by the sellers to Global 1 (hereinafter in this section - the "**Sold Assets**"), all in accordance with the terms set forth in the agreement.

On January 27, 2022 (following the fulfillment of the preconditions to the transaction on January 24, 2022), the transaction was completed so that Doral Environmental Infrastructures holds 100% of Global Bio shares and full rights in the power plant, including in the license for electricity generation through biogas technology from February 14, 2016 and for 20 years from that date.

In consideration for the Sold Assets, Doral Environmental Infrastructures paid the sellers a total of NIS 32 million, on the transaction completion date against the receipt of the Sold Assets. A further amount of NIS 4 million will be paid subject to completion of the construction of a storage facility for the gas produced in the anaerobic digestion process, which originates in the Hadera Paper sewage treatment plant (hereinafter in this section - "**Gas Storage**") and continuous and proper operation of the Gas Storage for 12 months. As of the approval date of the report, the Gas Storage is in its pre-construction stage. It should be noted that in view of failure to comply with milestones set under the agreement regarding making repairs in the power plant, Doral Environmental Infrastructures is not required to make further NIS 4 million.

The second installment shall be paid to the sellers over an eight-year period starting on the date of compliance with the milestones relevant to that payment, and provided that on payment date no changes will take place in the tariff of electricity sold from the power plant (if any), all in accordance with the mechanism set in the agreement.

Under the agreement, the sellers provided representations as is customary in such transactions, including regarding the legal and financial situation of Global 1. Furthermore, it was agreed that the sellers will be required to indemnify Doral Environmental Infrastructures in the event of damages caused due to a breach of representations and other generally accepted instances, all subject to the conditions and restrictions set out in the agreement.

1.20.12. **Collaboration agreement for the development of charging stations for electric vehicles**

On January 4, 2022, the Company entered into an agreement with EVM for the establishment of a dedicated joint corporation that will engage in initiating, planning, development, marketing, setting up and operating electric car charging stations (for cars and buses) for the general population and will place them in public spaces in Israel (hereinafter in this section - the "**Special Purpose Corporation**" and the "**Agreement**", as applicable). According to the agreement, the special purpose corporation will be held by the Company at 51% and by EVM at 49%.

In any case where the special purpose corporation seeks to purchase electricity, for its activity or for the operation of the charging stations to be established, the Company has the first right of refusal to sell such electricity, as well as regarding the establishment of renewable energy power plants at charging station sites.

Also, in any case where the special purpose corporation seeks to enter into an agreement with any entity for the purpose of supply, installation, operation and maintenance of charging equipment at such charging stations, EVM will be given a first right of refusal regarding the supply of charging equipment and the provision of such services.

In addition, the agreement includes terms acceptable in such agreements, including declarations and representations, management of the special purpose corporation, definition of its activities, financing, restrictions on the transfer of shares, confidentiality, non-compete, etc.

1.20.13. **Agreement with The Phoenix and Ampa for a collaboration in the field of energy storage and management of battery charging for electric vehicles**

On June 23, 2022, the Company and companies controlled by The Phoenix and Ampa signed an agreement in connection with a collaboration for the initiation, development, construction and operation or sale of energy storage facilities and/or charging stations for electric vehicles, provided that these facilities serve for consuming electricity in the site in which they are located (that is to say, the consumer's site), all in the areas of the State of Israel, including such facilities that will be located in residential buildings, car parks, hospitals, office buildings, commercial centers, and industrial and tourist centers, with an expected total capacity of hundreds of MWh (hereinafter in this section - the "**Transaction**" and the "**Joint Operation**").

In accordance with the agreement, the parties established a company engaged in the Joint Operation (hereinafter - the "**Joint Company**"), held according to the following holding rates: the Company - 50%; The Phoenix - 25%, and Ampa - 25%. The proportionate share of each of the parties in the total initial investment amount is according to the holding rates.

So long as the Company owns shares in the Joint Company, whenever the joint company will offer its end customers a transaction or an engagement combining electricity supply in parallel with the activity of the storage facilities and the charging stations to be built in the consumer's premises, then the Company will be given a right of first refusal in the sale of the energy as stated above, as well as in connection with the construction and operation of electricity generation facilities using renewable energy at the Company's sites.

So long as Ampa and The Phoenix hold at least 20% of the Company's shares (separately), the Joint Company will be given a right of first refusal in connection with transactions pertaining to the Joint Activity in sites they wholly-own, provided that there is no regulatory impediment for this.

During the period in which The Phoenix will hold at least 10% of the joint company's shares, The Phoenix will have the first right of refusal for the provision of external financing to the joint company, in accordance with the terms set out in the agreement.

Other generally accepted terms, including how the Joint Company is managed, the financing of the Joint Activity, mutual restrictions on competition in the area of activity (only in relation to the Company and Ampa), sale of holdings and transfer of rights, commitment to confidentiality, etc.

1.20.14. **Transaction for the sale of all of the Company's holdings in Enerpoint Israel Ltd.**

On April 7, 2022, the Company entered into inter-related agreements for the sale of all its holdings (24.24%) in Enerpoint Israel Ltd. (hereinafter - "**Enerpoint**") to a third party, the redemption of the options held by the Company for the purchase of additional Enerpoint shares, and the settlement of the Company's outstanding undertaking to transfer to

Enerpoint projects under development that will remain under the Company's ownership (hereinafter in this section - the "**Transaction**").[201]

On June 9, 2022, the transaction was completed, such that the total proceeds paid to the Company for all of its holdings in Enerpoint, including the options, amounts to NIS 42 million, and after the settlement of the Company's outstanding liability to Enerpoint, the Company was left with NIS 36 million in cash.[202]

1.20.15. **Power purchase agreement and agreement for the sale of green certificates to Melisron**

On February 23, 2023, the engagement between Doral Power From Nature Ltd. - a company wholly-owned by the Company and which holds an electricity supply license - with Melisron Ltd. (hereinafter in this section - "**Melisron**" or the "**Consumer**") - one of Israel's leading and largest real estate companies, which holds and operates, among other things, many commercial and office properties across the country that consume large amounts of electricity - came into force; the parties entered into a power purchase agreement and agreement for the sale of green certificates (IREC). Under the agreement, Melisron undertook to purchase from the company, as from January 1, 2024, for a period of 10 years, electricity at an estimated amount of NIS 500 million for the entire period (and NIS 50 million per year) (hereinafter in this section - the "**Agreement**").[203] The power price will be linked to the generation component set from time to time by the Israeli Electricity Authority

Under the Agreement, the Company will allocate the electricity meters defined in the transaction at some of Melisron sites,[204] to the Company's photovoltaic power generation facilities that generate green power, according to the market regulation rules.

The Agreement includes other standard conditions and mechanisms in agreements of this type, such as early termination of the Agreement in accepted cases, including in the event of material changes (defined in the Agreement) in the generation component set from time to time by the Israeli Electricity Authority or in the Consumer's annual consumption, as well as the rights of the parties to terminate the Agreement the Company's generation facilities cannot be allocated to Melisron under the market regulation by December 31, 2024; compensation to the Consumer in case of a delay in the start of supply, except if the Company is unable to allocate the Company's generation facilities under the market regulation, as aforesaid, and restrictions on the transfer and endorsement of the Agreement by the parties, other than the Company's right to pledge its rights in favor of financing entities, subject to

[201] It should be noted that Enerpoint's remaining shareholders are a party to the sale agreement, under which a third party shall acquire 100% of the holdings in Enerpoint.

[202] A total of NIS 4.3 million out of this amount will be held in trust, in order to secure the Company's indemnity undertakings in respect of representations under the sale agreement, for a period of 15 months.

[203] The amounts constitute an estimate only, based on the rate of the generation component set by the Israeli Electricity Authority as at the date of this report, as well as an electricity consumption plan of 150 million KWh per year (in relation to Melisron), and 50 million KWh per year (in relation to Migdal) based on historical data regarding the consumers' consumption pattern. The amount may change depending on the price of electricity and effective electricity consumption throughout the contract period.

[204] Doral Power From Nature Ltd. will be allowed to supply the remaining electricity required for the consumer in excess of the electricity that the Company will generate in its facilities from other sources as part of its activity as a virtual power supplier.

maintenance of the rights of the Consumer.

1.20.16. **Agreement for the sale of electricity, green electricity and green certificates to Migdal Insurance**

On March 22, 2023, Doral Power from Nature Ltd. - a company wholly-owned by the Company, which holds an electricity supply license - entered into an agreement with Migdal Insurance Company Ltd. or companies wholly-owned thereby (hereinafter - "**Migdal**" or the "**Consumer**"), for the sale of electricity, green electricity and green certificates (IRECs). Under the agreement, Migdal undertook to purchase from the Company, as from June 1, 2024, for a period of 10 years, electricity in an estimated volume of 50 million KWh per year and a total of NIS 220 million for the entire period (hereinafter in this section - the "**Agreement**")[205]. The power price will be linked to the generation component set from time to time by the Israeli Electricity Authority

Under the Agreement, the Company will allocate the electricity meters defined in the transaction at some Migdal sites, to the Company's photovoltaic generation facilities that generate green power, according to the market regulation rules. Power will be supplied to the Consumer's other electricity meters defined in the transaction from other power sources as part of the Company's operations as a virtual power supplier.

The agreement includes other conditions and mechanisms generally accepted in agreements of this type, as stated in Section 1.20.15 above.

1.21. **Environmental risks and management thereof**

1.21.1. **Environmental aspects**

1.21.1.1 **Photovoltaic systems and energy storage systems**

Environmental aspects pertaining to the Group's photovoltaic and energy storage activities, may pertain to the planning and construction of photovoltaic and energy storage systems, and the evacuation of their components at the end of the systems' activity.

As part of statutory promotion for the establishment of systems that involve a change in the designation of the land, prior to approving the plan, environmental considerations and the impact of the systems on the environment are considered, including in terms of land use and landscape-environmental impact, reference to animals, appearance, noise, etc.

Regarding the wear and tear of the systems' components and the evacuation of their components at the end of the systems' activity, the Environmental Treatment for Electrical and Electronic Equipment and Batteries Law, 2012, imposed various obligations on the owners of electronic equipment and batteries, including the disposal and treatment of electronic waste. In the Company's opinion, as of the date of the Report, the law does not have a significant effect on the Group's activities as they are at present, but it may have a significant effect in the future, to the extent that the systems and their parts are "electronic waste". In this context, it should be noted that in the preparations for the establishment of the systems, the Group companies usually sign a commitment to evacuate the components at the end of the system's activity.

Regarding the Company's operations in the United States and Europe, and as part of the tasks the Company must perform in order to obtain the building and operating permits necessary

for the construction and operation of the projects, the Company complies with environmental laws that apply at federal, state and local levels, which are managed by representatives of the Department of Environmental Protection in the relevant countries. As stated, and in order to obtain the necessary permits for the construction of the projects, the Company conducts various environmental surveys and tests must be performed, including: impact surveys on animals that are endangered / nearing extinction, archaeological/historical surveys, environmental surveys (impact on swamps and water sources), etc.

1.21.1.2 **Biogas systems**

Biogas systems are systems that treat organic waste (mainly farm animals waste) located near the sites where the systems are intended to be built, instead of scattering the waste in fields without proper treatment, local treatment or discharged to a sewage treatment plant (local or regional) under restrictions and fines. In fact, it is a system designed to provide an end solution that meets all environmental standards, thereby providing an appropriate solution for the treatment of organic waste of all kinds.

However, given the raw materials used to generate electricity (organic waste), environmental aspects have a significant impact on the construction and operation of these systems. As part of the receipt of the approvals for the construction of the system, the Company files an environmental paper, which is coordinated with the relevant environmental agencies (the Ministry of Environmental Protection, the Israel Nature and Parks Authority, etc.), which reflects the agreements reached therewith and the action plan relating to environmental aspects of the construction of the systems. The environmental paper reviews the environmental status before the establishment of the system (hydrological, hydro-geological, air quality, residential environment, etc.), the expected impact of the system on the environment (visual elements, impact on water resources, air quality, noise, pests and soil) as well as obtaining approval from the authorized entities for the use of the fertilizer produced in the process. In addition, Doral Environmental Infrastructure is examining and investing resources in the construction, operation and monitoring according to the findings of the environmental document prepared in relation to each site.

1.21.2. **Details of the environmental risks**

As of the date of the Report, the Company is not aware of any significant environmental risks that have or are expected to have a significant impact on the Group, or of legal provisions in connection with environmental risks that have significant implications for the Group and its operations.

As stated above, the operation of photovoltaic systems does not involve the creation of material environmental risks. As for the biogas systems, noting the fact that the biogas systems promoted by the Company are closed systems, which are installed according to the permits, approvals and restrictions received from the various authorities (after receiving approval that the system is not installed in a "problematic" environment in terms of planning), and built in a way that does not allow the infiltration of material into the

environment, soil, or subsoil, the Company[205] believes that the chance of causing water or soil pollution from these systems is very low. It should be noted that, in the Company's opinion, the main environmental risks in operating a biogas system are the fear of air pollution emitted from the generator exhaust and the concern of noise created in the generator's operation. However, to the best of the Company's knowledge, the generator is operated according to regulations and rules, so that the polluted air emitted from the generator exhaust does not exceed what is allowed by law and the resulting noise meets the criteria for the prevention of hazards.

1.21.2.1 **Legal provisions relevant to the Group's activities**

To the best of the Company's knowledge, the Group companies act in accordance with all relevant laws to reduce environmental risks, and to the best of its knowledge, they also comply with all environmental regulations required for obtaining permits for the construction and operation of the Company's facilities.

With regard to photovoltaic systems and wind systems, as stated above, the provisions of the law regarding environmental risks are relevant particularly during the construction and dismantling of the systems.

With regard to biogas systems, there are no special legal provisions regarding environmental aspects; the Company operates in accordance with the guidelines appearing in the building permit.

1.21.3. **Environmental risk management policy**

The Group companies' environmental risk management policy focuses on adapting the systems to the legal requirements regarding environmental risks, in order to minimize possible negative effects on the Group companies' activities. The risk management is mainly carried out by the Company's CEO, the manager of the Israeli operation, and the Company's Planning and Regulation Manager (regarding photovoltaic systems) and the CEO of Doral Environmental Infrastructures (regarding biogas systems) through ongoing monitoring of regulatory developments related to the Group companies' activities, including with regard to environmental risks as well as the planning and construction of the systems in a manner consistent with the provisions of the law, while conducting environmental risk surveys and documents and obtaining the required approvals from the various authorities.

1.21.4. **Legal proceedings**

As of the date of the report, the Company or its officers are not a party to material legal proceedings (including substantive legal or administrative proceedings) related to the environment. In addition, the Group companies were not a party to such proceedings. Also, as of the date of the Report, no amounts were ruled or provisions recognized in the financial statements and there were no other environmental costs applicable to the Group companies.

[205] The raw materials are stored in original warehouses on sealed surfaces, which prevent surface runoff and seepage of water into the soil. Regarding the potential for contamination as a result of a malfunction in the piping leading to the facility, since the amounts of liquids passing through the piping are small, the potential damage is to local soil contamination with a decomposable organic material. In addition, the feed systems in which the raw materials are stored are controlled by closures and pumping that enable full control of the process. Therefore, in the event of a malfunction, the supply will be stopped, while stopping the absorption of new substances until the malfunction is resolved.

For information about an immaterial environmental legal proceeding, which the Company is a party to, see Note 32 to the financial statements.

1.22. Restrictions and supervision of the Corporation's activities in Israel

The regulatory framework on which the Group's activities are based in Israel is the relevant legislation for the electricity sector through the Electricity Sector Law, 1954, the regulations and rules issued thereunder, as well as Israeli Electricity Authority decisions, including book of standards and decisions of the Government of Israel and the Ministry of Energy and Water.

In addition, activity in the field of renewable energy is subject to the approvals of regulatory bodies and various institutions, such as: local authorities, the IEC, planning and building entities, various government ministries (such as the Ministry of Agriculture, the Ministry of the Interior and the Ministry of Defense) and decisions, procedures and standards made by entities on their behalf, which are required mainly before the construction of the facility and the start of its commercial operation.

Following on from the review of environmental policy, regulation and arrangements in the area of activity as detailed in Sections 1.8, 1.9.1.3 and 1.21 above, the following is a concise overview of the additional regulation that exists in the field, as of the date of the report:

1.22.1. The Electricity Sector Law

The Electricity Sector Law regulates activity in the electricity sector for the benefit of the public, while ensuring reliability, availability, quality, efficiency and energy efficiency, all while creating conditions for competition and minimization of costs.

The Electricity Sector Law determines the rule that no activity in the field of electricity can be carried out (i.e. generation, system management, transmission, storage, distribution, supply or trade in electricity), without obtaining a license to perform that activity, except for a few exceptions defined by law[206]. The authority to issue electricity generation licenses is given by law to the Israeli Electricity Authority, and in relation to the construction of power plants with an installed capacity exceeding 100 MW, the approval of the Minister of Energy is also required. At the same time, the Electricity Sector Law gives the Israeli Electricity Authority the authority to revoke an electricity generation license (and in the case of a generation license in excess of 100 MW, the Minister's approval is also required) in the circumstances specified in the law. The law also includes restrictions regarding the electricity generation license, structural changes in the license holder, the transfer of control in the license holder or the encumbrance of rights in the electricity generation license.

[206] For example, a person who generates electricity with a capacity not exceeding 16 MW (or with a higher capacity determined by the Authority in the rules with the approval of the Minister), and does not sell to another (who does not have an essential service provider license) except: (a) A consumer in a land division who sells electricity to another person who has a right in the land included in the land division, or a right in respect of such land including a right-of-use in the land, and also transfers electricity to that person, provided that the primary use that this consumer makes of the land division is not the sale of electricity; (b) a person who transmits electricity to a consumer in a land division, provided that he generates the electricity in a generation unit located in that land division, or a person who transmits electricity to a consumer from an electricity facility used for storage located in the same land division where the consumer is located; (c) A person who transfers electricity generated in a generation unit to a consumer who purchases thermal energy created during the generation of electricity in that generation unit, provided that the electricity grid is on the route where the infrastructure used to transfer the thermal energy is located, and adjacent to that infrastructure.

The Electricity Sector Law defines a holder of a system management license, transmission license or distribution license as an 'essential service provider', and also determines the obligations imposed thereon (to provide a service to the entire public without discrimination, to provide infrastructure services to private license holders, to provide backup services (all so that they can sell electricity to private consumers), as well as purchase from them availability and energy in accordance with the terms of their license).

In addition, the law regulates the establishment of the Israeli Electricity Authority, its composition, powers, responsibilities and work procedures. The law also determines the manner of setting electricity tariffs in Israel and the costs of using the electricity grid, and the penalties for non-compliance with the provisions of the Electricity Sector Law.

According to the provisions of the Electricity Sector Law, the Israeli Electricity Authority sets the electricity tariffs for sales to consumers by the IEC, the systemic cost tariffs that independent power producers are required to pay to the IEC from the rate they charge their consumers, etc.

1.22.2. The development and construction of projects by the Group companies in Israel is carried out in accordance with the provisions of the Planning and Building Law, 1965 (hereinafter - the "**Planning and Building Law**") and its regulations, in particular regarding building licensing, permit application, calculation of areas and construction percentages in plans and permits. In addition, the construction activity of some of the systems is subject to complex processes of approval of a statutory plan (City Building Plan or National Infrastructure Plan) in the relevant planning and building institutions (such as a district committee, the National Planning and Building Council or the National Infrastructure Committee), depending on the type of system and provisions of the Planning and Building Law and regulations thereunder.

In addition, for their activities, some of the SPCs are required to arrange their rights in the land on which they build the systems. Accordingly, their activity is also affected by the land laws that apply at the site of the establishment of their systems, including the Israel Land Law, the Israel Lands Administration Law, etc.

1.22.3. To the best of the Company's knowledge, according to the decisions of the Israel Lands Administration, a lessee or agricultural locality that holds the land under a lease contract may not sub-lease land subject to the lease agreement for the purpose of establishing a photovoltaic system. Accordingly, the establishment of the ground systems is subject to an engagement in a development agreement with the Israel Lands Administration in relation to the land designated for the system and compliance with the terms of the development agreement. In addition, according to the provisions of the lease agreements, the lease of the land subject to the lease agreements or the transfer of rights thereunder is subject to the approval of the Israel Lands Administration.

In addition, to the best of the Company's knowledge, according to the decision of the Israel Lands Administration, an agricultural community must directly or indirectly hold at least 26% of the rights in the corporation (capital rights, right to appoint a director and right to enjoy corporation profits).

1.22.4. **The Planning and Construction Law and the regulations promulgated thereunder**

The Planning and Building Law stipulates, as a general rule, that all work and use of land will be done in accordance with applicable plans and building permits, according to the list of actions listed in the law and according to the work and uses set forth in the Planning and Building Regulations (work and use subject to a permit) 1967, provided that the work or use is not exempt from the permit according to the law and its regulations.

As part of Amendment 101 to the Planning and Building Law and the provisions of Section 24 of the Planning and Building Regulations (Work and Buildings Exempt from the Permit), 2014 (hereinafter - the "**Exemptions Regulations**"), there is an exemption from the permit for photovoltaic systems on the roof of a building, with a capacity of up to 700 KW, subject to the conditions in the law and regulations.

In addition, Amendment No. 2 to the provisions of the Exemptions Regulations, which was published in September 2022, set an exemption from the requirement to obtain a building permit in connection with the installation of a photovoltaic facility on top of water reservoirs (active fish ponds, artificial water reservoirs, artificial treated waste water reservoirs, or infiltration sites that were set up lawfully), at a capacity of no more than 16 MW per reservoir.

Furthermore, the Planning and Construction Regulations (Calculation of the Areas and Building Percentages in Plans and Permits), 1992 prescribe, among other things, that subject to compliance with the conditions that were set, the area of the photovoltaic panels is not deemed a roofed area for purposes of building rights.

Work or use performed in contravention or deviation from the permit or plan applicable to the land constitutes a violation of the law which may entail administrative and criminal enforcement in accordance with the provisions of Chapter J of the Law.

In addition, according to Section 19 of the Third Schedule to the Planning and Building Law, the obligation to pay an improvement levy on real estate will not apply to the establishment of an electricity generation system that directly converts solar energy into electrical energy when the facility is installed on a building's rooftop and if one of the conditions listed in the section is met: making "self-use" of the electricity generated in the facility, or energy generation in the facility whose area does not exceed 7,000 sq.m. The same applies to a photovoltaic facility on a water reservoir, effluent reservoir or fish pond, or on the outer walls of such a the reservoir or pond as aforesaid.

On November 4, 2021, the Knesset passed in second and third readings the amendment to the Economic Plan Law (Legislative Amendments for the Implementation of Policies for the 2021 and 2022 Budget Years), 2021[207], which was published on November 18, 2021 in Reshumot. The amendment includes, among other things, provisions relating to the promotion of renewable energy in the electricity sector, the main points of which are as follows: granting of an exemption for photovoltaic facilities defined from the improvement levy until the end of 2025 and amendment of the definition of "national infrastructure" in the Planning and Building Law so that it will also include energy storage facilities.

[207] Source: https://fs.knesset.gov.il/24/law/24_ls2_610165.pdf.

1.22.5. **National outline plans**

National Outline Plan No. 1 (published for approval on February 19, 2020) (hereinafter - "NOP 1")

The energy chapters in NOP 1 replace NOP 10/D/10, the national outline plan for photovoltaic facilities dated January 17, 2011, as amended in its first amendment dated May 24, 2016. In addition, Amendment 2 to NPA 10/D/10 (published for approval on August 24, 2021) was incorporated in Amendment 10 to NOP 1.

NOP 1 regulates the planning and licensing procedures for solar facilities, from small installations on rooftops to ground-mounted solar facilities of up to 750 dunams (beyond this scope, a national outline plan or national infrastructure plan will be required, in accordance with the law), as follows: the establishment of photovoltaic systems under a permit, subject to the approval of the relevant planning institution, is permitted in relation to systems located on the rooftops of legally constructed buildings, and systems on poles, trackers or ground-mounted in various designated uses (storage, farm buildings, industry, engineering facility, etc.), provided the planning institution is convinced that it cannot be established on a rooftop of a building or its facade, all subject to the conditions and restrictions specified in the national outline plan. The construction of photovoltaic systems in a plan route requires the submission of a detailed plan (under which building permits will be issued) and provided that the connection of the facility to the transmission grid does not require the construction of a new 400 KW line, in accordance with the planning principles, conditions and restrictions determined in the national outline plan. Among other things, NOP 1 determines considerations regarding location, including priority in the area of the Beer Sheva District, the Golan Heights and the Gaza Envelope, preferred locations for the construction of facilities, environmental considerations and more.

The purpose of Amendment 2 is to encourage the construction of photovoltaic facilities in dual use and built-up areas, while reducing their construction on open ground. Accordingly, the amendment allows for the issuance of permits with additional designations to those determined in NOP 1. For example, a permit for the construction of photovoltaic facilities on landfills and a permit for floating facilities on the water of water reservoirs, and not only on its walls. The amendment also enables the establishment of energy storage facilities as a permitted use in the areas of plans for photovoltaic facilities.

In this context, it should be noted that during November 2018,[208] the Ministry of Energy, in collaboration with the Planning Administration, published the promotion of a comprehensive national outline plan for electricity infrastructure (NOP 41), whose main objectives are to designate dedicated areas to be used as sites for electricity generation from renewable energies, and to create a uniform planning framework for the generation and storage of electricity from various sources and various technologies. According to Ministry of Energy publications, this plan will form the basis for providing a planning response to the energy demands expected in 2030 and 2050, while addressing the mix of energy sources, the various means of generation, and ensuring redundancy and reliability in supply[209].

[208] Source: www.gov.il/he/departments/publications/reports/tama41.

[209] See the Draft NOP 41 dated December 2019.

Following on, it should be noted that on May 4, 2021, the National Planning and Building Council approved NOP 41, a master plan and national outline plan for energy infrastructure, and as of the date of the report, the plan has not yet been approved by the Government (as Amendment No. 9 to NOP 1).

It should be emphasized that the Company's assessments regarding the impact of NOP 41 on the establishment of electricity generation systems are forward-looking information, as defined in this term in the Securities Law, depending on entities beyond the Company's control, including that the plan will facilitate approvals and conditions required for the establishment of electricity generation systems.

NOP 1 - Solid Waste

The waste chapter in NOP 1 replaces NOP 16/4 and its changes, and regulates the field of waste treatment, both through recovery and through disposal, in a plan or permit (according to the provisions of the national outline plan), and among other things includes provisions regarding waste treatment for the production of energy at low or high voltage. The plan gives priority to waste recovery over disposal, and to waste recycling over recovery for energy.

The national outline plan determines instructions for preparing a detailed plan for a waste site or for issuing a permit based thereon, including the permitted uses, preparation of an environmental impact survey, site restoration and more.

1.22.6. **Property tax order for photovoltaic installations**

According to the Arrangement Regulations in the State Economy (General Property Tax in Local Authorities), 2007, for a "solar system" for generating electricity from solar energy using photovoltaic or thermo-solar technology, the minimum and maximum tariffs allowed are specified for charging property taxes, while distinguishing between facilities located on rooftops and facilities that are not located on rooftops, and according to the size of the facility. It should be noted that the regulations set a relatively low property tax rate, which reflects the legislature's desire to incentivize activity in the photovoltaic field in Israel.

1.22.7. **Occupational Safety Ordinance**

As part of the construction and operation services provided by the Group companies, they may be subject to the Work Safety Laws, which apply to the performance of relevant work, as well as the orders and regulations enacted thereunder, including the Work Safety Ordinance [New Version], 1970 (hereinafter - the "**Safety Ordinance**"), the regulations and orders issued thereunder, regulations of the Organization of Labor Supervision, etc., relating to aspects of safety at work. Since the renovation, construction and installation work is carried out through subcontractors, as a rule, the contracts with the subcontractors include provisions regarding the obligations of the subcontractors to act in accordance with the provisions of these laws and regulations.

1.22.8. **Prevention of Hazards Law, 1961**

The Group's activity in the field of biogas systems is subject, among other things, to the provisions of the Prevention of Hazards Law, 1961 and regulations enacted thereunder, and in particular with respect to noise prevention and odor prevention.

1.22.9. For information regarding legal that relate to the Group's operations in the United States and Europe, see Sections 1.10, and 1.11.1 to 1.11.1.5 above.

1.23. **Legal proceedings**

As of the date of the report the Group companies are not a party to any material legal proceedings.

1.24. **Objectives and business strategy**

As of the date of approval of the report, the Company is promoting the implementation of the accumulated renewable energy projects, and at the same time is working to further expand its business activities in Israel, the United States, Europe, and additional world countries. The Company is characterized by entrepreneurial capabilities and uses the business development, planning, facility development, financing and construction capabilities accumulated over the years to create competitive advantages in the entire chain of initiation, development, construction and maintenance of renewable energy facilities. The Company relies on innovation and technology in the development of its business in order to create a competitive advantage.

In the global market, the Company operates both as an entrepreneur and through collaborations with local entrepreneurs to initiate, develop and promote projects in the field of renewable energy. The Company continues to establish its position in Israel as one of the leading companies in the field of renewable energy in general, and in the field of energy storage in particular, and at the same time, the Company continues to accelerate its activities outside Israel.

As part of the strategy, the Company operates on several levels:

- Continued initiation, construction and long-term holding of renewable energy systems under existing agreements on land, rooftops, reservoirs and agricultural fields to a significant extent in Israel, the United States and Europe.
- Continued extensive business development activities for the initiation and establishment of renewable energy systems in Israel, the United States, Europe and other world countries.
- Funding the Group’s global activity, both in Israel and abroad, by, among other things, raising capital/debt from the public and/or banks, institutional entities, private entities and other, and entering into investment agreements with any of the said entities.
- Winning significant tenders that position the Company as a market leader.
- Development of other significant growth engines such as: integration of energy storage systems in projects of various types; Stand Alone energy storage systems; facilities for dual-purpose use of land (agrivoltaic); management and stabilization of the electricity system for large consumers (microgrid); achieving "energy independence" through the above elements for owners of microgrids such as kibbutzim; and more.
- Entry into new areas of activity, such as the development of off-grid solutions, including the generation of green hydrogen and the charging of electric vehicles.

- Investment in the development of innovative technologies that are synergistic with the Company's operations and obtaining the first right of priority to use those technologies.
- Promotion of electricity supply activity for end consumers through the electricity supply license obtained by the Company.
- Expansion of the Group's activity in the field of all kinds of waste treatment, both for providing solutions for accumulated waste and for generating electricity or gas for various uses.

Forward-looking information: The targets detailed in this section above, regarding the total capacities in the commercial operation stages, in construction and preconstruction and after winning competitive procedures, in advanced development and initiation, and the objectives regarding the Company's operating strategy, are forward-looking information, as the term is defined in the Securities Law, based to a great extent on the Company's expectations and assessments regarding economic, sector and other developments, and their integration with each other. These objectives may not be realized or may be realized differently, including materially, from the Company's assessments listed above, due to factors beyond the Company's control, such as: difficulty in locating the financing sources needed to develop the Company's activities, difficulty in establishing different types of systems, difficulty locating partners, difficulty in locating land for the construction of systems, failure to obtain the necessary approvals for the construction of the systems, difficulty engaging with various parties needed for the implementation of the Company's plans and objectives, non-publication of competitive procedures for the establishment of systems, changes in regulations, electricity tariffs, construction costs of systems, continuation of the Corona crisis and restrictions that were imposed (and will be imposed) in its wake, etc., in a manner that will lead the Company to conclude that there is no economic feasibility for the implementation of the strategies listed above, etc., or the existence of one of the risk factors detailed in Section 1.26 below.

1.25. **Expected developments in the forthcoming year**

As of the date of the Report, the Company has a significant accumulation of projects in Israel, which are in various stages of construction, preconstruction, initiation and advanced development (in addition to projects that are commercially operated and those that are ready to connect). The Company works extensively to build and connect systems to the electricity grid, including projects as part of the Company's win in the first and second tenders for solar facilities combined with storage, some of which it intends to transfer to the market regulation model, while promoting the rest of the facilities in development and initiation stages.

In addition, the Group intends to work with local partners in the United States to establish the Indiana North and Indiana South project and to develop an accumulation of systems in the United States in advanced development stages and those for which PPAs have been signed, and bring them to preconstruction in the coming year; to continue to develop the accumulated systems that are in the initiation stages; to continue the business development momentum and bring in additional projects that will be added to the existing project accumulation.

To the best of the Company's knowledge, Doral LLC is looking into ways to diversify its capital sources, including by an IPO in the United States and/or other ways.

In addition, the Company intends to continue working, together with its local partners in Europe (Italy, Poland, Romania and Denmark) to construct and connect projects that are in construction or preconstruction to the grid, to develop an accumulation of systems in Europe that are in advanced development, and to bring them to preconstruction; to continue to develop the accumulation of systems that are in the initiation stages; to continue the momentum in business development and bring in additional projects that will be added to the existing accumulation of projects and to create collaborations in other countries in Europe.

The Company will assess the promotion of business development activities for the initiation and establishment of renewable energy systems in other countries around the world.

The Company will work to integrate innovation and technology in the development of its business while investing in projects and technological developments synergistic with the Company's activities through Doral-Tech.

The Company will work to initiate and develop facilities for the production of green hydrogen, among other things, through the creation of strategic partnerships in Israel and around the world.

The Company is working to expand its activities in the field of Waste To Energy in Israel and in other countries.

The Company will work to enter into PPAs for the sale of "green" electricity, to commercial customers in Israel through its electricity supplier license from its generation facilities.

Forward-Looking Information: The objectives set forth in this section regarding the Company's plans are forward-looking information, as the term is defined in the Securities Law, which is based to a great extent on the Company's expectations and assessments regarding economic, sector and other developments and their integration with each other. These objectives may not materialize or may materialize in a significantly different way than anticipated by the Company, due in part to factors beyond the Company's control, such as: difficulties in obtaining financing sources required for the development of the Company's activity, difficulties in setting up the different systems, difficulties in obtaining the permits required to set up the systems, changes in regulations, in electricity tariffs, in the construction costs of the systems, delays in the publication of competitive procedures, the continuation of the Corona crisis and the resulting restrictions imposed (or to be imposed), etc., such that the Company will reach the conclusion that the setting up of the systems is not economically feasible, and/or the materialization of any of the risk factors listed in Section 1.26 below.

1.26. Discussion of risk factors

1.26.1. Macroeconomic risk factors

Lack of financing sources and changes in interest rates - a necessary condition for the establishment of an electricity generation system and its commercial operation is the ability to raise credit, senior or mezzanine debt, which are required for the establishment of

generation facilities. Therefore, the macroeconomic conditions of the economy in general and of the credit market in particular, have a significant impact on the ability of the Group to raise debt. A slowdown in economic activity in Israel and around the world and/or a limit on the provision of credit, for any reason, by banking corporations or institutional and business entities in Israel or abroad, which provide the main source of the Group's senior debt needed for the establishment of electricity generation systems, may constitute a barrier to the ability to establish the electricity generation systems and the implementation of the company's plans. In addition, such a slowdown, as well as changes in interest rates (expected in the countries in which the Company operates), may result in an increase in project finance costs. It should be noted that this risk factor is particularly relevant in relation to systems that are initiated or in pre-construction, since once the system is established and is in commercial operation, the loans applied for by the Group companies are usually at fixed interest rates.

Exposure to changes in exchange rates - As stated above, a significant part of the purchases of parts of the electricity generation systems are from suppliers abroad in foreign currencies (mainly USD and EUR), while the Group's revenues in the various areas of activity in Israel are NIS, USD, EUR and PLN. Accordingly, the Group is exposed to changes in the exchange rates of the currencies in which it has purchased or intends to purchase parts for systems, which may affect the profitability of the projects and the value of the projects in the Company's financial statements. As for the tenders, the exposure is limited to the period from the date of the win in the competitive procedure (in which the bid submitted is based on assumptions regarding certain exchange rates) to the date when the full consideration is paid for the equipment for the system. For details regarding hedging transactions carried out by the Group to fix the cost of purchasing some of the systems and equipment purchased in foreign currency, and to reduce its exposure to changes in exchange rates, see Section 2.3(c) of the Report of the Board of Directors. It should be noted that naturally such exposure is small in projects carried out and initiated by the Group in the United States and in Europe. In addition, in relation to the Group's activity in Israel, in most of the competitive procedures published by the Israeli Electricity Authority, it is possible to link the winning tariff to one or more of the following three indices: the CPI in Israel, changes in the NIS-USD exchange rate, and changes in the NIS-EUR exchange rate. As of the date of the Report, the electricity tariffs that the Group companies are entitled to receive are not linked to changes in exchange rates. However, if the Group companies decide to link the tariff to changes in the USD or the EUR, changes in the exchange rates of the NIS in relation to these currencies will also have an effect on the Group companies' income.

Exposure to changes in the Consumer Price Index - The Group companies have several facilities in Israel whose revenues from electricity are at a tariff that is updated once a year according to changes in the CPI. In addition, regulations issued by the Israeli Electricity Authority in the field of photovoltaics stipulate that the electricity tariff will be linked to the CPI once a year or will not be linked at all. In accordance with the above, the Group’s revenues in Israel are exposed to changes in the CPI. Furthermore, the Company’s debentures and loans of some of the SPCs are CPI-linked. In accordance with the above, the Group’s finance expenses are exposed to changes in the CPI.

State of the economy - Due to the nature of the Group's activity in the infrastructure sector, and in particular in the field of electricity generation, a slowdown in economic activity, employment status, capital markets, changes in government policy and in the policies of central banks in countries where the Group operates, etc., may adversely affect the Group's results of operations.

Security situation - A deterioration in the security situation may adversely affect the ability to initiate new projects in localities exposed to security risks. In addition, a security incident may result in damage to systems owned by the Group companies. It should be noted that a significant part of the Group's systems are located on the premises of kibbutzim, some of which are located in security risk areas (Gaza Envelope, Upper Galilee, Emek Beit She'an, etc.). In addition, a significant security deterioration may lead to the diversion of budgets from the field of renewable energy to other areas and thereby harm the market size.

Covid-19 crisis - In December 2019, a pandemic began to spread around the world as a result of the outbreak of Covid-19, which was declared a global pandemic by the World Health Organization. During 2022, additional strains of the coronavirus were discovered, but despite the relatively large number of infected persons, morbidity was not severe, and the government did not impose significant restrictions on activity. During the year 2022, the coronavirus crisis had no material effects on the Company. The Company's management regularly monitors developments regarding the outbreak of the coronavirus and acts in accordance with the guidance of various authorities. A deterioration of various conditions and restrictions imposed due to repeated outbreaks of the virus, the spread of various mutations of the virus, or the vaccine's lack of efficacy, may affect the results of the Company's operating results and the schedules for advancing the Company's projects, including an adverse effect on the Group's ability to implement projects in development and construction stages; it may also cause delays in the supply of imported equipment and raw materials, difficulties in obtaining financing sources, increase in finance expenses, job cuts, etc.

1.26.2. **Sector risk factors**

Non-publication of quotas and failure to win competitive procedures - The Group's activity in Israel depends to some extent on the publication of quotas and competitive procedures by the Israeli Electricity Authority. In addition, a failure to win quotas or competitive procedures may adversely affect the Group's targets, plans and business strategy regarding the establishment of additional systems in Israel.

Regulation risk - As detailed in Sections 1.8.2, 1.9.1.3, 1.10.1.3, and 1.11.1.2-0 above, the Group's activities in Israel, the United States and in European countries are subject to regulation and the countries' support for renewable energy, which is naturally evolving and subject to many changes and therefore the regulation will continue to develop with it and even change and affect the Group's activities. Therefore, the revenues of the Group companies and the implementation of their plans are exposed to changes in the regulatory environment.

Dependence on obtaining permits and approvals - In order to establish electricity generation systems, it is necessary to obtain all relevant approvals and permits from the various authorities (such as the Israeli Electricity Authority, municipal entities, the IEC, planning

entities, the Israel Lands Administration and government ministries such as the Ministry of Health, Ministry of Agriculture, Ministry of Environmental Protection and the Ministry of Defense, as relevant). There is no certainty that all permits and approvals will indeed be granted or will be granted in accordance with the schedules planned in each project. Also, the above permits may be subject to various conditions, which may result in delays in schedules or more expensive procedures, to the point of making the project unfeasible.

Receiving distributor responses or approvals / approval of connection to the grid - as part of the planning stages leading up to the building of a photovoltaic facility, the relevant parties are required to obtain, among other things, positive and partly positive distributor responses from the IEC (Israel) or a connection approval/connection agreement to the relevant grid (United States and Europe), confirming that there is enough capacity in the grid and the connection to the grid of the generation facility that is expected to be built. As of the report approval date, there are various degrees of pressure on grids in Israel, the United States and Europe, which constitute one of the barriers for incorporation of generation facilities into the grid. In view of the above, the Company might experience delays in time tables for the construction of photovoltaic facilities, which await the required approvals. In that context, it should be noted that in view of restricted capacity on the grid, and the increasing demand for electricity in Israel, the Israeli Electricity Authority published a 'Development Plan for the Delivery Segment for 2023-2030', which was designed, among other things, to develop the grid and increase its efficiency in order to alleviate the pressures and remove the barriers for connection of generation facilities to the grid. In addition, the Israeli Electricity Authority decided that it will allow the issuance of positive distributor responses based on the future development plan, which is expected to promote the planning and building of the Company's facilities despite the said pressures. Similarly, the PJM grid in which the Company operates in the United States is also experiencing difficulties with processing the large volume of grid connection applications; this led to the promotion of a reform designed to increase the efficiency of the process of grid connection application approval, which may lead to certain changes in the time tables of some of Doral LLC's projects, as stated in Section 1.10 above.

Electricity tariffs - (a) The Group companies have systems that operate under a net meter arrangement and competitive procedures that allow self-consumption of the electricity produced in the facility. The electricity tariff paid to the Group companies operating under these regulations is according to and relative to the tariff paid by the electricity consumers at the time to their electricity supplier (the IEC, independent power producer). Accordingly, a drop in electricity tariffs could impair revenues from the systems operating under these regulations. (b) As part of its activity under the market regulation, the Company has PPAs with a range of business customers. The power price under the agreement is linked to the generation component set from time to time by the Israeli Electricity Authority, sometimes at a certain discount. In view of the above, a reduction in the generation component may affect the electricity prices that the Company will charge its customers, thereby having a positive or a negative effect on its revenues and its profits. Changes in the generation component may arise, among other things, from macroeconomic and other changes. Furthermore, as is generally accepted in agreements of this type, certain changes in electricity tariffs allow the Company or the consumer to effect early termination of the agreement.

Weather conditions and climate change - The Group's ability to generate electricity in renewable energy systems (based on solar energy), and the Group's revenues from such electricity sales, are greatly affected by weather conditions (radiation level and hours, temperature conditions and other climatic parameters). Multiple cloud cover and unfavorable weather conditions can significantly affect the output of the solar panels in a given season, and as a result - on the Group's revenues. In addition, a significant change in climate may have an impact on the revenues of the Group companies and the results of their operations.

Increase in input prices - An increase in the prices of the components used by the Group (including the prices of photovoltaic collectors, converters, storage facilities, etc.), may affect the Group's profitability, and consequently also the economic viability of establishing the systems, if there is no correlation between the cost of the components and the tariff received from the sale of electricity.

Delays in delivery dates of components - The Group is exposed to disruptions in the supply of components of the various systems, among other things, as a result of a change in customs policies in the countries in which the Group or the Group's companies are active. These cases may result in a delay in the establishment of the systems and, accordingly, non-compliance with schedules and forfeiture of guarantees provided by the Group companies.

Subcontractor costs - The group's activity is carried out through subcontractors. Accordingly, this type of activity exposes the Group to changes in the cost of employing subcontractors for the installation and maintenance of the systems, which may impair the economic viability of the various projects.

Exposure to the volume of consumption in systems operating under a net meter arrangement and competitive procedures that enable self-consumption - The Group's revenues from systems operating under a net meter arrangement and a competitive procedure enabling self-consumption are received from consumers in whose consumer areas the systems are located. Therefore, a decrease in the volume of electricity consumption by the consumer or the taking of insolvency proceedings against the consumer, may harm the revenues of the SPC, and accordingly the revenues of the Group. It should be noted that the various regulations allow the Group's companies to sell the electricity to the IEC, but the electricity tariffs are lower.

Dependence on the Israel Electric Corporation - As detailed in Section 1.9.4 above, the Group companies have a dependence on the IEC. In addition, in 2022, more than 50% of the Group companies' revenues were received from the IEC. There is a risk that in the event of insolvency proceedings against the IEC, the revenues of the Group companies will be harmed. However, in view of the IEC’s importance to the Israeli economy, the risk that the IEC will not repay its liabilities is not high.

Violations by the System Administrator or an essential service provider - The flow of electricity generated in the Group's facilities to the electricity grid and its sale depends, among other things, on the availability of the electricity grid to receive the electricity. Violations by the electricity grid administrator or an essential service provider responsible for the operation of the grid and the absorption of the electricity generated may cause the Group

exposure in respect of electricity that will not be absorbed in the grid and no consideration will be received for it.

The integrity of the facilities, natural disasters and terrorism - The Group's revenues depend on the integrity of its facilities and the generation of electricity from the facilities. Therefore, the Group is exposed to the natural wear and tear as well as problems with the integrity of its facilities, including malfunctions in the operation of substations for the transmission of electricity to the grid. The Group may also be exposed to terrorist incidents, damage, accidents, theft, fire, the presence of unexploded shells in areas where facilities are planned to be built, etc. All of these may result in delays in planned schedules in projects and additional costs resulting from the removal or treatment of those hazards as well as the repair of the damage. It should be noted that most of the damage events are supposed to be covered, at least in part, by the various insurances.

Exposure regarding real estate issues - The establishment of electricity generation systems requires the creation of an interest in the land on which the systems are located and the receipt of various permits and approvals for the purpose of transferring infrastructure and placing equipment required for the Group's systems. The associated costs for creating the interest may have a material impact on the feasibility and profitability of projects promoted by the Group. In Israel, the Group works, among other things, to establish a joint system with landowners, based on joint venture agreements for a period of between 20 and 25 years, under which the SPC obtains the interest in the land. However, the agreements may be revoked under certain conditions in a way that may create exposure for the Group. In addition, to the best of the Company's knowledge, the installment of ground-mounted solar systems in Israel is subject to an engagement in a development and lease agreement with the Israel Lands Administration and compliance with the terms of these agreements, and granting the right-of-use of land designated for biogas is subject to approval by the Israel Lands Administration. In the United States and in Europe, the Group operates by entering into long-term engagements (of between 30 to 35 years) with landowners, in order to receive rights in the land by paying fixed lease fees over the period, or by purchasing the land as part of the project's costs.

Failure of contractors to meet schedules for the establishment of generation facilities that have won competitive procedures - To the extent that significant contractors with whom the Group companies engage do not meet the schedules agreed with them for the establishment of systems under a competitive procedure, the Group may be exposed to the forfeiture of guarantees given by Group companies as part of the win in the competitive process, and may incur additional costs that are not planned in advance.

Gas and oil prices - A decrease in gas and oil prices may adversely affect the viability of investing in renewable energy, and make the solar energy sector a more expensive and less economically attractive alternative (and vice versa).

Compliance with criteria for receiving tax benefits in the United States - the funding of the building of facilities in the United States is based, among other things, on tax incentives that allow the receipt of a benefit leading to a reduction in the cost of building the projects; the benefit is awarded on the date on which the facility is connected to the grid (for photovoltaic and/or storage facilities). The tax benefit is normally transferred by the developer to entities

that incurred a tax liability in respect of their participation in some of the construction costs. If the Company fails to meet conditions attached to the receipt of the tax benefit as described above, among other things, in the regulation section in Section 1.10.1.2, the Company might lose some or all of the tax benefits it was awarded. The loss of those benefits might have an adverse effect on the Company's cash flow and the return it receives in practice.

Competition - The field of renewable energy is developing and attracting many initiatives, and therefore the competition in the sector is great and is expected to increase. Extensive competition in the sector may adversely affect the Group's ability to obtain projects and locate available infrastructure for their construction, obtain production quotas, or engage with private end customers, and as a result its plans, revenues and cash flow might also be adversely affected.

Limited manufacturer's warranty, wear, loss of output and equipment repair expenses - The equipment manufacturers' warranty used for the construction and operation of the electricity generation systems is limited (whether due to the expiration of the manufacturer's warranty period or due to the manufacturer's warranty on a particular component). Therefore, in an event requiring the repair and/or replacement of the equipment, the Group companies may incur financial costs, which may harm the Group's financial results. In addition, the Group may be required to invest funds in the replacement of components, to the extent that the equipment and/or the malfunction requiring repair are not included under the suppliers' maintenance and/or warranty agreements.

Cyber risks - as part of its activity, the Company relies on computer systems. Industrial control systems are used for supervision, control and collection of data; those systems monitor the functioning of the systems. Those computer systems are exposed to the risk of cyber attacks. Furthermore, the Company is dependent on computer systems, including information systems and infrastructures in connection with the processing and documentation of financial and operational data, and more. As the dependence on these systems increases, so does the potential for exposure to cyber threats. Malfunctions in the Company's computer systems and generation facilities and peripheral equipment, including by hacking the said computer systems, infrastructures and information, might allow unauthorized access to the systems for the purpose of making inappropriate use of the Group's assets, disrupting and/or damaging information, systems and/or infrastructures, and interrupting the current activity of the systems that support the business activity, and in certain cases even interrupt or stop the generation in the facilities, lead to loss of information, and incurrence of material costs to reinstate the computer systems. Furthermore, cyber attacks on the Company's intra-organizational information systems, including in connection with the Company's various databases (in connection with customers, suppliers, employees, etc.), might cause disruption to and shutdowns of some of the systems. As of the report date, the Company takes action to prevent and reduce the exposures, to the extent possible, through information security procedures and a business continuity plan, adoption and implementation of advanced information security systems and equipment, conducting penetration tests, ensuring that data is backed-up; the Company works to achieve this both independently and with the support of external professionals.

1.26.3. **Unique risk factors**

Early termination of lease agreements - The systems held by the Group are located on real estate owned by the Company's partner in the joint corporation (owner of the system), or a third party, under lease agreements for periods of approx. 25 years in Israel and 30-35 years in the USA and Europe. Some lease agreements include suspending conditions and termination conditions. In addition, the lease agreements can be revoked by either party in cases of fundamental breaches of the lease agreements. In the event of cancellation of the agreement, the SPC (the owner of the system) is obligated to vacate the land according to the schedule specified in each agreement. However, given the distribution of systems in its different areas of activity (among different tenants), the Company's business relationships with landowners, as well as the fact that most landowners in Israel are partners of the Company in the joint corporation, the Company estimates that the risk of early termination of a lease is low.

Early termination of electricity sales agreements to end consumers - As stated in Sections 1.9.1.3.2 and 1.9.4 above, some of the electricity produced by the Group companies is sold to consumers located near the system. There is a concern that in the event of an end customer entering into insolvency proceedings, the project company (which owns the system that sells the electricity to the consumer) will not be able to collect the full debt it is owed. However, it should be noted that the Company estimates that the entry of a particular customer into insolvency proceedings will not have a material effect on the Group, given the fact that payments for electricity are made monthly and that even in insolvency situations, most of the customers (and the kibbutzim in particular, its residents and factories on its premises) will continue to consume and pay for electricity. As to the Company's activity under the market regulation, the Company has PPAs with a range of business customers, under which the electricity price is linked to the generation component, which is set from time to time by the Israeli Electricity Authority. Under these agreements, the parties normally have the right to effect early termination of the agreement if certain changes take place in the generation component or the consumer's annual consumption. It that context, it should be noted that in view of the demand to electricity generated from renewable energy sources (which is expected to exceed the demand), the Company is of the opinion that the early termination of those PPAs has a small effect on the Company.

Termination of an engagement with the construction contractor and/or the operating and maintenance contractor - As stated in Sections 1.9.9, 1.10.11 and 1.11.10 above, the construction of some of the photovoltaic systems and the biogas systems are carried out through construction contractors (EPC). Also, most of these systems are operated through operating and maintenance (O&M) contractors. There is a risk that in the event of early termination of these engagements during the period of construction and/or maintenance, this will cause a delay in the construction of the systems and/or the profitability of the Group. It should be noted that in view of the checks performed by the Group prior to entering into such agreements, as well as the Group's familiarity with the field of renewable energy, the Company estimates that in the event of the cancellation of such an agreement, the Company will be able to locate alternative contractors, so that the harm caused to the group in such a case will not be significant.

Activities with partners - The Group's activities are based on collaboration agreements with third parties regarding the establishment of various types of systems. In addition, most photovoltaic systems are established together with partners. There is a concern that disputes will arise between the Company and its partners in a way that may delay the establishment of the systems by them. There is also a concern that one of the partners will run into difficulties, which will affect the activities of the Company and the partner.

The following are the Company's assessments regarding the extent of the impact of the risk factors on the Group:

	Extent of Impact of the Risk Factor		
	Major effect	Moderate effect	Minor effect
Macroeconomic risks			
Lack of financing sources and changes in interest rates	X		
Exposure to changes in exchange rates	X		
Exposure to changes in the CPI		X	
State of the Israeli economy	X		
Security situation		X	
The Covid-19 crisis			X
Industry-specific risks			
Non-publication of quotas and failure to win competitive procedures	X		
Changes in the regulatory environment in Israel	X		
Dependence on obtaining permits and approvals	X		
Receipt of distributor responses from the IEC		X	
Electricity tariffs	X		
Weather conditions and climate change		X	
Increase in input prices	X		
Delays in delivery dates of components		X	
Subcontractor costs			X
Exposure to the volume of consumption in a net meter arrangement and in competitive procedures that enable self-consumption			X
Dependence on the IEC		X	
Violations by the System Administrator or an essential service provider		X	
Integrity of the facilities, natural disasters and terrorism			X
Exposure regarding real estate issues			X
Failure of contractors to meet schedules for the establishment of generation facilities that have won competitive procedures			X
Gas and oil prices			X
Meeting criteria for receiving tax benefits in the United States		X	
Competition			X
Limited manufacturer's warranty, wear, loss of output and equipment repair expenses			X
Cyber risks			X
Unique risk factors			
Early termination of lease agreements			X
Early termination of electricity sales agreements to end consumers			X
Termination of an engagement with the construction contractor and/or the operating and maintenance contractor			X
Activities with partners			X

Forward-looking information: The information regarding the above risk factors and their effect on the Company is forward-looking information, as defined in the Securities Law. This information is based, among other things, on the Company's assessments, which are based on past experience and familiarity with the markets relevant to its areas of activity and information on regulatory developments relevant to the Company's areas of activity. The Company may be exposed to additional risk factors in the future and the impact of any risk factor, should it materialize, may differ from the Company's assessments. As stated, forward-looking information is information based on information existing in the Company as of the date of the Report. The actual results may differ significantly from the results estimated or implied from this information.

Doral Group Renewable Energy Resources Ltd.

Report of the Board of Directors on the State of the Company's Affairs as at December 31 2022

The Board of Directors of Doral Group Renewable Energy Resources Ltd. (hereinafter - the "**Company**"), is pleased to present the Board of Directors' Report on the state of the Company's affairs for the year ended December 31, 2022 (hereinafter - "**Reporting Period**" and "**Reporting Date**", respectively), which gives a review of the a description of the Company and its business development during the period up to March 29, 2023, approval date of the financial statements (hereinafter - "**Report Approval Date**"), pursuant to the Securities (Periodic and Immediate Reports) Regulations, 1970 (hereinafter - "**Periodic and Immediate Reports Regulations**"). All the data in this Report refer to the Company and the consolidated corporations under its control (hereinafter, jointly - the **"Group"**), unless stated otherwise.

1. Part A - The Board of Directors' Explanations for the State of the Company's Business

1.1 General

The Company was incorporated in Israel on January 7, 2016 as a private company pursuant to the Companies Law, 1999 (hereinafter - the "**Companies Law**"). On May 27, 2020, the Company issued a supplementary prospectus and shelf prospectus (dated May 28, 2020, Ref. No.: 2020-01-047629); and on June 4, 2020, the Company issued a supplementary notice thereto (hereinafter, jointly - the "**Prospectus**"), under which the Company issued an IPO for institutional investors and their shares were listed for trading; on June 10, 2020, trading in the Company's shares began and from that date, the Company is a public company whose shares are listed for trading on the Tel Aviv Stock Exchange.

As of Reporting Date, the Company is a global company engaged, independently and through investees, directly and indirectly, in establishing, developing, planning, licensing, managing financing procedures, constructing, holding, managing, operating and maintaining systems for "clean" power generation from renewable sources.

1.2 Operating segments and major events during the Reporting Period

For further information concerning the Company's operating segments, see Sections 1.3 and 1.9, 1.10 and 1.11 of Chapter A, Description of the Corporation's Businesses, attached in the first chapter of this report (hereinafter - "**Chapter A**") and Note 30 to the financial statements as of December 31, 2022 (hereinafter - the "**Financial Statements**").

For further information concerning key data about the projects of the Group companies, according to the various stages of operation, see Section 1.4 of Chapter A. For information concerning major events during the Reporting Period, see Chapter A'.

For a definition of the names of the Group companies that appear in the Board of Directors' Report below and of various terms, see Section 1.1 of Chapter A.

1.3 **Business environment and the effect of the Covid-19 pandemic**

For information concerning the Group's business environment and the impact of external factors on the Group's activity, including the conflict between Russia and Ukraine and the effect of the Covid-19 crisis, see Sections 1.8 to 1.12 of Chapter A.

For information about the effect on the Group of the increase in inflation and interest rates, see Section 1.8.8 to Chapter A.

1.4 **Adjustments between the accounting income statement and the non-GAAP statement**

Below is a breakdown of adjustments between the Company's consolidated statements of income and of other comprehensive income and the Company's results, on the assumption that projects accounted for using the financial asset method (IFRIC 12) were treated as property, plant and equipment, and projects accounted for using the equity method were treated by proportionate consolidation, based on the way the Company's management reviews its results (in NIS thousands):

For the year ended December 31, 2022				
	Consolidated Statement of Income and Other Comprehensive Income	**Adjustments for the transition from the financial asset method to property, plant and equipment**	**Adjustments for the transition from the equity method to proportionate consolidation**	**Non-GAAP Consolidated Statement of Income and Other Comprehensive Income**
Revenue from the sale of power in entities in full or proportionate consolidation, as the case may be	24,470	8,294	33,369	66,133
Income from provision of services and other	22,524	(443)	3,744	25,825
Total income	**46,994**	**7,851**	**37,113**	**91,958**
Cost of revenues	25,867	(241)	8,500	34,126
Gross profit before depreciation and amortization	**21,127**	**8,092**	**28,613**	**57,832**
Depreciation and recognition of share-based payment	4,678	4,756	20,037	29,471
Project marketing, advertising and promotion expenses	11,396	---	---	11,396
General and administrative expenses	41,988	---	(5,642)	36,346
Research and development expenses	3,002	---	---	3,002
Other income (expenses)	(16,311)	---	3,304	(13,007)

For the year ended December 31, 2022				
	Consolidated Statement of Income and Other Comprehensive Income	**Adjustments for the transition from the financial asset method to property, plant and equipment**	**Adjustments for the transition from the equity method to proportionate consolidation**	**Non-GAAP Consolidated Statement of Income and Other Comprehensive Income**
The Company's share in entities accounted for according to the equity method, net of its share in internal transactions, net	15,883	6,735	(22,618)	---
Finance expenses (income), net	(4,995)	15,307	38,155	48,467
Loss before taxes	**(34,514)**	**(18,706)**	**(4,623)**	**(57,843)**
Tax income	2,470	2,577	4,623	9,670
Loss before effect of deconsolidated operation	**(32,044)**	**(16,129)**	**---**	**(48,173)**
Profit due to deconsolidation of Doral LLC, net of tax	1,113,200	---	---	1,113,200
Profit (loss) from Doral LLC operation, after tax	(14,838)	---	---	(14,838)
Profit (loss) for the year	**1,066,318**	**(16,129)**	**---**	**1,050,189**
Profit (loss) for the period attributable to:				
The Company's owners	1,086,586	(12,555)	---	1,074,031
Non-controlling interests	(20,268)	(3,574)	---	(23,842)
Total	**1,066,318**	**(16,129)**	**---**	**1,050,189**
Other comprehensive income (loss), net of tax, for:				
Translation differences	58,531	---	(3,828)	54,703
Company's share in foreign currency translation differences in respect of foreign operations of equity-accounted investee entities	(3,828)	---	3,828	---
Revaluation of property, plant and equipment	(322)	---	(5,475)	(5,797)
The Company's share in the revaluation reserve of investee corporations	(5,475)	---	5,475	---
Comprehensive income (loss) for the year	**1,115,224**	**(16,129)**	**---**	**1,099,095**
Comprehensive income (loss) attributed to:				
The Company's owners	1,102,658	(12,555)	---	1,090,103
Non-controlling interests	12,566	(3,574)	---	8,992
Total	**1,115,224**	**(16,129)**	**---**	**1,099,095**

	Consolidated Statements of Income and Other Comprehensive Income - non-GAAP		
	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Revenue from the sale of power in entities in full or proportionate consolidation, as the case may be	66,133	31,302	27,218
Income from provision of services and other	25,825	25,276	11,881
Total income	**91,958**	**56,578**	**39,099**
Cost of revenues	34,126	6,253	2,651
Gross profit before depreciation and amortization	**57,832**	**50,325**	**36,448**
Depreciation and recognition of share-based payment	29,471	20,274	12,045
Project marketing, advertising and promotion expenses	11,396	2,084	1,059
General and administrative expenses	36,346	44,392	15,822
Research and development expenses	3,002	2,464	---
Other income (expenses)	(13,007)	9,684	1,649
Finance income, net	48,467	(15,503)	(6,210)
Profit (loss) before taxes	**(57,843)**	**(44,076)**	**12,083**
Income (expenses) from taxes	9,670	7,704	(1,850)
Profit (loss) before effect of deconsolidated operation	**(48,173)**	**(36,372)**	**10,233**
Profit due to deconsolidation of Doral LLC, net of tax	1,113,200	---	---
Profit (loss) from Doral LLC operation, after tax	(14,838)	---	---
Profit (loss) for the year	**1,050,189**	**(36,372)**	**10,233**
Other comprehensive income (loss), net of tax, for:			
Translation differences	54,703	(18,213)	(976)
The Company's share in the revaluation reserve of investee corporations	(5,797)	5,575	---
Comprehensive income (loss) for the year	**1,099,095**	**(49,010)**	**9,257**

Financial asset model compared with the property, plant & equipment model

According to generally accepted accounting principles, some of the systems of the Group companies are accounted for, due to the nature of the arrangement relevant to them, using the financial asset method, in accordance with the interpretation for service concession arrangements (IFRIC 12) (see Note 3.G to the consolidated financial statements as of December 31, 2022). According to this interpretation, the entity is required to record a profit or loss from construction services, while in the operating period, operating and financing revenues are recorded that are lower than the actual electricity proceeds. The Company believes that presentation of the results of the SPCs under the property, plant and equipment method, where current revenue reflects the volume of revenue from the sale of electricity, may contribute to better analysis and understanding of the Company's activities.

It should be noted that the statement of financial position presents the Company's photovoltaic systems according to the revaluation model, based on fair value. Application of the revaluation model for the systems for which the financial asset model was adjusted requires additional valuations, which the Company believes do not contain additional material information and their usefulness does not justify the costs involved. Against this background, and given the fact that presentation of the information on a cost basis may provide additional information for the reader, beyond the information available in the financial statements, the system figures that were adjusted for this non-GAAP Report are presented on a cost basis.

Total assets compared with proportionate consolidation

Most of the systems of the Group companies are held by corporations that are jointly owned by them and by third parties (in general, the holders of the real-estate rights). In accordance with IAS 28, the Group's accepted terms of engagement are accounted for using the equity method (see Note 3.F to the consolidated financial statements as of December 31, 2022). According to this method, the results of the investees are not reflected in detail in the Company's consolidated financial statements (such as income or expenses), but by a single "net" amount, which reflects the total net profit from such corporations. The Company believes that presentation of the results of the systems and the SPCs under the proportionate consolidation method, in which the Company's share can be seen on every consequential level, may contribute to better analysis and understanding of the Company's activities.

2. **Part B - The Board of Directors' explanations for the state of the corporation's business, operating results, equity, and cash flows**

2.1 **Statement of Financial Position**

Line item	As at December 31, 2022	As at December 31, 2021	Explanation of the change compared with the end of the prior year
	NIS thousand		
Current assets:			
Cash and cash equivalents	387,115	601,466	The decrease stems mainly from investments in construction, initiation and development of projects (including NIS 466 million as part of Doral LLC's activity, which was deconsolidated on November 4, 2022), and on the other hand: (1) capital raising of NIS 347 million, net (see Note 19.C.1 to the consolidated financial statements); and (2) proceeds in connection with third party's investments in Doral LLC and its SPCs (see Note 10.C.2 to the consolidated financial statements); and (3) the Group's operating activities. For further information, see explanations alongside most of the sections in the tables below, as well as in the Consolidated Statement of Cash Flows.
Restricted deposits and cash	12,981	63,710	The decrease arises mainly from release of collateral provided for the issuance of a bank guarantee for a project in the United Stated.
Trade receivables	13,702	6,154	The increase arises mainly from charging third parties for electricity sales and construction of projects.
Receivables and debit balances	215,606	13,496	The increase arises mainly from: (1) A bridge loan in respect of a senior debt raised from a banking corporation by a consolidated entity in order to fund solar projects integrated with energy storage facilities, and which was advanced by the said consolidated entity to SPCs accounted for by the equity method (see Note 6 to the consolidated financial statements); (2) VAT receivable in connection with projects' construction expenses; and (3) prepaid expenses in foreign consolidated entities; and (4) reimbursements receivable from entities accounted for by the equity method, in respect of maintenance payments made by the Company on their behalf.
Financial assets measured at fair value through profit and loss	162,657	140,218	The increase is mainly due to investments as part of managed marketable securities portfolios, as part of the Company's cash management strategy, which were partially offset due to impairment of investments as well as a number of transactions in derivative instruments, used to hedge against foreign currency exposures, mainly exposures to future purchases of equipment (see Note 7.A to the Consolidated Financial Statements).

Line item	As at December 31, 2022	As at December 31, 2021	Explanation of the change compared with the end of the prior year
	NIS thousand		
Receivables for issue of rights to non-controlling interests in a consolidated subsidiary	-	61,923	The decrease stems mainly from proceeds in respect of a third party's investment in Doral LLC prior to its deconsolidation. The remaining balance of NIS 7 million, was derecognized as part of the deconsolidation (see Notes 10.C and 11.B to the consolidated financial statements).
Total current assets	**792,061**	**886,967**	
Non-current assets:			
Restricted deposits and cash	8,130	4,444	
Investment in equity-accounted investees	1,759,547	210,905	The increase stems mainly from the deconsolidation of Doral LLC and the revaluation of the investment therein in accordance with its fair value as of deconsolidation date (see Notes 10.C and 11 to the consolidated financial statements).
Projects under development	314,044	224,886	The increase stems mainly from the expansion of the Group's activities and its investments in the initiation and development of projects, whose construction has not yet started, both in Israel and abroad, and on the other hand: (1) NIS 22 million of project costs in consolidated entities, which were classified from this line item to the property, plant and equipment line item following the commencement of the construction work; and (2) the deconsolidation of Doral LLC, which contributed NIS 138 million to the opening balance (see Note 11.B. to the consolidated financial statements).
Receivables in respect of concession arrangements	147,643	142,125	The increase stems mainly from an increase in the Consumer Price Index, and on the other hand - partial offset by way of repayments from current proceeds.
Investments measured at fair value through profit and loss	119,461	120,085	The decrease is mainly attributed to classification of investments in derivatives from long-term to short-term, and to the deconsolidation of Doral LLC (see Note 11.B to the consolidated financial statements). On the other hand, a consolidated entity made further investments in shares and derivatives of companies that develop 'green' solutions in areas related to the Group's activity.

Line item	As at December 31, 2022	As at December 31, 2021	Explanation of the change compared with the end of the prior year
	NIS thousand		
Property, plant & equipment	131,426	43,542	The increase arises mainly from: (1) projects' construction costs that were classified from the 'projects under development' line item to this line item, due to the commencement of the construction work; and (2) additional investments in projects under construction in consolidated entities, mainly in Poland.
Right-of-use assets	27,238	9,478	The increase is mostly due to: (1) An acquisition and first-time consolidation of a biogas project company (see Note 13.F to the consolidated financial statements; and (2) additional engagements of consolidated entities with owners of rights in land.
Deferred taxes	6,349	2,144	The increase is mainly due to the tax losses of the Company and its consolidated companies.
Intangible assets	37,120	12,111	The increase is mostly due to the acquisition amount attributed to a concession of a biogas project company that was consolidated for the first time (see Note 13.F to the consolidated financial statements), and from an investment of a consolidated entity in research and development in the field of waste treatment.
Total non-current assets	**2,5550,958**	**769,720**	
Total assets	**3,343,019**	**1,656,687**	
Current liabilities:			
Current maturities of debentures	88,486	-	The balance reflects that amount of the Company debentures' principal, which is repayable as of June 30, 2023.
Current maturities of long-term loans	8,856	6,940	
Current maturities of lease liabilities	2,605	1,410	
Loans from banks	137,215	14,692	The increase arises mainly from a bridge loan in respect of a senior debt raised from a banking corporation by a consolidated entity in order to fund solar projects integrated with energy storage facilities, and which was advanced by the said consolidated entity to SPCs accounted for by the equity method (see Note 6 to the consolidated financial statements).

Line item	As at December 31, 2022	As at December 31, 2021	Explanation of the change compared with the end of the prior year
	NIS thousand		
Trade payables	10,944	3,948	The increase stems mainly from the pre-construction costs of projects in foreign consolidated entities.
Payables and credit balances	21,178	48,511	The decrease arises mainly from: (1) The actual transfer of several small projects under development, which the Company has undertaken to transfer to an entity accounted for by the equity method (see Note 10.E to the consolidated financial statements); and (2) actual payments in respect of photovoltaic projects that were built under consolidated entities.
Financial liabilities measured at fair value through profit and loss	3,729	42,936	The increase is mainly due to: (1) A derecognition, as part of the deconsolidation of Doral LLC, of the value of the right granted to a third party to invest in a closed list of projects in the USA (see Note 11.B to the consolidated financial statements; and (2) a decrease in the value of the liability in respect of transactions in derivative instruments, for hedging against foreign currency exposure as part of future purchases of equipment. This decrease was partially offset following hedging transactions in respect of increase in interest rates. See Note 31 to the Consolidated Financial Statements.
Total current liabilities	**273,013**	**118,437**	
Non-current liabilities:			
Debentures	499,166	557,542	The decrease arises from the classification of the current maturity to current liabilities. On the other hand, there was a 5.3% increase in the Consumer Price Index in the reporting period.
Loans from institutional entities and others	280,601	238,005	The increase arises mainly from: (1) shareholders' loans extended to a consolidated entity in Poland by minority interest, based on their stake; and (2) a non-current bank loan, in lieu of current financing, that was extended to a consolidated entity in connection with the construction of a biogas facility.
Lease liabilities	25,224	8,146	The increase is mostly due to: (1) An acquisition and first-time consolidation of a biogas project company (see Note 4.E to the consolidated financial statements; and (2) additional engagements of consolidated entities with owners of rights in land.
Other liabilities	3,210	-	The balance reflects a conditional payment liability of a consolidated entity in connection with the acquisition of a biogas project company.

Line item	As at December 31, 2022	As at December 31, 2021	Explanation of the change compared with the end of the prior year
	NIS thousand		
Deferred taxes	301,037	21,944	As part of the deconsolidation of Doral LLC on November 4, 2022, and the recognition of a revaluation gain of the balance of investment therein in accordance with its fair value as of that date, the Company recognized a deferred tax reserve in respect of the differences between the balance of the investment as per the book of accounts and its tax base (see also Notes 2.E. and 11.C. to the consolidated financial statements).
Total non-current liabilities	**1,109,238**	**825,637**	
Total equity	**1,960,768**	**712,613**	The increase stems mainly from: (1) Recognition of a gain for the period, which arises mainly from the deconsolidation of Doral LLC and the revaluation of the investment therein in accordance with its fair value as of deconsolidation date (see Notes 10.C and 11 to the consolidated financial statements); and (2) capital raising at the total net amount of NIS 347 million (see Note 19.C to the consolidated financial statements).
Total capital and liabilities	**3,343,019**	**1,656,687**	

2.2 **Operating results (*) in NIS thousands**:

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
Revenues:				
Income from provision of services and other	46,994	125,054	56,960	The decrease is mainly attributed to the fact that in 2021 and 2020 consolidated entities recorded revenues from the provision of construction services, as part of accounting for certain projects under the financial asset method (IFRIC 12) (NIS 98 million and NIS 46 million, respectively). For the Company's operating results had the property, plant and equipment method had been applied instead of the financial asset method, see Section 1.6 above.
Total income	**46,994**	**125,054**	**56,960**	
Expenses:				
Cost of revenues	30,026	91,975	40,023	The decrease is mainly attributed to the fact that in 2021 and 2020 consolidated entities recorded expenses attributed the provision of construction services, as part of accounting for certain projects under the financial asset method (IFRIC 12) (NIS 86 million and NIS 40 million, respectively). For the Company's operating results had the property, plant and equipment method had been applied instead of the financial asset method, see Section 1.6 above.
Project marketing, advertising and promotion expenses	11,396	2,501	1,059	The increase stems mostly from: (1) An increase in the workforce relevant to this item; and (2) the Company's advertising in several media outlets in Israel.
General and administrative expenses	42,507	29,356	14,741	The increase is mainly due to the Company's growth - both in Israel and Europe - which is reflected, among other things, in the expansion of its workforce and greater use of professional services.
Research and development expenses	3,002	2,464	-	The line item reflects research stage expenses, mainly of a consolidated entity that develops technological solutions in the solid urban waste sector.
Total expenses	**86,931**	**126,296**	**55,823**	

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
Profit (loss) before financing	**(39,937)**	**(1,242)**	**1,137**	
Finance income	74,518	24,306	18,162	The increase is mainly due to: (1) An increase in the fair value of derivative financial instruments, whose objective is hedging against exposure to foreign currency in future acquisitions of equipment (NIS 27.2 million), and hedging against increase in interest rates (NIS 1.2 million) compared with finance expenses totaling NIS 14.2 million in respect of similar transactions in 2021; (2) operation and commencement of income-generation of projects measured using the financial asset method, and linkage of those financial assets to the CPI (NIS 16.2 million), compared with NIS 0.6 million in 2021; (3) interest income from deposits with banks and loans and guarantees to investee entities accounted for by the equity method (NIS 13.2 million), compared with NIS 2.9 million in 2021; (4) interest and dividends received as part of the Company's managed securities portfolio (NIS 3.3 million) compared with NIS 0.6 million in 2021; and (5) net income from changes in foreign currency balances (NIS 2.9 million), compared with NIS 2.8 million in expenses in 2021. On the other hand, in 2022, there was a more moderate increase in the value of investments measured at fair value through profit and loss (NIS 10.2 million), compared with an increase of NIS 17.3 million in 2021.
Finance expenses	(69,523)	(43,970)	(8,564)	The increase stems mainly from: (1) Interest and linkage differences in respect of debentures issued by the Company (NIS 39.3 million) compared with NIS 6.7 million in 2021 (both due to a 5.3% increase in the CPI in 2022 compared with 2.4% in 2021, and since the debentures were issued in the last third of 2021); (2) decrease in the fair value of marketable investments measured at fair value through profit and loss (NIS 27.3 million), compared with a NIS 6.3 million decrease in 2021; and (3) interest expenses and linkage differences in respect of loans of consolidated entities (NIS 22.1 million), compared with NIS 11.7 million in 2021 (both due to the taking out of additional loans to finance projects, and due to the 5.3% increase in the CPI in 2022, compared with a 2.4% increase in 2021). These differences were partially offset since: (1) In 2022 finance costs

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
				of NIS 25.5 million were capitalized to the projects; (2) in 2021 there was a NIS 14.2 million decrease in the fair value of derivative financial instruments, for hedging against foreign currency exposure as part of future purchases of equipment; and (3) in 2021 net expenses totaling NIS 2.8 million were recognized in respect of changes in foreign currency balances.
The Company's share in entities accounted for according to the equity method, net of its share in internal transactions, net	(15,883)	(3,471)	3,213	The increase stems mainly from the Company's share in the results of Doral LLC as from the date on which it was deconsolidated - November 4, 2022. For the results of the Company's systems that are commercially operational, see Section 1.5(b) above. For the Company's operating results had the proportionate consolidation method been applied instead of the equity method, see Section 1.6 above.
Other income	17,492	-	-	The gain arises mainly from the sale of the Company's holdings in an entity accounted for by the equity method (see Note 10.E to the consolidated financial statements).
Other expenses	(1,181)	(4,052)	(1,508)	
Profit (loss) before taxes on income	**(34,514)**	**(28,429)**	**12,440**	
Revenues from income taxes	2,470	3,625	463	The decrease is mainly due to a change in the Company's results and a change in deferred taxes.
Profit (loss) before effect of deconsolidated operation	**(32,044)**	**(24,804)**	**12,903**	

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
Profit due to deconsolidation of Doral LLC	1,113,199	-	-	The increase stems mainly from the deconsolidation of Doral LLC and the revaluation of the investment therein in accordance with its fair value as of deconsolidation date (see Notes 11 to the consolidated financial statements).
Profit (loss) from Doral LLC operation, after tax	(14,837)	(1,702)	974	The line item reflects the results of Doral LLC through its deconsolidation on November 4, 2022 (see Note 11 to the consolidated financial statements).
Profit (loss) for the year	**1,066,318**	**(26,506)**	**13,877**	
Other comprehensive income (loss) net of taxes for:				
Foreign currency translation differences in respect of foreign operations	54,703	(18,213)	(976)	The increase is due to the effects of changes in exchange rates for the financial statements of entities whose functional currency is other than the NIS, mostly the USD exchange rate (see Note 2.B to the consolidated financial statements).
Revaluation of property, plant and equipment	(5,797)	5,575	8,238	For more information about the revision of the appraisal of all of the Company's facilities accounted for using the revaluation model as of December 31, 2022, see Note 14 to the Consolidated Financial Statements.
Total other comprehensive income (loss), net of tax	**48,906**	**(12,638)**	**7,262**	
Total comprehensive	**1,115,224**	**(39,144)**	**21,139**	

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
income (loss) for the year				

(*) For presentation and a description of the Company's operating results in another manner (non-GAAP), see Section 1.4 above.

	For the three-month period ended December 31		Explanation of the change compared to the corresponding period last year
	2022	2021	
Revenues:			
Income from provision of services and other	17,540	25,837	The decrease is mainly attributed to the following: (1) In the corresponding period last year consolidated entities recorded revenues from the provision of construction services, as part of accounting for certain projects under the financial asset method (IFRIC 12) (NIS 18 million); and (2) in the corresponding period last year the Company recognized revenues from sale of projects under development (NIS 6 million). For the Company's operating results had the property, plant and equipment method had been applied instead of the financial asset method, see Section 1.6 above.
Total income	**17,540**	**25,837**	
Expenses:			
Cost of revenues	15,273	17,652	The decrease is mainly attributed to the fact that in the corresponding period last year consolidated entities recorded expenses in relation to the provision of construction services, as part of accounting for certain projects under the financial asset method (IFRIC 12) (NIS 16 million). For the Company's operating results had the property, plant and equipment method had been applied instead of the financial asset method, see Section 1.6 above.
Project marketing, advertising and promotion expenses	3,450	845	The increase stems mainly from: (1) An increase in the workforce relevant to this item; and (2) the costs of unfeasible projects that were recognized in profit and loss.
General and administrative expenses	12,357	9,914	The increase is mainly due to the Company’s growth - both in Israel and Europe - which is reflected, among other things, in the expansion of its workforce and greater use of professional services.
Research and development expenses	40	1,620	The decrease stems from the fact that as from the second half of 2022, a consolidated entity started recognizing a research and development asset, instead of recognizing the expenses in profit and loss.
Total expenses	**31,120**	**30,031**	
Loss before financing	**(13,580)**	**(4,194)**	

	For the three-month period ended December 31		Explanation of the change compared to the corresponding period last year
	2022	2021	
Finance income	21,567	20,986	The increase is mainly attributed to: (1) operation and commencement of income-generation of projects measured using the financial asset method, and linkage of those financial assets to the CPI (NIS 9.9 million), compared with NIS 0.6 million in the corresponding period last year; (2) interest income from deposits with banks and loans and guarantees to investee entities accounted for by the equity method (NIS 10 million), compared with NIS 0.4 million in the corresponding period last year. On the other hand, in the reporting period, the value of investments measured at fair value through profit and loss increased only by NIS 0.7 million, compared with NIS 19.1 million in the corresponding period last year.
Finance expenses	(26,399)	(18,449)	The increase is mainly due to: (1) interest and linkage differences in respect of debentures issued by the Company (NIS 7.5 million) compared with NIS 3.4 million in the corresponding period last year, during which some of the debentures were issued; (2) decrease in the fair value of marketable and non-marketable investments measured at fair value through profit and loss (NIS 16.8 million), compared with a NIS 1.4 million decrease in the corresponding period last year; (3) interest expenses and linkage differences in respect of loans of consolidated entities (NIS 4 million), compared with NIS 2.2 million in the corresponding period last year (both due to the taking out of additional loans to finance projects and due to the 0.8% increase in the CPI in the reporting period, compared with a 0.2% increase in the corresponding period last year); and (4) impairment of loan advanced to an associate entity (NIS 2.1 million). On the other hand, during the reporting period, NIS 5.1 million in finance costs were capitalized to the projects.
The Company's share in entities accounted for according to the equity method, net of its share in internal transactions, net	(14,677)	(5,343)	The increase stems mainly from the Company's share in the results of Doral LLC as from the date on which it was deconsolidated - November 4, 2022. For the results of the Company's systems that are commercially operational, see Section 1.5(b) above. For the Company's operating results had the proportionate consolidation method been applied instead of the equity method, see Section 1.6 above.

	For the three-month period ended December 31		Explanation of the change compared to the corresponding period last year
	2022	2021	
Other income	800	-	The balance represents an indemnification received by a consolidated entity from an insurance company.
Other expenses	(818)	(3,981)	
Loss before taxes on income	**(33,107)**	**(10,981)**	
Revenues from income taxes	6,596	1,859	The increase is mainly due to a change in the Company's results and a change in deferred taxes.
Loss before effect of deconsolidated operation	**(26,511)**	**(9,122)**	
Profit due to deconsolidation of Doral LLC	1,113,199	-	The increase stems mainly from the deconsolidation of Doral LLC and the revaluation of the investment therein in accordance with its fair value as of deconsolidation date (see Notes 11 to the consolidated financial statements).
Profit (loss) from Doral LLC operation, after tax	(34,414)	(4,332)	The line item reflects the results of Doral LLC through its deconsolidation on November 4, 2022 (see Note 11 to the consolidated financial statements).
Profit (loss) for the period	**1,052,274**	**(13,454)**	
Other comprehensive income net of taxes for:			
Foreign currency translation differences in respect of foreign operations	12,158	(15,424)	The increase is due to the effects of changes in exchange rates for the financial statements of entities whose functional currency is other than the NIS, mostly the USD exchange rate (see Note 2.B to the consolidated financial statements).

	For the three-month period ended December 31		Explanation of the change compared to the corresponding period last year
	2022	2021	
Revaluation of property, plant and equipment	(6,395)	(2,881)	For more information about the revision of the appraisal of all of the Company's facilities accounted for using the revaluation model as of December 31, 2022, see Note 14 to the Consolidated Financial Statements.
Total other comprehensive income (loss), net of tax	**5,763**	**(18,305)**	
Total comprehensive income (loss) for the period	**1,058,037**	**(31,759)**	

(*) For presentation and a description of the Company's operating results in another manner (non-GAAP), see Section 1.4 above.

2.3 **Liquidity**

(A) Cash flow (in NIS thousand)

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
Net cash used for operating activities	(77,043)	(41,293)	(1,475)	The increase stems mainly from: (1) The Company and the Group's growth in Israel, Europe and mainly in the US, which is reflected, among other things, in the expansion of its workforce and greater use of professional services; and (2) initial interest payment in respect of debentures issued by the Company.
Net cash used for investing activities	(1,054,629)	(508,749)	(148,344)	The increase arises mainly from: (1) NIS 549 million in investments in projects in Israel and Europe (including through entities accounted for by the equity method), compared with NIS 150 million in the corresponding period last year; (2) NIS 466 million in investments in projects in the US, until the deconsolidation of Doral LLC on November 4, 2023, compared with NIS 185 million in the corresponding period last year; and (3) acquisition of a project company operating in the field of biogas for a total amount of NIS 32 million. On the other hand, netting effects were recorded in the reporting period mainly in respect of: (1) receipts of NIS 32 million from disposal of investment in an investee entity; (2) NIS 30 million (net) in proceeds in connection with dollar derivatives, compared with NIS 19 million (net) in the corresponding period last year; and (3) investments of NIS 37 million (net) in a marketable securities portfolio, and NIS 30 million in other financial investments, compared with NIS 137 million and NIS 45 million, respectively, in the corresponding period last year.
Net cash provided by financing activities	905,247	907,407	368,520	The decrease is mainly attributed to: (1) The issuance of securities at the total amount of NIS 554 million in the corresponding period last year; (2) proceeds in consolidated entities in the form of long-term loans from financial entities and other, totaling NIS 40 million, compared with NIS 59 million in

	For the year ended December 31			Explanation of the change compared to the corresponding period last year
	2022	2021	2020	
				the corresponding period last year; (3) Repayments in consolidated entities of long-term loans at the total amount of NIS 8 million, compared with NIS 2 million in the corresponding period last year; and (4) NIS 3 million in net proceeds in connection with interest derivatives. On the other hand, the Company recognized netting effects in the reporting period, mainly in respect of (1) capital raising at the total amount of NIS 347 million; (2) NIS 123 million of net proceeds from short-term loans to consolidated entities, compared with net payments of NIS 8 million in the corresponding period last year; and (3) Doral LLC's financing activity until its deconsolidation on November 4, 2022, at the total amount of NIS 402 million (mainly raising of capital to the Indiana North Project), compared with NIS 310 million in he corresponding period last year (mainly injection of capital by Migdal in its capacity as a partner in Doral LLC and in certain projects).
Change in cash and cash equivalents	(226,425)	357,365	218,701	

(*) In accordance with Regulation 10(B)(14) of the Periodic and Immediate Reporting Regulations, the Company has an ongoing cash outflow from operating activities in the consolidated and separate financial statements. The Company's Board of Directors determined that the cash flows for operating activities do not indicate liquidity problems, taking into account, among other things, the Company's cash balances (both as of the Reporting Date and the approval date of the Report), its current expenses and its main activity (through investees with independent sources as well as independently), the investment amounts already raised for mature projects which are expected to begin generating income in the foreseeable future, and the fact that the cash flows arising from the current operations of most of the investees are not reflected in the Company's statements of cash flows (due to the equity method).

	For the three-month period ended December 31		Explanation of the change compared to the corresponding period last year
	2022	2021	
Net cash used for operating activities	(10,495)	(23,892)	The decrease is mainly attributed to: (1) NIS 7 million in net proceeds from operating activities of consolidated entities, compared with net payments of NIS 11 million in the corresponding period last year; and (2) NIS 2 million in interest proceeds on loans advanced to associates, compared with NIS 0.5 million in the corresponding period last year. On the other hand, Company's growth in Israel, Europe and in the US, had a netting effect, which is reflected, among other things, in the expansion of its workforce and greater use of professional services.
Net cash used for investing activities	(316,477)	(137,346)	The increase arises mainly from: (1) NIS 230 million in investments in projects in Israel and Europe (including through entities accounted for by the equity method), compared with NIS 45 million in the corresponding period last year; (2) NIS 75 million in investments in projects in the US, from October 1, 2023 until the deconsolidation of Doral LLC on November 4, 2023, compared with NIS 47 million in the fourth quarter of 2021. On the other hand, netting effects were recorded in the reporting period mostly in respect of: (1) deposits of NIS 0.3 million (net) in pledged deposits, compared with a release of NIS 62 million in the corresponding period last year; (2) NIS 1 million (net) in receipts in connection with dollar derivatives, compared with NIS 15 million (net) in the corresponding period last year; and (3) investments of NIS 2 million (net) in a marketable securities portfolio, and NIS 10 million in other financial investments, compared with NIS 66 million and NIS 26 million, respectively, in the corresponding period last year.
Net cash provided by financing activities	163,107	286,130	The decrease stems mainly from: (1) The issuance of debentures at the total amount of NIS 240 million in the corresponding period last year; and (2) Doral LLC's financing activity at the total amount of NIS 28 million until its deconsolidation on November 4, 2022, compared with NIS 46 million in the last quarter of 2021. On the other hand, netting effects were recognized in the reporting period, mainly in respect of NIS 137 in net proceeds from short-term loans to consolidated entities, compared with net proceeds of NIS 2 million in the corresponding period last year.
Total cash flow	(163,865)	124,892	

(B) Financing sources

The Group finances its operations and the operations of the Group companies through equity, the issuance of shares and debentures, retained cash flows arising from its systems, loans from banks and other institutional entities, and sometimes also joint loans in SPCs, as set out below:

- **Cash** - Cash and cash equivalents as at December 31, 2022 amounted to NIS 387,115 thousand, compared with NIS 601,466 thousand as at December 31, 2021 and NIS 250,143 thousand as of December 31, 2020.
- As of December 31, 2022, the balance of cash and cash equivalents of project corporations accounted for by the equity method amounts to NIS 42,056 thousand, with the Company's weighted share of this balance amounting to NIS 34,789 thousand. These amounts do not include reserve funds and cash/restricted deposits designated for construction.
- The Group's marketable securities as of December 31, 2022 amounted to NIS 157,925 thousand, compared with NIS 140,218 thousand as of December 31, 2021. As of December 31, 2020 the Group did not hold any marketable securities. Out of the above amounts, as of December 31, 2022 and December 31, 2021, respectively, a total of NIS 95,078 thousand and NIS 78,000 thousand are pledged to secure bank guarantees. It should be noted that the Company has other marketable investments that are relatively readily disposable; however, since Company's management views those investments as long-term investments, they are presented among non-current assets.
- Restricted cash used by the Group (short-term and long-term), excluding equity-accounted corporations, as of December 31, 2022, amounted to NIS 21,111 thousand, compared to NIS 68,154 thousand at December 31, 2021 and NIS 51,506 thousand at December 31, 2020.
- **Issuance of shares** - for further information regarding investments in the Company's capital, see Section 1.5 of Chapter A.
- **Capital raising in investees** - for further information concerning Migdal's investment in Doral LLC, see Section 1.20.7.8 of Chapter A, and Note 10.C to the Consolidated Financial Statements.
- **Issuance of debentures** - The balance of the debentures as of the report's approval date (including interest payable and current maturities) is NIS 598.6 million. For further information about the Company's debentures in circulation as of the approval date of the Report, see **Appendix A** to this Report.
- **Long-term loans (including current maturities)** - the average long-term borrowings of the Group companies in the Reporting Period amounted to NIS 566,610 thousand, compared with NIS 358,359 thousand in 2021 and NIS 264,246 thousand in 2020.
- **Short-term borrowings** - the average short-term borrowings of the Group companies in the Reporting Period amounted to NIS 7,346 thousand, compared with NIS 12,533 thousand in 2021 and NIS 5,187 thousand in 2020.

- For further information about loans taken out by Group companies, see Section 1.18 of Chapter A.
- **Payables** - the average payables of the Group companies in the Reporting Period amounted to NIS 32,765 thousand, compared with NIS 13,778 thousand in 2021 and NIS 24,001 thousand in 2020.
- **Receivables** - the average receivables of the Group companies in the Reporting Period amounted to NIS 45,278 thousand, compared with NIS 20,523 thousand in 2021 and NIS 12,015 thousand in 2020
- **Guarantees** - The balance of bank guarantees execution provided by the Group companies, except for corporations accounted for by the equity method, December 31, 2022, amounts to NIS 225,794 thousand, compared with NIS 317,615 thousand as of December 31, 2021. The balance of financial guarantees provided by the Group companies, except for corporations accounted for by the equity method, as of December 31, 2022, amounts to NIS 5,345 thousand, compared with NIS 2,000 thousand as of December 31, 2021. The balance of formal guarantees provided by the Group companies, except for corporations accounted for by the equity method, amounts to NIS 5,041 thousand as of December 31, 2022; as of December 31, Group companies did not provide such guarantees. The balance of bank guarantees provided by the Group companies, except for corporations accounted for by the equity method, amounts to NIS 12.5 thousand as of December 31, 2021; as of December 31, 2022 Group companies did not provide such guarantees. The balance of guarantees for the purpose of grid connection applications as provided by the Group companies, except for corporations accounted for by the equity method, amounts to NIS 176 thousand as of December 31, 2022; as of December 31, Group companies did not provide such guarantees. For information about Doral LLC's bank guarantees, see Note 10.C to the financial statements.

(C) Hedging

The Group uses derivative financial instruments from time to time to hedge certain exposures to risks, including currency risks arising from the nature of the Group's activities, mainly purchases of equipment in foreign currency, and interest risks arising from the nature of the Group's activity, including taking loans for the building of projects, whose funding is highly leveraged. In this context, the Company periodically assesses the possibility of executing hedging transactions for the exposures, by way of forward transactions and/or the acquisition and sale of put and call options, which create a solid exposure; the hedging outline and significant hedging transactions are approved by the Company's Board of Directors. See also Note 31.A to the Consolidated Financial Statements.

3. Part C - Corporate Governance and Disclosure Provisions for the Corporation's Financial Reporting

3.1 Exemption from attaching the opinion of an independent auditor regarding the effectiveness of internal control

In accordance with Regulation 9B(c1) of the Periodic and Immediate Reporting

Regulations, the provisions of Regulation 9B(c) of the Periodic and Immediate Reporting Regulations, according to which the Company is required to attach to its annual reports the opinion of its independent auditor regarding the effectiveness of internal control over financial reporting and regarding the material weaknesses identified by the independent auditor in this control, will not apply to the Company until five years have elapsed from the time it became a reporting corporation, with the exception of the control of specific cases set out in that Regulation.

3.2 **Donations**

As of the report date, the Company has in place a donations procedure, that sets, among other things, a maximum donations amount that will not exceed the higher of NIS 500 thousand or 1% of the Company's operating profits as per the Company's latest annual financial statements, unless it is decided otherwise by the Board of Directors. Each donation request is examined on its merits by a dedicated donation forum. In 2022, the Company donated a total of NIS 442 thousand to entities/bodies. The entities/bodies, which are in receipt of donations, do not have any relations with the Company, its CEO, and any of its directors or controlling shareholders.

3.3 **Directors with accounting and financial expertise**

The Company's Board of Directors decided that the appropriate minimum number of directors with accounting and financial expertise pursuant to Section 92(A)(12) to the Companies Law is two (including external directors), taking into account, among other things, the size of the Company, its areas of activity and the type of accounting and financial issues that arise when reviewing the Company's financial position, preparing its financial statements and approving them.

As at date of publication of this report, six of the Company's Board members have accounting and financial expertise. For further information concerning regarding the education, experience and qualifications of Messrs. Doron Davidovitz, Reuven Zvi Gerstel, Peleg Davidovitz, Orit Stav and Moshe Mashiach, who were classified as directors with accounting and financial expertise, see Regulation 26 of Part D (Additional Information about the Company).

3.4 **Independent directors**

As at Reporting Date, the Company's Articles of Association do not include provision regarding the rate of independent directors. However, as at approval date of the Report, Orit Stav, Ayelet Nahmias Verbin (external director) and Moshe Mashiach (external director) serve as independent directors, as defined in the Companies Law.

3.5 **Internal Compliance Plan**

On August 29, 2021 the Company adopted an internal compliance program in the field of securities law, in accordance with the criteria for an efficient compliance program, that was published by the Israel Securities Authority. The program prescribes procedures, whose purpose is, among other things, to regulate key issues, such as the manner of publication of immediate and periodic report, the identification, approval and reporting of transactions with interested parties, prohibition of the use of inside information, and

more. The Company's Board of Directors appointed the Company's VP Investor Relations and Corporate Secretary, Ms. Michal Weiss Navon, as the officer in charge of internal compliance in the field of securities.

3.6 **Disclosure concerning the Internal Auditor of the Company**

For further information regarding the Company's internal auditor, see **Appendix B** to this Report.

3.7 **Information regarding the Company's independent auditor**

The Company's independent auditors are the Ziv Haft BDO firm (hereinafter - the **"Independent Auditors"**).

Below are figures relating to the Independent Auditor's fees:

Type of Service	2022	2021
	NIS	
Audit	934,500	781,500
Other services	240,745	98,160

The Independent Auditors' fees are approved by the Company's Board of Directors. The amount of the Independent Auditors' fee is determined based on, among other things, market conditions and in the opinion of the Company's management is reasonable and acceptable, based on the nature of the Company and the scope of its operations. The increase in fees is due to an increase in the scope and complexity of the audit work.

3.8 **Additional information and subsequent events**

For information regarding events subsequent to the balance sheet date, see Note 33 to the financial statements.

3.9 **Position of the Company's liabilities by repayment dates**

For information about the status of the Company's liabilities according to maturity dates, see the statement of liabilities published by the Company concurrently with the publication of the Report, where the information contained therein is presented in this Report by way of reference.

Dori Davidovitz, Chairman of the Board of Directors

Yaki Neumann, CEO

Date: March 29, 2023

Appendix A - Information About the Company's Debentures (Series A)

	Debentures (Series A)
Is the series material (as this term is defined in Regulation 10(B)(13)(a) of the Periodic and Immediate Reporting Regulations)	Yes
Issuance dates	August 10, 2021; October 10, 2021
Par value on issuance dates	NIS 358,344,000 par value as at August 10, 2021; NIS 197,058,800 par value as at October 10, 2021
Par value as of December 31, 2022 (NIS thousands)	555,403
Par value linked as of December 31, 2022 (NIS thousands)	589,910
Amount of accrued interest plus linkage differences as of December 31, 2022 (in NIS thousands)	4,661
Value in the financial statements as of December 31, 2022, including interest payable (in NIS thousands)	592,312
Value on the TASE as of December 31, 2022 (in NIS thousands)	526,961 (including interest paid on January 1, 2023)
Par value as of March 29, 2023 (NIS thousands)	555,403
Par value linked as of March 29, 2023 (NIS thousands)	596,292
Interest type and rate (as at the issuance date and as at the Reporting Date)	Fixed annual interest at a rate of 1.58%
Payment dates of principal	The debentures are repayable in 6 (six) equal annual payments on June 30 of each of the years from 2023 to 2028 (inclusive)[(1)]
Interest payment dates	The interest on the outstanding principal of the Debentures (Series A) will be paid twice a year, on June 30 and December 31 of each of the years from 2022 to 2027 (inclusive) and on June 30, 2028, and all for the interest period ended on the last day before the payment date[(2)]
Basis of linkage (principal & interest)	The debentures are linked to the CPI for June 2021 as published in July 2021
Are they convertible	No
The Company's right to early redemption or forced conversion	There is a right to early redemption, as set out in Section 6.2 of the Deed of Trust

	Debentures (Series A)
Trustee	Reznick Paz Nevo Trusts Ltd., of 14 Yad Harutzim Street, Tel Aviv-Jaffa, (tel: +972-3-6389200; fax: +972-3-6389222). The contact person at the trustee is Michal Avtalion-Rishoni (e-mail: michal@rpn.co.il).
Rating	The debentures are not rated
Are there grounds to call for immediate repayment of the debentures	No
Restrictions on creation of pledges	The Company undertook not to create a floating charge on all of its existing and future assets and rights (negative pledge) in favor of any third party, to secure any debt or liability, unless it applies to the trustee in writing prior to creation of the charge, notifying the trustee of the charge at least 5 business days in advance, and, to create, concurrently with the creation of the charge in favor of the third party, a floating charge of the same degree, pari passu, in favor of the debenture holders, to secure the full debt to the debenture holders.

(1) The first payment will represent 15% of the total principal of the par value of the debentures, each of the second and third payments will represent 12.5% of the total principal of the par value of the debentures, each of the fourth and fifth payments will represent 10% of the principal of the total principal of the par value of the debentures, and the sixth and final payment will represent 40% of the total principle of the par value of the debentures.

(2) The first interest payment was made on June 30, 2022 for the period starting on the first trading day following the tender date according to the Shelf Offering Report (August 10, 2021), and ending on June 29, 2022, and the final payment will be made on June 30, 2028, together with the final repayment of the debenture principal.

Below is a description of the Company's compliance with the financial covenants of the Debentures (Series A):

Covenant	Measurement result (As at December 31, 2022)
The equity will not fall below NIS 250 million for a period of two consecutive quarters	NIS 1,961 million
The ratio between the separate equity and net separate balance sheet will not fall below 30% for a period of two consecutive quarters	86.92%
The ratio between the net consolidated financial debt to adjusted consolidated EBITDA will not exceed 15 for a period of two consecutive quarters, starting from the Company's financial statements as at December 31, 2023 onwards	N/A

For further information about the financial covenants, see Note 18.A.1 to the financial statements as of December 31, 2022.

As of December 31, 2022 and the publication date of the Report, the Company is in compliance with all its obligations to the holders of Debentures (Series A).

Appendix B - Information regarding the Company's Internal Auditor

Line item	Description
Name	Mr. Alon Amit
Qualifications and professional experience[1]	The Internal Auditor holds a BA in Political Science and Media Studies from the Bar Ilan University and MA in Public Administration, specializing in internal and public auditing from Bar Ilan University. In addition, the Internal Auditor is a certified information systems auditor (CISA), certified internal auditor (CIA) and certified cyber auditor (CSX-A).
Commencement of office	August 16, 2020
Compliance with conditions set in the law	To the best of the Company's knowledge, the Internal Auditor meets the conditions set out in Sections 3(a) and 8 of the Internal Auditing Law, 1992 (hereinafter - the "**Internal Auditing Law**") and Section 146(B) of the Companies Law, 1999.
Holdings of securities of the Company or affiliates	The Internal Auditor does not hold securities of the Company or any affiliated entities.
Material business ties or other material ties with the Company or affiliate	The Internal Auditor does not perform any function outside of the corporation which raises or may raise a conflict of interests with his function as internal auditor of the Company. The Internal Auditor does is not an interested party in the Company, and is not a relative of an interested party of the Company, and is not the Independent Auditor or someone acting on their behalf.
Is the auditor an employee of the Company or an external service provider of the Company	The Internal Auditor is not an employee of the Company, he provides the Company with internal auditing services as an external supplier. The Internal Auditor serves as the CEO of Raveh Ravid Internal Audit Services Ltd., and the President ISACA Israel. The Internal Auditor does not perform any other function in the Company other than that of internal auditor.
Method of Appointment	The appointment of Mr. Alon Amit as Internal Auditor was approved by the Company's Board of Directors on August 16, 2020, on the recommendation of the Audit Committee, after it found him to have the appropriate qualifications for the position, among others, in view of his expertise and vast experience in internal auditing.
Identity of the organizational officer overseeing the internal auditor	Chairman of the Board

[1] For further details about the Internal Auditor's education and professional experience, see Regulation 26A to Chapter D.

Line item	Description
Work Plan	The Internal Auditor follows an annual work plan and a five-year multi-annual work plan that was approved on April 8, 2021. The Internal Auditor recommended an annual and multi-annual audit plan based on a risk survey conducted to determine the objectives of the internal audit. The multi-annual plan is based on audits conducted regarding key Company processes at an audit frequency to be determined according to priority based on the level of exposure, assessment of the probability of the occurrence of a failure event and scope of damage. It should be noted that although the Company carried out material transactions (as defined in Section 5(f) of the Fourth Schedule to the Periodic and Immediate Reports Regulations) during the Reporting Period, these transactions and/or their approval were not audited by the Internal Auditor because they were not included in the annual work plan. The internal audit work plan for 2022 were prepared by the Internal Auditor in collaboration with the Company's management, were presented to the Audit Committee and Board of Directors, and were approved by the Board of Directors. Any change in the said plan is subject to the approval of the Audit Committee.
Overseas auditing or audits of investees	The work plan for 2022 did not include auditing of foreign investees.
Scope of the transaction	The scope of audits set for 2022 is 650 working hours, and the scope of the Internal Auditor's work for providing the internal audit services in the reporting year amounted to 650 working hours. The scope of the Internal Auditor's services is determined based on an assessment by the Company's management and the Internal Auditor of the number of hours required that would reflect the effort required by the Internal Auditor for carrying out the required audit and based on the volume and complexity of the Company's business operations.
Preparation of the audit	The internal audit is conducted in accordance with the generally accepted internal audit standards in Israel and worldwide, and in accordance with professional guidelines for internal auditing, as provided in Section 4(b) of the Internal Audit Law. The Company's Board of Directors is satisfied that the Internal Auditor met all the requirements and conditions specified above, taking into account the notice that the Internal Auditor submitted to the Company's Board of Directors.
The Internal Auditor's report	The internal audit reports for 2022 were discussed by the Audit Committee.
Access to information	The Internal Auditor has full and unrestricted access to the Company's information systems, including financial data, for the purpose of conducting the audit in accordance with Section 9 of the Internal Auditing Law.

Line item	Description
The Board of Director's assessment of the Internal Auditor's activities	The Company's Board of Directors and Audit Committee believe that the scope, nature and continuity of operations and the Internal Auditor's work plan for 2022 are reasonable given the scope, organizational structure, substance of the Company's business operations and scope thereof, and will serve to achieve the purposes of the Company's internal audit.
Compensation	In return for the internal audit services in 2022, the Company paid a total of NIS 143 thousand. In the opinion of the Company's Board of Directors, the remuneration is reasonable and does not affect the manner in which the Internal Auditor exercises his independent professional judgment.

Doral Group Renewable Energy Resources Ltd.

Consolidated Financial Statements as at December 31, 2022

Doral Group Renewable Energy Resources Ltd.
Financial Statements as at December 31 2022

CONTENTS

	Page
Report of the Independent Auditor on the Financial Statements	1
Letter of Consent Issued at the Same Time as the Periodic Report	2
Consolidated Statements of Financial Position	3-4
Consolidated Statements of Income and Other Comprehensive Income	5-6
Consolidated Statements of Changes in Equity	7-9
Consolidated Statements of Cash Flows	10-12
Notes to the Financial Statements:	
Note 1 - general	13-14
Note 2 - basis of preparation of the financial statements	15-18
Note 3 - significant accounting policies	19-46
Note 4 - cash and cash equivalents	47
Note 5 - restricted deposits and cash	47
Note 6 - receivables and debt balances	47
Note 7 - financial assets measured at fair value through profit and loss	48-50
Note 8 - projects under development	50-52
Note 9 - receivables in respect of concession arrangements	53
Note 10 - investment in equity-accounted investees	53-71
Note 11 - activity of Doral LLC	72-75
Note 12 - consolidated entities	76-80
Note 13 - significant events during the reporting period	81-84
Note 14 - property, plant & equipment	85-87
Note 15 - leases	88-89
Note 16 - intangible assets	90
Note 17 - payables and credit balances	91
Note 18 - debentures, loans from institutional entities and other financial liabilities at amortized cost	91-97
Note 19 - equity	98
Note 20 - share-based payment	99
Note 21 - income from provision of services and other	99
Note 22 - cost of revenues	99
Note 23 - marketing, advertising and project promotion expenses	100
Note 24 - administrative and general expenses	100
Note 25 - other expenses	100
Note 26 - finance income and expenses	101
Note 27 - income tax expenses	102-106
Note 28 - earnings (loss) per share for shareholders of the company	107
Note 29 - related parties	108-110
Note 30 - operating segments	110-112
Note 31 - financial instruments	113-124
Note 32 - contingencies	125
Note 33 - events subsequent to the date of the statements of financial position	125-126
Appendix - holdings	127-136

Report of the Independent Auditor for the shareholders of Doral Group Renewable Energy Resources Ltd.

We have audited the attached consolidated statements of financial position of Doral Group Renewable Energy Resources Ltd. (hereinafter - the "Company") as of December 31, 2022 and 2021, and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion of these financial statements based on our audit.

We did not audit the financial statements of a consolidated subsidiary (deconsolidated on November 4, 2022) whose consolidated assets represent 22% of the total consolidated assets as at December 31, 2021. The financial statements of the above entity was audited by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for that entity, is based on the reports of the other independent auditors. Furthermore, the data included in the statement of financial position in respect of the equity value of the investments and the Company's share in the business results of investee corporations presented using the equity method, are based on financial statements, some of which were audited by other independent auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those set forth in the Certified Public Accountants (Modus Operandi of Certified Public Accountant) Regulations, 1973. These standards require that we plan and perform the audit in order to obtain a reasonable degree of assurance that the financial statements do not contain material misstatement. An audit involves examining, on a sample basis, evidence supporting the amounts and information included in the financial statements. An audit also involves assessing the accounting principles used, and significant estimates made, by the Board of Directors and management of the Company, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the reports of other independent auditors provide an adequate basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the financial statements referred to above present fairly, in all material respects, the financial position - of the Company and consolidated companies - as of December 31, 2022 and 2021 and their results of operations, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Preparation of Annual Financial Statements), 2010.

Ziv Haft

Certified Public Accountants

Tel Aviv, March 29, 2023

אילת 08-6339911 | מודיעין עילית 08-9744111 | קרית שמונה 077-5054906 | בני ברק 073-7145300 | באר שבע 077-7784100 | חיפה 04-8680600 | ירושלים 02-6546200 | תל אביב 03-6386868

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March 29, 2023

Attn.
The Board of Directors of Doral Group Renewable Energy Resources Ltd. (hereinafter - the "Company")
6 Hachilazon St.
Ramat Gan

Dear Sir/Madam,

Re: Letter of consent in connection with the shelf prospectus of Doral Group Renewable Energy Resources Ltd.

May 2020

We hereby inform you that we agree to the inclusion (including by way of reference) of our statements set out below in the shelf offering published by you under the shelf prospectus of May 2020:

1. Report of the Independent Auditors dated March 29 2023 regarding the Company's Consolidated Financial Statements as at December 31 2022 and 2021 and for each of the three-year periods ended on December 31 2022.
2. Special Report of the Independent Auditors dated March 29 2023 regarding the Company's Separate Financial Information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 as at December 31 2022 and 2021 and for each of the three years ended on December 31 2022.

Ziv Haft
Certified Public Accountants

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Financial Position (in NIS thousand)

	Note	December 31, 2022	December 31, 2021
Assets			
Current assets:			
Cash and cash equivalents	4	387,115	601,466
Restricted deposits and cash	5.A	12,981	63,710
Trade receivables		13,702	6,154
Receivables and debit balances	6	215,606	13,496
Financial assets measured at fair value through profit and loss	7.A	162,657	140,218
Receivables for issue of rights to non-controlling interests in LLC		-	61,923
Total current assets		792,061	886,967
Non-current assets:			
Restricted deposits and cash	5.B	8,130	4,444
Investment in equity-accounted investees	10	1,759,547	210,905
Projects under development	8	314,044	224,886
Receivables in respect of concession arrangements	9	147,643	142,125
Investments measured at fair value through profit and loss	7.B	119,461	120,085
Property, plant & equipment	14	131,426	43,542
Right-of-use assets	15	27,238	9,478
Deferred taxes	27	6,349	2,144
Intangible assets	16	37,120	12,111
Total non-current assets		2,550,958	769,720
Total assets		3,343,019	1,656,687

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Financial Position (in NIS thousand)

	Note	December 31, 2022	December 31, 2021
Liabilities and equity			
Current liabilities:			
Current maturities of debentures	18.A.1	88,486	-
Current maturities of long-term loans	18.A.2	8,856	6,940
Current maturities of lease liabilities	15	2,605	1,410
Loans from banks	18.B	137,215	14,692
Trade payables		10,944	3,948
Payables and credit balances	17	21,178	48,511
Financial liabilities measured at fair value through profit and loss	31.H	3,729	42,936
Total current liabilities		273,013	118,437
Non-current liabilities:			
Debentures	18.A.1	499,166	557,542
Loans from financial entities and others	18.A.2	280,601	238,005
Lease liabilities	15	25,224	8,146
Other liabilities		3,210	-
Deferred taxes	27	301,037	21,944
Total non-current liabilities		1,109,238	825,637
Equity:			
Equity attributable to the Company's owners:	19		
Share premium		712,602	365,136
Capital reserves		161,984	139,164
Retained earnings (accumulated loss)		1,083,905	(4,815)
Total equity attributable to the Company's owners		1,958,491	499,485
Non-controlling interests	12	2,277	213,128
Total equity		1,960,768	712,613
Total capital and liabilities		3,343,019	1,656,687

March 29, 2023			
Date of approval of the financial statements for publication	Yaki Neumann Chief Executive Officer	Doron Davidovitz Chairman of the Board of Directors	Matan Barzilai Chief Financial Officer

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Income and Other Comprehensive Income (in NIS thousand)

	Note	For the year ended December 31, 2022	December 31, 2021[1]	December 31, 2020[1]
Revenues:				
Income from provision of services and other	21	46,994	125,054	56,960
Total revenue		46,994	125,054	56,960
Expenses:				
Cost of revenues	22	30,026	91,975 [2]	40,023 [2]
Projects marketing, advertising and promotion expenses	23	11,396	2,501 [2]	1,059 [2]
General and administrative expenses	24	42,507	29,356 [2]	14,741 [2]
Research and development expenses		3,002	2,464	-
Total expenses		86,931	126,296	55,823
Profit (loss) before financing		(39,937)	(1,242)	1,137
Finance income	26.A	74,518	24,306	18,162
Finance expenses	26.B	(69,523)	(43,970)	(8,564)
Finance income (expenses), net		4,995	(19,664)	9,598
The Company's share in the results of entities accounted for by the equity method, net of its share in internal transactions, net	10, 3.HH	(15,883)	(3,471)	3,213
Income and other expenses				
Other income	25.A	17,492	-	-
Other expenses	25.B	(1,181)	(4,052)	(1,508)
Other income (expenses), net		16,311	(4,052)	(1,508)
Profit (loss) before taxes on income		(34,514)	(28,429)	12,440
Revenues from income taxes	27	2,470	3,625	463
Profit (loss) before effect of deconsolidated operation		(32,044)	(24,804)	12,903
Profit due to deconsolidation of Doral LLC, net of tax	11	1,113,199	-	-
Profit (loss) from Doral LLC operation, after tax [3]	11	(14,837)	(1,702)	974
Profit (loss) for the year		1,066,318	(26,506)	13,877
Other comprehensive income (loss) net of taxes for:				
Items that may be subsequently reclassified to profit and loss				
Foreign currency translation differences in respect of foreign operations		58,531	(18,213)	-
Company's share in foreign currency translation differences in respect of foreign operations of equity-accounted investee entities		(3,828)	-	(976)
Items that may be subsequently reclassified to profit and loss		54,703	(18,213)	(976)
Items not subsequently reclassified to profit and loss				
Revaluation of property, plant and equipment	14	(322)	(1,509)	3,289
Company's share in revaluation reserve of entities accounted for by the equity method	10.B	(5,475)	7,084	**4,949**
Total of items not subsequently reclassified to profit and loss		(5,797)	5,575	**8,238**
Total other comprehensive income (loss), net of tax		48,906	(12,638)	7,262
Total comprehensive income (loss) for the year		1,115,224	(39,144)	21,139

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 below.

(2) Immaterial adjustment of comparative data, see Note 3.FF.

(3) Doral LLC is an entity that was consolidated until November 4, 2022, and as from this date it is an equity-accounted entity. The data refer to the period in which Doral LLC was consolidated.

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Income and Other Comprehensive Income (in NIS thousand)

	Note	For the year ended December 31, 2022	December 31, 2021	December 31, 2020
Profit (loss) for the year attributed to:				
Company owners		1,086,586	(20,115)	11,608
Non-controlling interests		(20,268)	(6,391)	2,269
		1,066,318	(26,506)	13,877
Total comprehensive income (loss) for the year attributed to:				
Company owners		1,102,658	(24,640)	18,715
Non-controlling interests		12,566	(14,504)	2,424
		1,115,224	(39,144)	21,139
Comprehensive income (loss) for the year attributable to the Company's shareholders due to:				
From the Company's activity, excluding Doral LLC [2]		(26,175)	(23,378)	17,464
From activity and deconsolidation of Doral LLC [1]		1,128,833	(1,262)	1,251
		1,102,658	(24,640)	18,715
Earnings (loss) per share attributed to the Company's shareholders (NIS):				
Basic earnings (loss) per share				
From the Company's activity, excluding Doral LLC [2]		(0.169)	(0.127)	0.090
From activity and deconsolidation of Doral LLC [1]		7.134	(0.012)	0.008
		6.965	(0.139)	0.098
Diluted earnings (loss) per share				
From the Company's activity, excluding Doral LLC [2]		(0.169)	(0.127)	0.090
From activity and deconsolidation of Doral LLC [1]		7.110	(0.012)	0.008
		6.941	(0.139)	0.095

(1) Doral LLC is an entity that was consolidated until November 4, 2022, and as from this date it is an equity-accounted entity. The data refer to the period in which Doral LLC was consolidated. For information about a separate presentation of the activity of Doral LLC following deconsolidation, in accordance with the provisions of IFRS 5, see Notes 10.C.4 and 11 below.

(2) But including the results of Doral LLC in the period subsequent to deconsolidation on November 4, 2022 as an equity-accounted entity, as set out in Note 10.C.4.

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Changes in Equity (in NIS thousand)

For the year ended December 31, 2022

	Equity attributable to the Company's owners									
	Share premium	Capital reserve for revaluation of property, plant and equipment	Foreign operation translation reserve	Capital reserve for transaction with shareholders	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Retained earnings	Total equity attributed to the Company's owners	Non-controlling interests	Total equity
Balance as at January 1, 2022	**365,136**	**44,726**	**(11,242)**	**145**	**955**	**104,580**	**(4,815)**	**499,485**	**213,128**	**712,613**
Changes in the year ended December 31, 2022:										
Profit (loss) for the period	-	-	-	-	-	-	1,086,586	1,086,586	(20,268)	1,066,318
Other comprehensive income (loss)	-	(5,797)	21,869	-	-	-	-	16,072	32,834	48,906
Total comprehensive income (loss)	-	(5,797)	21,869	-	-	-	1,086,586	1,102,658	12,566	1,115,224
Transactions recognized directly in equity										
Issue of capital (see Note 19.C.1 below)	347,466	-	-	-	-	-	-	347,466	-	347,466
Deconsolidation of Doral LLC (see Note 11 below)	-	-	-	-	-	-	-	-	(310,170)	(310,170)
Issuance of rights to non-controlling interests in consolidated entities (*)	-	-	-	-	-	8,363	-	8,363	84,041	92,404
Share-based payment in a deconsolidated entity (Doral LLC)	-	-	-	-	-	-	-	-	2,712	2,712
Capital reserve for share-based payment	-	-	-	-	519	-	-	519	-	519
Transfer of revaluation capital reserve to retained earnings	-	(2,134)	-	-	-	-	2,134	-	-	-
Balance as at December 31, 2022	**712,602**	**36,795**	**10,627**	**145**	**1,474**	**112,943**	**1,083,905**	**1,958,491**	**2,277**	**1,960,768**

(*) The amount is mainly due to Migdal's investments in the Indiana North Project prior to deconsolidation of Doral LLC. For further information see Note 10.C.2.a below.

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Changes in Equity (in NIS thousand)

	For the year ended December 31, 2021									
	Equity attributable to the Company's owners									
	Share premium	Capital reserve for revaluation of property, plant and equipment	Foreign operation translation reserve	Capital reserve for transaction with shareholders	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Retained earnings	Total equity attributed to the Company's owners	Non-controlling interests	Total equity
Balance as at January 1, 2021	362,189	41,201	**(1,131)**	145	3,338	(13,493)	13,251	405,500	(2,221)	403,279
Changes in the year ended December 31, 2021:										
Loss for the year	-	-	-	-	-	-	(20,115)	(20,115)	(6,391)	(26,506)
Other comprehensive income (loss)	-	5,574	(10,099)	-	-	-	-	(4,525)	(8,113)	(12,638)
Total comprehensive income (loss)	-	5,574	(10,099)	-	-	-	(20,115)	(24,640)	(14,504)	(39,144)
Transactions with shareholders carried directly to equity and shareholders' investors										
The sale of rights to non-controlling interests in consolidated entities	**-**	**-**	**(12)**	**-**	**-**	**121,138**	**-**	**121,126**	**229,228**	**350,354**
Entities consolidated for the first time	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,648**	**1,648**
Acquisition of rights from non-controlling interests in a consolidated entity	**-**	**-**	**-**	**-**	**-**	**(3,065)**	**-**	**(3,065)**	**(1,023)**	**(4,088)**
Options for the Company's shares that were exercised	**2,947**	**-**	**-**	**-**	**(2,858)**	**-**	**-**	**89**	**-**	**89**
Capital reserve for share-based payment	**-**	**-**	**-**	**-**	**475**	**-**	**-**	**475**	**-**	**475**
Transfer of revaluation capital reserve to retained earnings	**-**	**(2,049)**	**-**	**-**	**-**	**-**	**2,049**	**-**	**-**	**-**
Balance as at December 31, 2021	**365,136**	**44,726**	**(11,242)**	**145**	**955**	**104,580**	**(4,815)**	**499,485**	**213,128**	**712,613**

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Changes in Equity (in NIS thousand)

For the year ended December 31, 2020

	Equity attributable to the Company's owners											
	Paid up capital	Share premium	Capital reserve for revaluation of property, plant and equipment	Foreign operation translation reserve	Capital reserve for transaction with shareholders	Capital reserve for share-based payment	Capital reserve for transactions with non-controlling interests	Receipts on account of option warrants and conversion component in shareholders' loans	Retained earnings	Total equity attributed to the Company's owners	Non-controlling interests	Total equity
Balance as at January 1, 2020	**25**	**28,666**	**34,482**	**-**	**145**	**1,455**	**(13,962)**	**1,921**	**124**	**52,856**	**5**	**52,861**
Changes in the year ended December 31, 2020:												
Annual profit	-	-	-	-	-	-	-	-	11,608	11,608	2,269	13,877
Other comprehensive income (loss)	-	-	8,238	(1,131)	-	-	-	-	-	7,107	155	7,262
Total comprehensive income (loss)	-	-	8,238	(1,131)	-	-	-	-	11,608	18,715	2,424	21,139
Transactions with shareholders carried directly to equity and shareholders' investors												
Conversion of shareholder loans	**2**	**28,044**	-	-	-	-	**-**	(1,336)	-	26,710	-	**26,710**
Issuance of share capital (net of issuance expenses)	**(27)**	**309,965**	-	-	-	-	**-**	-	-	309,938	-	309,938
Transaction with non-controlling interests	-	-	-	-	-	-	469	-	-	469	(469)	-
Transaction with a shareholder	-	(4,486)	-	-	-	-	-	(585)	-	(5,071)	-	(5,071)
Capital reserve for share-based payment	**-**	**-**	-	-	-	1,883	**-**	-	-	1,883	-	1,883
Entity consolidated for the first time	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(4,181)	(4,181)
Transfer of revaluation capital reserve to retained earnings	**-**	**-**	**(1,519)**	**-**	**-**	**-**	**-**	**-**	**1,519**	**-**	**-**	**-**
Balance as at December 31, 2020	**-**	**362,189**	**41,201**	(1,131)	**145**	**3,338**	**(13,493)**	**-**	**13,251**	**405,500**	**(2,221)**	**403,279**

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Cash Flows (in NIS thousand)

	For the year ended		
	December 31, 2022	**December 31, 2021[1]**	**December 31, 2020**
Cash flows for operating activities			
Profit (loss) for the year	1,066,318	(26,506)	13,877
Operating loss (profit) from Doral LLC, net of tax	(1,098,362)	1,702	(974) [1]
Profit (loss) from the activity of the Company with the exception of Doral LLC	(32,044)	(24,804)	12,903
Adjustments for:			
Finance expenses (income), net	(4,995)	19,664	(7,527) [1]
The Company's share in the results of entities accounted for by the equity method, net of its share in internal transactions, net	15,883	3,471	(3,213) [1]
Income taxes in the income statement	(2,470)	(3,625)	(463)
Depreciation and amortization	7,586	3,485	3,633
Capital loss (gain) and impairment of assets, net	(15,750)	4,052	-
Expenses in respect of share-based payments	519	475	1,884
	773	27,522	(5,686)
Changes in property and liability line items:			
Increase in accounts receivable	(11,696)	(19,912)	(6,278)
Increase (decrease) in receivables in respect of concession arrangements	9,231	(12,011)	(5,598)
Increase (decrease) in accounts payable	971	587	48
Increase (decrease) in payables and credit balances	9,212	1,257	3,785 [1]
	7,718	(30,079)	(8,043)
Dividends received	6,177	2,754	3,796
Interest paid	(16,369)	(2,611)	(3,646)
Interest received	4,417	1,245	-
Income tax paid, net	(1,448)	(982)	(799)
	(7,223)	406	(649)
Net cash used for operating activities with the exception of Doral LLC	(30,776)	(26,955)	(1,475)
Net cash used in operating activities of Doral LLC	(46,267)	(14,338)	-
Net cash used in operating activities	(77,043)	(41,293)	(1,475)

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 below.

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Doral Group Renewable Energy Resources Ltd.

Consolidated Statements of Cash Flows (in NIS thousand)

	For the year ended		
	December 31, 2022	December 31, 2021[1]	December 31, 2020
Cash flows from investing activities			
Investment in initiation and construction of projects	(358,866)	(129,820)	(62,143)
Investments in equity-accounted entities	(189,859)	(19,814)	(24,946) [1]
Investment in deposits and restricted cash, net	3,553	28,830	(36,479)
Entities consolidated for first time (see Appendix 2)	(32,166)	-	- [1]
Non-current investments measured at fair value through profit and loss	(30,124)	(44,993)	(3,162)
Current investments measured at fair value through profit and loss, net	(36,697)	(137,546)	(8,000)
Capitalized development costs	(4,571)	-	-
Receipts (payments) in respect of derivative instruments, net	29,711	(19,452)	-
Proceeds from disposal of investments and repayment of loans extended to investee entities accounted for by the equity method	31,646	-	-
Proceeds from disposal of property, plant and equipment	1,150	-	-
Purchase of property, plant and equipment	(2,259)	(641)	(253)
Net cash used for investment activities with the exception of Doral LLC	(588,482)	(323,436)	(134,983)
Net cash used in investing activities of Doral LLC	(466,147)	(185,313)	(13,361)
Net cash used in investing activities	(1,054,629)	(508,749)	(148,344)
Cash flows from financing activities			
Issuance of capital (net of issuance costs)	347,466	-	309,938
Issuance of debentures	-	554,285	-
Other long-term financial liabilities	39,861	58,647	45,468
Receipts in respect of derivative instruments, net	3,029	-	-
Payment to shareholder	-	-	(5,071)
Exercise of options and proceeds from shareholder	-	89	20,883
Purchase of rights from non-controlling interests	-	(4,088)	-
Repayment of non-current financial liabilities	(8,218)	(2,206)	(12,437)
Repayment of lease liabilities	(2,359)	(1,035)	(612)
Receipt (repayment) of short-term borrowings, net	123,331	(8,180)	10,351
Net cash arising from financing activities with the exception of Doral LLC	503,110	597,512	368,520
Net cash provided by financing activities of Doral LLC	402,137 [2]	309,895	-
Net cash provided by financing activities	905,247	907,407	368,520
Change in cash and cash equivalents from activities, excluding Doral LLC	(116,148)	247,121	232,062
Change in cash and cash equivalents from the activity of Doral LLC	(110,277)	110,244	(13,361)
Total change in cash and cash equivalents	(226,425)	357,365	218,701
Effect of exchange rate fluctuations on cash balances from activities with the exception of Doral LLC	3,729	(1,612)	-
Effect of USD exchange rate fluctuations on the cash balances of Doral LLC	8,345	(4,430)	-
Balance of cash and cash equivalents at beginning of year	601,466	250,143	31,442
Balance of cash and cash equivalents at end of year	387,115	601,466	250,143

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 below.

(2) Including cash in the amount of NIS 15,338 thousand derecognized from the consolidated statement of financial position report on November 4, 2022 as part of deconsolidation of Doral LLC. See also Note 11 below.

The notes accompanying the Consolidated Financial Statements are an integral part thereof.

Appendix (1) - Material Non-Cash Investment and Financing Activities:

A. During June 2020, shareholders' loans, whose carrying amount at that time amounted to NIS 26,710 thousands, were converted into equity.

B. During the second half of 2021, the Company sold projects under initiation in consideration for investment in an investee accounted for by the equity method and in consideration for options and shares totaling NIS 38,623 thousand.

C. In the second half of 2021, the Company sold 27% of the shares of an investee in Poland in consideration for marketable shares of the acquiring company, totaling NIS 17,746 thousand as of the sale date.

D. For information about a deposit held in trust, in the amount of NIS 4,352 thousand, which the Company has not yet received as part of the sale of Enerpoint, see Note 10.E below.

Appendix 2 - Entities consolidated for first time

	For the year ended		
	December 31, 2022[1]	**December 31, 2021**	**December 31, 2020[2]**
Assets and liabilities of the consolidated entities as at the acquisition date:			
Working capital (excluding cash and cash equivalents)	174	12,190	-
Right-of-use assets	(5,594)	-	-
Property, plant & equipment	(12,903)	(15,460)	-
Investment in equity-accounted entities	-	1,655	-
Projects under development	(1,709)	-	-
Intangible assets	(21,889)	(2,706)	-
Lease liabilities	5,910	-	-
Non-current liabilities	4,385	2,046	-
Deferred taxes	(540)	627	-
Non-controlling interests	-	1,648	-
Cash and cash equivalents balance received (paid) on acquisition date [3]	(32,166)	-	-

(1) See Note 13.F below.

(2) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 below.

(3) Net of the cash balance of the consolidated entities as at the date of initial consolidation.

NOTE 1 – GENERAL

A. Doral Group Renewable Energy Resources Ltd. (hereinafter - the "**Company**") is a publicly-traded company, whose shares have been listed on the Tel Aviv Stock Exchange since June 2020. The Company was incorporated in Israel; its registered office address is 6 Hachilazon St. Ramat Gan, and its number is 515364891.

B. The Company operates in a number of territories - independently and through investees and both directly and indirectly - and is engaged primarily in the initiation, development, licensing, management, funding, construction, maintenance and operation of projects for generation of power using renewable energies.

1. **In Israel, the Company operates mainly with owners of rights in land through joint equity-accounted investee entities. Accordingly, the Company's consolidated financial statements do not include the assets, liabilities, income and expenses of most of the entities.**
2. **In the United States, the Company operates in partnership with a local developer. For further information about the Company's activity in the United States, see Notes 10.C and 11 below.**
3. **In Europe (Italy, Poland, Romania and Denmark), the Company collaborates with local entrepreneurs through entities under its control. For further information about the Company's activity in Europe, see Note 8.B-E below.**

Furthermore, the Company's innovation arm - Doral-Tech - works to identify innovative companies and ventures, that develop groundbreaking technologies, and whose activity is synergistic to that of the Company. See Note 7.B.(1). below.

The Company also operates in the field of environmental infrastructures, in the initiation, planning, development, licensing, management, funding, construction, maintenance and operation of wastewater and organic waste, including power generation in biogas facilities.

As of the report's date, the Company is assessing opportunities and collaborations in other countries.

NOTE 1 – GENERAL (cont.)

C. **Definitions**

(1) The Company - Doral Group Renewable Energy Resources Ltd.

(2) Entities - limited liability companies, general and limited partnerships, and rarely also limited liability agricultural cooperative associations.

(3) Consolidated entities - entities controlled by the Company. See Note 3.B.1 below.

(4) Associates/equity-accounted entities - non-consolidated entities held directly or indirectly by the Company or its consolidated entities, in which the Company and/or its consolidated entities have the power to participate in decisions regarding financial and operational policy. See Note 3.F. below.

(5) Joint venture - a joint arrangement the parties to which have rights to the net assets attributed to the arrangement.

(6) Investee entities - consolidated entities, associated entities and joint ventures.

(7) The Group - the Company and its investee entities.

(8) Sub-corporation - an entity held by the Company or another Group entity, which is wholly-owned or held jointly with a third party, for the purpose of financing or for the purpose of engaging with a third party in an area of activity or a joint project.

(9) Financial Statements Regulations - The Securities Regulations (Annual Financial Statements), 2010.

(10) Periodic and Immediate Reports Regulations - The Securities Regulations (Periodic and Immediate Reports), 1970.

(11) Related party - as defined in IAS 24 (2009), Related Party Disclosures.

(12) Interested party - as defined in Paragraph (1) of the definition of an "interested party" in Section 1 of the Israel Securities Law, 1968.

(13) CPI - the Consumer Price Index, which is published from time to time by the Central Bureau of Statistics.

(14) TASE - The Tel Aviv Stock Exchange Ltd.

(15) EPC Agreement - agreement for the planning, procurement and construction of a project.

(16) O&M Agreement - a system operation and maintenance agreement.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

A. Statement of compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements were drawn up by the Company in accordance with International Financial Reporting Standards ("**IFRS**"). The annual financial statements include the additional disclosure as required under The Securities Regulations (Annual Financial Statements), 2010. These financial statements were approved by the Company's Board of Directors on March 29 2023.

B. Basis of measurement

These financial statements have been prepared on the historical cost basis of the assets and liabilities, except for the following assets and liabilities: financial and derivative instruments measured at fair value through profit and loss; certain photovoltaic systems (measured according to the revaluation model. See Section M below in this Note); deferred tax assets and liabilities and investments in equity-accounted investees. For information about the measurement of those assets and liabilities, see Note 3 below regarding significant accounting policies.

Details of the change rates in the Known CPI and the exchange rates of the US dollar, euro and zloty:

		Exchange rate of		
	Known CPI	US dollar	EUR	Zloty
	Points		NIS	
As at				
December 31, 2022	108.0	3.519	3.7530	0.800
December 31, 2021	102.6	3.110	3.5199	0.768
Rate of change (%) in the year ended:				
December 31, 2022	5.3%	13.2%	6.6%	4.2%
December 31, 2021	2.4%	(3.3%)	(10.8%)	(10.5%)
December 31, 2020	(0.6%)	(7.0%)	1.7%	(5.7%)

C. The operating cycle period

The Company's operating cycle is 12 months. The current assets and current liabilities include items, the realization of which is planned and anticipated to take place within the Company's operating cycle period.

D. Functional currency and presentation currency

These financial statements are presented in NIS, which is the Company's functional currency. The New Israeli Shekel (NIS) is the currency representing the primary economic environment in which the Company operates.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

E. Use of estimates and judgments

The preparation of the Company's financial statements in accordance with IFRS requires Company's management to exercise judgment in assessments, estimates and assumptions that affect the implementation of the accounting policy and the amounts of assets and liabilities, income and expenses. In certain cases, Company's management is required to exercise extensive judgment regarding estimates and assumptions in connection with estimates and assumptions pertaining to the carrying amounts of assets and liabilities. Company's management reviews the estimates on an ongoing basis based on past experience and other factors, such as reasonable assumptions in accordance with circumstances pertaining to future events. Actual results may vary from management's estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, that management has made in the process of applying the Company's accounting policies (see Note 3 below) and that have the most significant effect on the amounts recognized in the financial statements.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

E. Use of estimates and judgments (cont.)

Estimate	Key assumptions	Potential consequences	Reference
Useful life of property, plant and equipment in the books of accounts of entities accounted for by the equity method	Useful life is based on management's estimates for the period in which the assets will generate income, which are examined periodically for the purpose of examining the adequacy of these estimates.	Changes in management's assessments may lead to material changes in the depreciation expenses recognized in the statement of income of those corporations, which mainly affect the Company's share in the results of associate entities.	Notes 14.A and 14.C
Fair value of photovoltaic systems	For the purpose of determining the fair value of photovoltaic systems presented under the Group's property, plant and equipment line item and/or included in the investment in entities accounted for by the equity method line item, and which are measured in accordance with a revaluation model, the Company made various assumptions, including regarding the projected power outputs, electricity prices that are relevant to systems which do not have a feed-in tariff, discount rates, the period during which revenues will be received from sale of electricity, etc.	Such estimates impact the fair value of the systems and may affect gains and losses recognized in the statement of comprehensive income and/or statement of income.	Notes 14.A and 14.C
Concession arrangements	For the purpose of determining whether Company's engagements in build and operate agreements regarding photovoltaic systems for power generation fall within the scope of IFRIC 12, management was required to exercise critical judgments on recognition of the asset, including with respect of legal interpretations of the set of laws, licenses and agreements in the relevant regulation, in order to determine the extent of the government's control of the services, and the materiality of the residual value at the end of the engagement period. Accordingly, Group entities assessed the facilities they own; as part of this assessment, they were required to exercise judgment as to the option of operating each facility beyond the regulation period (including during that period), the revenues and costs expected from continued operation of the facility, and the discount rate of the cash flows used in the calculation. With regard to photovoltaic facilities, the Company reached the conclusion that they fall within the scope of IFRIC 12, since the government/Israeli Electricity Authority/Israel Electric Corporation has effective control therein, and that the residual value stemming from continued operation of the facilities beyond the regulation/concession period is not material as compared to the overall value of the facility.	Recognition of a financial asset as compared to recognition of property, plant and equipment; and the rate of revenue recognition and classification of revenue in the statements of income and statements of other comprehensive income.	Notes 3.G, 3.M, and 3.U.
Fair value of financial instruments	The fair value of financial instruments that are not quoted in an active market is measured using model-based valuation techniques. These techniques are significantly affected by the underlying assumptions used in the calculation, such as assumptions regarding discount rates, and estimates as to future cash flows and the probability that they will materialize.	Value of assets/liabilities in the statement of financial position and the effect in the period on the statement of income.	Note 7 and Note 31.H

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

E. Use of estimates and judgments (cont.)

Estimate	Key assumptions	Potential consequences	Reference
The concentration test	In relevant cases, the Company opts to implement the concentration test to determine whether a transaction constitutes an acquisition of a business or of asset/s (for more information, see Note 3.D below). The assessment of whether substantially all of the fair value of the gross assets acquired are concentrated in a single asset, or in a group of similar assets, may require the exercise of judgment, which may lead to a decision whereby a transaction will be accounted for as a business combination or, alternatively, as an acquisition of assets.	If it is decided that the transaction involves a business combination, the consequences may include the revaluation of the fair value of assets and liabilities, recognition of intangible assets, and the recording of a gain or loss from the transaction. A transaction constituting the acquisition of an asset/assets will be accounted for at the relative fair value of the assets and liabilities based on their carrying amount. When acquiring an asset/assets constituting the only item, the practical meaning is an acquisition based on the carrying amount.	Note 3.D and Note 13.F.
Impairment of goodwill	The Company tests goodwill for impairment annually and whenever there are indications that the carrying amount of the cash generating unit to which the goodwill was allocated is higher than its recoverable amount. The recoverable amount of a cash generating unit is determined based on its value in use. The use of this method requires making an estimate regarding future cash flows, and selecting an appropriate discount rate for the calculation of the present value of the cash flows.	Recognition or non-recognition of impairment of goodwill.	Note 3.V and Note 16.A.
Creation of a deferred taxes reserve on equity-accounted entities	To determine whether to create deferred taxes, the Company's management evaluates whether it is expected that the investment will be disposed of, and if there is such an expectation, the probability of disposal and how it will be disposed of (such as by way of sale or distribution of dividends), and whether it is expected that the disposal will be full or partial.	Recognition or non-recognition of the deferred taxes reserve, and in cases of recognition, the amount of the reserve.	Note 11.C.
Determining whether an asset is eligible for capitalization	In order to determine whether a project constitutes an asset eligible for capitalization of costs in its initiation and development stages, Company's management makes an estimate as to whether the set of statutory permits, the interest in the land, the capability of connection to the electric grid, etc. lead to the conclusion that it is expected that the project will generate economic benefits to the Company (that is to say, that the project will reach the stages of completion of construction and commercial operation). When there is no such expectation, the Company recognizes the initiation and development costs in the income statement.	Recognition of expenses in the income statement as compared to recognition of an asset.	

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policy presented in this note was applied consistently for all reporting periods presented in the financial statements, except as described in Note 3.HH. below.

A. Fair value

1. Fair value measurement

The Company measures fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When a price of an identical asset or an identical liability is unobservable (that is to say, there is no quoted price in an active market), the Company measures fair value using another valuation technique that is appropriate under the circumstances, for which there are available inputs that will allow the measurement of fair value while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company measures fair value under the assumption that the transaction for the sale of the asset or the transfer of the liability takes place in the principal market for the asset or the liability to which the Company has access; or in the absence of a principal market, in the most advantageous market for the asset or liability to which the Company has access.

When measuring the fair value of a non-financial asset, the Company takes into account a market participant's ability to generate economic benefits by making the highest and best use of the asset, or by selling it to another market participant who will make the highest and best use of the asset.

2. Fair value hierarchy

For disclosure purposes, the Company classifies fair value measurements into one of the levels in the fair value hierarchy, which reflects the significant of the inputs used in the measurements. The fair value hierarchy is as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

When the inputs used in the measurement of fair value are classified to different levels in the fair value hierarchy, the Company classifies the fair value measurement as a whole to the lowest level input that is significant to the fair value measurement as a whole.

The Company exercises judgment in assessing the significance of a certain input to the measurement as a whole, taking into account factors specific to the asset or liability.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Fair value (cont.)

2. Fair value hierarchy (cont.)

Fair value of non-marketable financial instruments

The fair value of non-marketable financial assets and liabilities classified to Level 3 of the fair value hierarchy is determined using various valuation techniques, including an option pricing model. Sometimes, the Group engages independent appraisers that assist it to determine the fair value of such assets and liabilities. The model's assumptions include, for example, the price of the underlying asset, which is the value of the shareholders' equity of the Company, which is the subject matter of the valuation, exercise prices, expected volatility, the expected date on which the asset or liability will become liquid, expected dividend and risk-free interest rate. The price of the underlying asset is determined in accordance with various parameters such as: investment rounds that took place immediately prior to the valuation date (if any), or the valuation of the future cash flows discounted at current discount rate in respect of items with similar terms and risk characteristics. For further information see Note 31.H. below.

B. Consolidated Financial Statements

1. Consolidated entities

When the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, the Company controls that entity, which is classified as a consolidated entity/subsidiary. The Company reassess its control in a consolidated entity when facts and circumstances change.

The consolidated financial statements present the financial statements of the Company and its consolidated entities as financial statements of a single economic entity starting on the date on which control is assumed through the date on which the Company loses control.

Therefore, intra-group balances, income and expenses, and gains and losses that were recognized in assets and cash flow, and which stem from inter-group transactions between the Group's consolidated entities were eliminated in full.

Furthermore, the financial statements of the consolidated entities were prepared in conformity with the accounting policy applied by the Company with respect of similar transactions and events under similar circumstances.

2. Non-controlling interests

Non-controlling interests represent that portion of the consolidated entities' equity that is not attributable - whether directly or indirectly - to the Company.

Changes in the holding rate after control is assumed that do not involve loss of control were accounted for as an equity transaction. The difference between fair value of any consideration paid or received and the amount by which the non-controlling interests are adjusted was recognized directly as a capital reserve in respect of transactions with non-controlling interests.

Profit or loss and any component of other comprehensive income or loss are attributed to the owners of the Company and the non-controlling interests. The total profit or loss and other comprehensive income or loss are attributed to the owners of the Company and the non-controlling interests even if the resulting balance of non-controlling interests is negative.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Consolidated Financial Statements (cont.)

2. Non-controlling interests (cont.)

Upon the occurrence of changes in holding rates that do not involve loss of control as mentioned above, the Company reallocates amounts between other comprehensive income or loss balances and non-controlling interests.

Cash flows arising from transactions with rights that do not confer control, while retaining control, are classified under financing activities in the statement of cash flows.

Transactions resulting in deconsolidation of financial statements

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests, and amounts recognized in capital reserves through other comprehensive income for that consolidated entity. If the Group retains any remaining investment in the former subsidiary, such investment is measured at fair value at the date that control is lost. The difference between the consideration and the fair value of the retained investment and the derecognized balances is recognized in profit and loss.

Subsequently, the retained investment is accounted for as an equity-accounted investee or as a financial asset, depending on the level of influence retained by the Group in the relevant investee. The amounts recognized in capital reserves through other comprehensive income with respect to the same subsidiary are reclassified to profit or loss or to retained earnings on the same basis that would have been applicable if the subsidiary had directly disposed of the relevant assets or liabilities.

C. Business combinations

When the Group assumes control in one business or more for the first time (hereinafter - the "Acquiree"), the business combination is accounted for using the acquisition method. In accordance with this method, the Company identifies the Acquirer, sets the acquisition date and recognizes the identifiable assets acquired and the liabilities assumed in accordance with their fair value, except for exceptions. Components of non-controlling interests in the Acquiree that are present ownership interests and entitle their holders to a proportionate share of the Acquiree's net assets in the event of liquidation are measured on acquisition date at either the present ownership instruments' proportionate share in the recognized amounts of the Acquiree's identifiable net assets, or at fair value. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required.

When a business combination is achieved in stages (for example, by a series of purchases of shares), the acquisition date is the date on which the Company assumes control in the Acquiree for the first time. In a business combination achieved in stages, the Company remeasures its previously held equity interest in the Acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the income statement.

The Group recognizes goodwill as of the acquisition date measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the Acquiree, and in a business combination achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the Acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the amount of goodwill on acquisition date is negative, the Group recognizes on that date a gain from a bargain purchase.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Business combinations (cont.)

The Company measures the consideration transferred in accordance with the fair value of the assets given, liabilities assumed and equity instruments issued. Any costs that may be attributed to the business combination are recognized as an expense in the period in which they were incurred, other than costs of issuance of equity instruments or debt instruments of the Company.

Arrangements for contingent payments to employees of the Acquiree or former owners thereof for future services, whereby payments are automatically forfeited if employment terminates constitutes compensation for post-combination services, rather than additional consideration for the acquisition (and are therefore accounted for separately), unless the service condition is not substantive.

When the transferred consideration includes contingent consideration arrangements, the Company measures the contingent consideration on acquisition date at fair value. In subsequent periods, changes in the fair value of contingent consideration that was not classified as equity are recognized in the income statement.

D. Acquisition of an asset/group of assets that do not constitute a business

As part of the acquisition of an asset or a group of assets that do not constitute a business, the Company shall identify and recognize the specific identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The total cost is allocated to the identifiable specific assets and liabilities based on their pro-rated fair values on acquisition date. Such a transaction or event do not give rise to goodwill.

As part of the acquisition of an asset or a group of assets that do not constitute a business, when the sum of the individual fair values of the identifiable assets acquired and the liabilities assumed differs from the transaction price, and that Group includes both identifiable assets and liabilities measured initially at cost and identifiable assets and liabilities that are not measured initially at cost (such as financial instruments - see Note 3.L below), the Company:

1. Measures each identifiable asset or liability, which are not measured initially at cost in accordance with the initial measurement requirements that apply to that asset or liability;
2. Deducts from the acquisition cost of the group of assets the amounts allocated to those assets and liabilities; and then
3. Allocates the remaining transaction price to the identifiable assets and liabilities based on their pro-rated fair values on acquisition date.

When the acquisition of assets relates to an investment in an entity that was accounted for by the equity method prior to the acquisition, such allocation is carried out based on the investment's carrying amount, such that the balance of the net identifiable assets shall be equal to the carrying amount of the investment plus the acquisition cost.

E. joint arrangements

When the Company has a contractually agreed sharing of control under an arrangement, whereby decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control, the Company has joint control in that arrangement. The Company classifies joint arrangements as a joint venture or as a joint operation (see below) in accordance with the rights and obligations arising from that arrangement. The Company assesses its rights and obligations while taking into consideration the arrangement's structure and legal format, the terms of the contractual arrangement and, where relevant, the facts and other circumstances.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. joint arrangements (cont.)

1. Joint operations

When the Company has rights to the assets and assumes responsibility for the liabilities relating to a joint arrangement, the Company classifies the arrangement as a joint operation. With respect to its interest in a joint operation, the Company recognizes its share in the assets, liabilities, income and expenses.

2. Joint ventures

When a company has a right to net assets of a joint arrangement, the company classifies the arrangement as a joint venture. The Company accounts for joint ventures using the equity method (see Note 3.F below).

F. Investments in associates and joint ventures

When the Company has the power to participate in the financial and operating policy decisions of another entity but this power does not constitute nor control or joint control of those policies. the Company has a significant influence in that entity, which will be classified as an associate entity. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether an entity has the power to set the policy as aforesaid.

The investments in associates are accounted for using the equity method. The financial statements of the associate entities were prepared in conformity with the accounting policy applied by the Company with respect of similar transactions and events under similar circumstances.

Gains and losses arising from transactions between the Group and the associate entities were recognized in the Company's financial statements only to the extent of unrelated investors' interests in the associate entities.

If the Company's share of losses of the associate entities equals or exceeds its interest in the associated entities, the Company discontinues recognizing its share of further losses. After the Company's interest is reduced to zero, additional losses are recognized by the Company, only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate entities. If the associated entities subsequently report profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The Group's share of the profit and loss of associates includes recognition of profit or loss for the Company's share of the capital reserve recorded by associates for transactions with holders of non-controlling interests.

Goodwill relating to an associate entity, or a joint venture is included in the carrying amount of the investment, and is not amortized. In cases where the Company's share of the net fair value of the investee's identifiable assets and liabilities exceeds the cost of investment at the time of purchase, the difference is recognized in the income statement at the time of purchase under the Company's share in the results of entities accounted for by the equity method, net of its share in internal transactions, net line item.

The Company tests for impairment of net investment in associate entities when there is objective evidence for impairment of the investment. Such impairment loss is allocated to the investment as a whole.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Investments in associates and joint ventures (cont.)

An increase in the ownership interest in an associate entity or a joint venture is accounted for in accordance with the acquisition method, only in respect of the change in the ownership interest. A decrease in the ownership interest in an associate entity or a joint venture is accounted for as derecognition of the proportionate share of the investment while recognizing a gain or loss. Furthermore, if the Company's ownership interest in an associate entity is reduced, the entity shall reclassify to profit and loss the proportion of the profit and loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Company shall discontinue the use of the equity method from the date when its investment ceases to be an associate entity or a joint venture, including if control was achieved. The retained interest in the former associate or joint venture is measured at fair value. The difference between the fair value of the retained interest and any consideration from disposing of a part interest in the associate entity or joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognized in the income statement. The Company shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

G. Service concession arrangements

The Company or other Group entities received from the Government - through the Israeli Electricity Authority - licenses (concessions) or other approvals for the construction of photovoltaic electricity generation facilities; the Company or other Group entities have also entered into agreements with the Israel Electric Corporation Ltd. (hereinafter - the "**IEC**") to purchase the electricity generated in those facilities.

Service concession arrangements are arrangements whereby the government or an entity acting on its behalf (hereinafter - the "**Concession Grantor**"/the "**Grantor**") contracts a private sector entity (hereinafter - the "**Operator**"), which undertakes to plan, build and finance assets that constitute public service infrastructure; in return, the Operator receives from the government a concession to operate the assets over a defined period, and to provide services related to the assets.

With regard to photovoltaic electricity generation facilities in Israel, the Company assesses, among other things:

- Whether and to what extent the Grantor controls or regulates what services the Operator must provide and at what price, noting, among other things, the powers of the Israeli Electricity Authority, the rules of the relevant regulation, the contractual obligations arising therefrom, and the Operators practical ability to withdraw from those obligations or change them.
- Whether and to what extent the Grantor controls or regulates to whom the Operator must provide its services and at what price, noting, among other things, the Operator's regulatory and practical ability to sell electricity to entities other than IEC.
- Is the residual value stemming from the continued operation of the facility after the end of the regulation period significant in relation to the value of the facility as a whole.

In accordance with the above, the appropriate accounting treatment that should be applied to some of the photovoltaic facilities in Israel is the accounting treatment set under IFRIC 12, and the Company applies to these facilities the financial asset model as defined in this interpretation, as follows:

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Service concession arrangements (cont.)

- The total amount of the consideration, which is expected to be received over the term of the license is allocated to the construction services and to the operating services on the basis of the relative fair values of those services. The value of the construction services is determined based on the construction costs with the addition of the construction margin, as is generally accepted in accordance with the Company's assessment, based on an external economic work of an independent appraiser. The value of the operating services is determined based on the operating costs with the addition of the generally accepted margin, in accordance with the Company's assessment, based on an external economic work of an independent appraiser.
- Interest income is recognized over the license period using the effective interest method, based on a return rate that reflects the risks that are relevant during the periods of the project's construction and operation.

The consideration in respect of the construction services, which is measured initially at fair value by determining the margin rate, as described above, is recognized over the construction period according to the percentage of completion; as to the timing of recognition of revenue from provision of services, see Note 3.U below.

The above financial asset was classified as amortized cost.

As to estimates and judgments exercised in the implementation of accounting polices, see Note 2.E above.

Regarding impairment of financial assets, see Note 3.L.3 below.

H. Translation of financial statements of foreign operations

The financial statements of foreign operations were translated into the Company's presentation currency using the following rules:

1. Assets and liabilities for each statement of financial position were translated at the representative exchange rate at the end of the relevant reporting period.
2. Income and expenses for each statement of income and other comprehensive income were translated at the average quarterly exchange rate.
3. Share capital, capital reserves and other capital movements were translated using the exchange rate when incurred.
4. The retained earning balance is based on the opening balance at the beginning of the reporting period plus translated movements as stated in Sections 2 and 3 above.
5. Any exchange rate differences created were recognized in other comprehensive income or loss and accrued in equity.

   Loans and other monetary balances of the Group against the foreign operation, the settlement of which is neither planned nor expected to take place in the foreseeable future, constitute, in effect, part of the Company's net investment in the foreign operation. Any exchange rate differences arising from these items were also recognized in other comprehensive income or loss and accrued in equity, as stated above.

   Upon disposal of the foreign operation, the accrued amount of exchange rate differences relating to that foreign operation, which were recognized in other comprehensive income or loss and accrued as a separate component of equity, were reclassified to the statement of income in the period in which the gain or loss from disposal of the foreign operation was recognized.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Translation of financial statements of foreign operations (cont.)

6. The financial statements of a foreign operation that is not held directly are translated into NIS in accordance with the step-by-step method of consolidation, whereby the financial statements of the foreign operation are first translated into the functional currency of the direct parent company and then translated into the functional currency of the ultimate parent company. Therefore, upon disposal of a foreign operation that is not held directly, the Group reclassifies into profit and loss the amount accrued in the translation reserve of the direct parent company that holds the foreign operation. If the indirectly-held foreign operation and the direct parent company have the same functional currency, it is the Group's policy not classify to profit and loss exchange rate differences that were accumulated in the translation reserve of the ultimate parent company upon the disposal of a foreign operation held indirectly as aforesaid.

I. Foreign currency transactions

Upon initial recognition, a transaction denominated in foreign currency was recognized in the functional currency using the spot exchange rate between the functional currency and the foreign currency on transaction date. For the purpose of consolidating the financial statements, the operating results and financial position of each of the Group's entities are translated into NIS, which is the Company's functional currency.

As part of the preparation of the financial statements of each of the Group's entities, transactions conducted in currencies other the relevant entity's functional currency ("**Foreign Currency**") are recognized using the exchange rates in effect on the transactions' dates.

At the end of each reporting period:

- Monetary items denominated in Foreign Currency were translated using the exchange rate at the end of the reporting period.
  Non-monetary items that are measured in historical cost terms in Foreign Currency were translated using the exchange rate on the transaction date.
- Non-monetary items denominated in Foreign Currency that are measured at fair value were translated using the exchange rate on the fair value measurement date.

Exchange rate differences arising from the settlement of monetary items or from translation of monetary items at exchange rates that differ from those used in translation upon initial recognition during the reporting period, or from those used in translation in previous financial statements, were recognized in the income statement in the period in which they arose, except for exchange rate differences in respect of a monetary item, which constitutes part of a net investment in a foreign operation, which were recognized in other comprehensive income or loss and will be reclassified to the statement of income upon disposal of the net investment as described in Section 3.H.5 above.

The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Company initially recognized the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Company determined the transaction date for each payment or receipt of advance consideration.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Linkage basis

Assets and liabilities linked to the CPI were included in accordance with the relevant CPI for each asset or liability. CPI-linked loans are measured at amortized cost, and the balance as of the end of the reporting period is linked to the CPI.

K. Cash and cash equivalents

Cash includes cash balances available for immediate use and call deposits (including call deposits with restrictions on use arising from a contract with a third party).

Cash equivalents include highly liquid short-term investments, which can be easily converted into known amounts of cash and are exposed to an insignificant risk of changes in value, the period to maturity of which did not exceed 3 months at time of investment.

Cash and deposits restricted as to use by the Group in respect of credit agreements, and cash and deposits that may only be used for construction of projects, are classified by the Group as restricted cash and deposits in the statement of financial position.

L. Financial instruments

1. Financial assets

A financial asset is recognized when the Company becomes a party to the instrument's contractual provisions while using settlement date accounting.

Financial assets were classified into one of the following measurement groups based on the Company's business model for managing financial assets, and based on the contractual cash flow characteristics of the financial asset. The classification shall apply to the financial asset in its entirety, without bifurcating embedded derivatives.

Debt instruments at amortized cost

Debt instruments held in accordance with a business model whose objective is to hold financial assets to collect the contractual cash flows, and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, were initially measured at fair value plus directly attributable transaction costs, except for trade receivables, which were initially measured at their transaction prices. Subsequent to initial recognition, these assets were measured at amortized cost. Interest revenue calculated by using the effective interest method is recognized at the gross carrying amount of a financial asset except for (i.e., before deducting the provision for impairment), except for credit-impaired financial assets for which interest income is recognized at the amortized cost of the financial asset (i.e., after deducting the provision for impairment).

Financial assets at fair value through profit and loss

All other financial assets, including derivatives, are initially measured at fair value, and changes in fair value subsequent to initial recognition were recognized in the income statement. Transaction costs directly attributable to those assets are recognized in the income statement as incurred.

Subsequent to initial recognition, financial assets may be reclassified between measurement groups only if the Company changes its business model for managing financial assets.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. Financial instruments (cont.)

2. Financial liabilities

A financial liability is recognized when the Company becomes a party to the instrument's contractual provisions.

Financial liabilities measured at amortized cost

Financial liabilities in this category, such as bank loans, are initially measured at fair value net of transaction costs directly attributable to the transaction. Subsequent to initial recognition, these liabilities are measured at amortized cost in accordance with the effective interest method.

Financial liabilities measured at fair value through profit and loss

Derivatives are measured at fair value, and changes in fair value are recognized in the income statement.

3. Impairment of financial assets and its reversal

The Company recognizes provision for impairment in respect of expected credit losses in respect of debt instruments at amortized cost, receivables in respect of lease, and assets in respect of contracts with customers.

Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Company measures the expected credit losses such that they reflect: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money (in accordance with the instrument's effective interest); and reasonable and supportable information, that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions. The Company revises the provision for impairment at the end of each reporting period, and the changes in the provisions are recognized as impairment gain or loss in the income statement. The Company measures credit losses at the amount of the lifetime expected credit losses in respect of trade receivables, other financial instruments whose credit risk increased significantly since initial recognition, assets in connection with contracts with customers, and receivables in respect of lease. The credit losses expected over the lifetime of the instrument are expected credit losses arising from all potential default events throughout the expected life of the instrument. The Company measures lifetime expected credit losses in respect of trade receivables, assets in connection with contracts with customers, and receivables in respect of lease on a group basis. The Company groups trade receivables and assets in respect of contracts with customers on the basis of the following shared credit risk characteristics: geographic location, industry, and the number of days that a balance is past due. The Company measures credit losses at the amount of 12-month expected credit losses in respect the financial instruments whose credit risk has not increased significantly since initial recognition, except for trade receivables. 12-month expected credit losses are the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. Financial instruments (cont.)

4. Embedded derivatives

The Company separated embedded derivatives from the host contract and accounted for them separately, when a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

5. Put option to non-controlling interests

A put option awarded to non-controlling interests to sell their interests in a consolidated entity of the Group (hereinafter - the "**Put Option**"), such that the put option shall be settled - subject to the decision of that consolidated entity - in cash or in a variable number of shares (that do not confer control) of other consolidated entities (such that control in those other entities will not be lost); the Put Option is classified as a financial derivative and is measured at fair value through profit or loss. Non-controlling interests are presented in accordance with the actual ownership interest of the non-controlling interests in the consolidated entity which is the subject matter of the Put Option. Furthermore, the proportionate share of the non-controlling interests in the results of that consolidated entity is attributed to those non-controlling interests.

6. Netting of financial instruments

Financial assets and financial liabilities are presented on a net basis in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7. Derecognition of financial instruments

A. Financial assets

A financial asset is derecognized from the statement of financial position when, and only when the contractual rights to the cash flows from the financial asset expire, or when the Company transferred the financial asset. An entity transfers a financial asset if, and only if, it either transfers the contractual rights to receive the cash flows from the financial asset, or assumes a contractual obligation to pay the cash flows from the financial asset to another party upon the fulfillment of certain conditions.

B. Financial liabilities

A financial liability is derecognized from the statement of financial position when, and only when, it is discharged, canceled or expires.

An exchange between an existing borrower and lender of a financial liability with substantially different terms or a substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the derecognition of a new financial liability at fair value in the statement of financial position.

The difference between the carrying amount of the exchanged financial liability and the consideration paid or the fair value of the new liability assumed is recognized in the income statement.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Property, plant & equipment

1. Recognition and measurement

Property, plant and equipment items, except as described in Section 2 below, were initially recognized at cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. The cost of a property, plant and equipment item is the cash price equivalent on recognition date.

Following initial recognition, property plant and equipment items are presented at cost net of accumulated depreciation and any accumulated impairment losses.

Initiation and development costs related to systems, the construction of which is highly probable, are recognized under projects under development. Until the stage in which the Company's management believes that the feasibility of establishing the project has been proven, the development costs of the project are recognized in the statement of income. From the stage in which the project is feasible, development and construction costs are capitalized to the cost of the project under 'Projects under development'. A project is considered feasible when the Company's management believes that it is more likely than not that the project will be realized and that it will produce future economic benefits. In general, the projects are not established by the Company itself, therefore, when the Company establishes an entity for the purpose of establishing the project, it charges the costs to the investee. Alternatively, when the Company completes the initiation and development stages and commences construction work in the project in practice, it classifies the costs to the property, plant and equipment line item.

2. Revaluation

Photovoltaic systems in Israel, which operate under the regulation of the Israeli Electricity Authority regarding small feed-in-tariff systems, meter-based systems and systems as part of tenders (for roofs and reservoirs), are measured using the revaluation model. When a property, plant and equipment item is revalued, the asset's carrying amount is adjusted to the revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Company reviews the fair value once a year unless there are indications of a change in fair value. As a rule, the items within a class of property, plant and equipment are revalued simultaneously.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income or loss and accumulated in equity under the revaluation reserve. However, the increase shall be recognized in the income statement to the extent that it reverses a revaluation decrease of the carrying amount of that asset previously recognized in the income statement.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in the income statement. However, the decrease shall be recognized in other comprehensive income or loss up to the amount of any credit balance existing in the revaluation reserve in respect of that asset.

On revaluation date, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of the revaluation was reversed against the gross carrying amount of the asset.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Property, plant & equipment (cont.)

2. Revaluation (cont.)

The Company transfers the revaluation reserve directly to retained earnings at the rate of increase in depreciation or when the property, plant and equipment item is derecognized.

3. Depreciation period and depreciation method

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately by the Company. The depreciation expenses for each period shall be recognized in the income statement unless they are included in the carrying amount of another asset.

The depreciable amount of a property, plant and equipment asset is allocated by the Company on a systematic basis over its useful life, by using a depreciation method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company.

The residual value and the useful life of an asset and the depreciation method are reviewed by the Company at least at each financial year-end. Changes are accounted for as changes in accounting estimate.

4. Subsequent costs

The Company did not recognize in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Those assets were recognized in the income statement as incurred.

The Company recognized the cost of replacing parts of certain property, plant and equipment items as part of the carrying amount of an item, when it is probable that future economic benefits associated with the item will flow to the Company simultaneously with the derecognition of the carrying amount of the replaced item.

N. Intangible assets

Recognition and measurement

Intangible assets were initially recognized at cost, including costs directly attributable to the acquisition of the intangible asset. The cost of an intangible asset is the cash price equivalent on recognition date. Expenditure on an intangible item that was initially recognized as an expense shall not be recognized as part of the cost of an intangible asset at a later date.

An intangible asset purchased in a business combination, including in-process research and development project is initially recognized in accordance with the fair value on acquisition date.

An intangible asset arising from research was not recognized (see Note 3.AA. below). An intangible asset arising from development shall be recognized if, and only if, the following conditions were fulfilled:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The Company intends to complete the intangible asset and use or sell it;
- The Company is able to use or sell the intangible asset;
- The Company is able to show how the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

N. Intangible assets (cont.)

- The expenditure that can be attributable to the intangible asset during its development can be reliably measured.

Such initial recognition is in accordance with directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company.
As to goodwill arising from business combinations and investment in entities accounted for by the equity method - see Notes 3.C, 3.E.1 and 3.F above, respectively.
Regarding research and development grants from the Israel Innovation Authority, see Note 3.O below.

Subsequent to initial recognition: intangible assets, other than intangible assets with indefinite useful life and goodwill, are presented at cost net of accumulated amortization and impairment losses.
Intangible assets with an indefinite useful life are presented at cost net of impairment losses, but are not amortized.
Goodwill arising from business combinations is measured at the amount recognized on acquisition date net of impairment losses.

The amortization period and amortization method
For each intangible asset, the Company assesses whether its useful life is finite or indefinite (that is to say, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company). The Company reviews periodically whether events and circumstances continue to support an indefinite useful life assessment for that asset. The change in the useful life assessment shall be accounted for as a change in an accounting estimate.
The depreciable amount of an intangible asset with a finite useful life is allocated by the Company on a systematic basis over its definite useful life, by using an amortization method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The amortization expenses for each period shall be recognized in the income statement unless they are included in the carrying amount of another asset.

The Company reviews the useful life and the amortization method used at least at each financial year-end. Changes are accounted for as changes in accounting estimate.
Regarding impairment of intangible assets, see Note 3.V below.

O. Grants from the Israel Innovation Authority

The grant from the Israel Innovation Authority for research and development activity, in respect of which the Company has undertaken to pay royalties to the State of Israel contingent on future sales arising from the funding, was accounted for as a forgivable loan. The grant is recognized as a liability in the financial statements, unless it is reasonably certain that the recipient of the grant will fulfill the conditions for a forgivable loan, in which case it will be recognized as a government grant. Where the undertaking to the State does not bear market interest, the liability was recognized at its fair value in accordance with the market interest rate at the grant's receipt date. The difference between the amount received and the liability recognized in the statement of financial position upon receipt of the grant was accounted for as a government grant and recognized as reimbursement of research expenses. The repayment of the liability to the State is reviewed each reporting period, with changes in the liability arising from a change in the royalty expectation recognized in profit or loss.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

P. Borrowing costs

Specific borrowing costs for the purchase, construction, or production of qualifying assets are capitalized as part of the cost of those assets. Such borrowing costs are capitalized by the Company when it incurs expenditures for the asset, when it incurs borrowing costs, and when it undertakes activities that are necessary to prepare the asset for its intended use or sale.

General borrowing costs are capitalized to qualifying assets throughout the period required for completion and construction until they are ready for their intended use. These borrowing costs include specific borrowings received to obtain a qualifying asset, which exists after the qualifying asset for which it was taken is ready for use. These costs were determined by multiplying part of the investment cost in the weighted qualifying asset in the period that was not financed through specific borrowings, with the capitalization rate of the Group's general borrowings. This capitalization rate is based on the weighted average of all the Group's borrowing costs in the period, other than specific borrowing costs received to finance a qualifying asset in the period of its establishment.

The Company ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. If the active development of a qualifying asset is suspended for an extended period, the Company will suspend the capitalization of the borrowing costs.

Other borrowing costs are recognized in profit and loss as incurred.

Q. Provisions

The Company recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event, in respect of which it is probable that an outflow of resources embodying economic benefits will be required to settle it, and a reliable estimate can be made of the amount of that obligation. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

R. Proceeds on account of shares

Proceeds on account of shares, the number of shares to be issued in respect of which is fixed and known, are classified into equity. Proceeds on account of shares, the number of shares to be issued in respect of which has not yet been fixed, constitute a financial liability.

S. Warrants

Proceeds in respect of warrants for the purchase of Company/consolidated entity's shares, which confer upon the holder thereof a right to purchase a fixed number of ordinary shares in consideration for a fixed cash amount, are presented in equity.

T. Leases

1. General

On the lease inception date, the Company determines if a contract is a lease or contains a lease by assessing whether the contract transfers the right to control the use of an identifiable asset for a period of time in exchange for a consideration. The Company reassesses the existence of a lease only when the terms of the contract have changed.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. Leases (cont.)

1. General (cont.)

The Company combines two or more contracts entered into at or near the same time with the same counterparty, and accounts for the contracts as a single contract if the contracts are negotiated as a package with an overall commercial objective that cannot be understood without considering the contracts together; the amount of consideration to be paid under one contract depends on the price or performance of the other contract; or the rights to use underlying assets conveyed in the contracts form a single lease component.

The Company determines the lease term as the non-terminable period of a lease, together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.

2. The Company as a lessee

At the lease commencement date (or on the date of the business combination in which the acquired entity is a lessee), the Company recognizes in the statement of financial position a right-of-use asset and a lease liability in respect of all the leases, subject to the following:

For leases in respect of which the Company opted not to recognize right-of-use assets and lease liabilities in accordance a number of exceptions in accordance with IFRS 16, the Company recognizes lease payments as an expense on a straight-line basis over the lease term.

The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are accounted for in accordance with other relevant standards.

The Company determines the lease term as described in Note 3.T.1. above. In subsequent periods, the Company reassesses whether it is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease, upon the occurrence of a significant event or a significant change in circumstances that is within the Company's control, and which affects the original decision that was made.

At the lease commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, unless that rate cannot be readily determined, in which case the lease liability is measured using the Company's incremental interest rate on that date. Lease payments that are not paid at the commencement date include fixed payments (including in-substance fixed payments) less any lease incentives receivable by the Company; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable by the Company under residual value guarantees, if any; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

At the lease commencement date, the Company measures the right-of-use asset at cost; the cost shall comprise the amount of the initial measurement of the lease liability plus any lease payments made at or before the commencement date (less any lease incentives received).

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. Leases (cont.)

2. The Company as a lessee (cont.)

After the lease commencement date, the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; adjustments in respect of remeasurement of the lease liability; lease modifications that are not accounted for as a separate lease; and adjustments to reflect any revised in-substance fixed lease payments.

When there is a change in the lease term or in the assessment of an option to purchase the underlying asset, the Company remeasures the lease liability by discounting the revised lease payments using a revised discount rate as of the change date.

Where there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or in the amounts expected to be payable under a residual value guarantee, the Company remeasures the lease liability in accordance with the present value of the revised lease payments, discounted by the original discount rate, except for a case where the change in lease payments results from a change in floating interest rates.

The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset until an existing balance is reduced to zero.

The Company recognizes in the income statement interest on the lease liability, and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs, unless those costs are included in the carrying amount of another asset.

After the lease commencement date, the Company measures the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability, as described above.

As from the lease commencement date, the Company applies the depreciation requirements applicable to property, plant and equipment in depreciating the right-of-use asset (see Note 3.M.3) subject to what is stated below. The Company depreciates the right-of-use asset over the shorter of the lease term and the useful life of the right-of-use asset.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Company re-allocates the consideration in the modified contract, revises the lease term of the modified lease, remeasures the lease liability using a revised discount rate as of that date, and makes a corresponding adjustment to the right-of-use asset.

For lease modifications that decrease the scope of the lease, the Company decreases the carrying amount of the right-of-use asset and the lease liability to reflect the partial or full termination of the lease, and recognizes a gain or loss relating to the partial or full termination of the lease.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. Leases (cont.)

2. The Company as a lessee (cont.)

In the statement of financial position, right-of-use assets were presented separately from owned assets, and lease liabilities were presented separately from other liabilities. In the statement of income or other comprehensive income, the Company presented depreciation expenses of the right-of-use asset separately from interest expenses on the lease liability. In the statement of cash flows, payments for the principal portion of the lease liability were classified within financing activities, and payments for the interest portion of the lease liability were classified within operating activity. Payments in respect of short-term leases, payments in respect of low-value leases and variable lease payments, which were not included in the measurement of the lease liability, were classified into operating activities.

Lease payments made at the lease commencement date or before that date were classified as investing activities.

U. Revenue recognition

The Company recognizes revenues from contracts with customers when the control in goods or services is transferred to the customer, and measures the revenues at the amount representing the consideration to which it expects to be entitled in exchange for transferring those goods or services to a customer.

The Group's revenues from its business activity stem mainly from agreements it owns for the generation and/or supply of electricity, mainly to the Israel Electric Corporation and/or electricity consumers in Israel (hereinafter - the "Customers"). The date on which control is transferred to Customers is the power generation date (in tariff-based systems), and the date on which power is supplied in practice (in all other systems). Revenue is recognized in the consolidated income statements to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and costs, if relevant, can be measured reliably.

Set forth below are the specific revenue recognition criteria that should be fulfilled in order for income to be recognized:

Revenues from sale of electricity

Revenues from sale of electricity are recognized in the income statement as incurred over the generation period.

Revenues from EPC services, project management and development fee

Generally, when the Group leads a project from the initiation stage through its development and manages the financing processes and the construction of the project, it charges the relevant project corporation for its services and recognizes a revenue.

Revenues from sale of projects under initiation stages

Revenue from the sale of projects in the initiation stages is recognized upon the transfer of rights to the customer, which constitutes the Company's only performance obligation.

Revenues from service concession arrangements

- Revenues in respect of construction services are recognized in accordance with the percentage of completion method. The percentage of completion of the construction contracts is determined based on the completion of engineering stages. Subsequent to initial recognition, interest income is recognized over the arrangement period using the effective interest method.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Revenue recognition (cont.)

Revenues from service concession arrangements (cont.)

- Revenues in respect of the operating services are recognized when the service is rendered over the arrangement period.

V. Impairment

The Company assesses at the end of each reporting period whether there is any indication that non-financial assets (other than deferred tax assets) may be impaired, which require impairment testing. Irrespective of whether there are indications of impairment, the Company also tests for impairment annually intangible assets with an indefinite useful life and goodwill arising from a business combination or from the purchase of interests in a joint operation in which the activity of the joint operation constitutes a business.

For the purpose of testing assets other than goodwill for impairment, the Company calculates the asset's recoverable amount. If the recoverable amount of an asset is lower than its carrying amount, the Company recognizes an impairment loss and reduces the carrying amount of the asset to its recoverable amount. The Company recognizes impairment losses immediately in the income statement.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest asset group that generates cash inflows that are largely independent from other assets.

When the Company recognizes the impairment loss of a cash generating unit, it allocates the impairment loss to reduce the carrying amount of the unit's assets, initially against goodwill allocated to the unit and subsequently to the remaining assets, pro rata, based on their carrying amounts (subject to their recoverable amount).

The Company assesses at the end of each reporting period whether there are indications that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. When such indications exist, the Company calculates the recoverable amount of the asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed by the Company if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal of impairment loss increases the asset's carrying amount to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss for a cash-generating unit shall be allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets, and is accounted for similarly. An impairment loss recognized in respect of goodwill shall not be reversed in a subsequent period.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

W. Employee benefits

Short-term employee benefits

The Company classifies a benefit as a short-term employee benefit when it is expected that the benefit will be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. Short-term employee benefits include salaries, paid annual leave, recreation pay, paid sick leave, national insurance contributions, etc.

The cost of short-term employee benefit was recognized as an expense upon receipt of the services from the employee. When the Company has a legal or constructive obligation to pay bonuses to employees and this obligation can be measured reliably, the Company recognizes this obligation on the date on which it is established.

Post-employment benefits

According to labor laws and labor agreements in Israel, and in accordance with the Group's normal practices, Group companies are required to pay severance pay to employees dismissed or retiring from their employ, and under certain conditions also to employees that resign.

The Company's obligations to pay severance pay to Company's employees in accordance with Section 14 to the Severance Pay Law, and the pension component for which the Company is required to make deposits in favor of the employees, are accounted for as a defined contribution plan (a plan in which the deposits release the Company from an obligation to cover a deficit in respect of previous periods). The Company recognizes the cost of the benefit as an expense in accordance with the amount that should be deposited simultaneously with receipt of the work services from the employee.

X. Share-based payment

The Company recognizes share-based payment transactions. Those transactions include transactions with employees to be settled with the shares.

Regarding share-based payment transactions for employees settled in equity instruments, the value of the benefit is measured at the grant date, taking into account the fair value of the equity instruments granted. The value of the benefit of the Company's share-based payment transactions is recognized in the income statement against capital reserve over the vesting period, based on the best available estimate of the number of equity instruments that are expected to vest. The value of the benefit of the consolidated entities' share-based payment transactions is recognized in the statement of income against non-controlling interests over the vesting period.

When changes are made to a share-based payment plan, the Company recognizes the effects of changes which increase the total fair value of the plan during the remaining vesting period.

For cash-settled share-based payments, the value of the benefit is presented as a liability and measured at fair value at the end of each reporting period and at the settlement date.

Y. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Costs directly attributable to the issuance of an equity instrument are presented in equity net of the issuance proceeds. Costs directly attributable to the IPO were split between costs directly attributable to the issuance of new shares and costs attributable to the listing of the shares that existed prior to the IPO. Costs attributable to the listing of the shares that existed prior to the IPO were recognized in the income statement under the "other expenses" line item.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

Z. Transactions with controlling shareholders

An asset transferred to the Company by its controlling shareholder is presented in the Company's financial statements at its fair value on transfer date. Any differences between the consideration amount set for the asset and its fair value was recognized in equity.

Loan extended to the controlling shareholder or received therefrom is presented in the Company's financial statements on initial recognition date as an asset or liability, as the case may be, in accordance with its fair value; the difference between the amount of the loan received or extended and its fair value on initial recognition date is recognized in equity. Following initial recognition, the loan shall be presented in the Company's financial statements at amortized cost using the effective interest method.

AA. Research and development expenses

Research expenses, net of participation of the Israel Innovation Authority and others, and expenses in respect of development activities that do not meet the criteria for recognition as an asset (see Note 3.N above) were recognized as an expense in the statement of income as incurred.

BB. Finance income and expenses

Finance income include interest income in respect of invested amounts, income from dividends, gains from changes in the fair value of financial assets and/or financial liabilities presented at fair value through profit and loss and gains from exchange rate differences.

Finance expenses include interest expenses in respect of loans received, changes in respect of the time value of money in respect of provisions, changes in the fair value of financial assets and/or financial liabilities presented at fair value through profit and loss, impairment losses of financial assets and losses from exchange rate differences.

Borrowing costs are recognized in the income statement using the effective interest method.

Interest and dividends received, as well as interest and dividends paid are presented in the statements of cash flow under cash flows from operating activities. Accordingly, borrowing costs which have been capitalized to qualifying assets are presented together with the interest paid under cash flows from operating activities, except for interest paid, which is capitalized to projects. In such cases, the interest paid is presented among investing activities.

Profits and losses from exchange rate differences in respect of financial assets and liabilities are reported on a net basis as finance income or finance expenses, depending on exchange rate fluctuations, and depending on their position (net profit or loss).

Interest income and expenses are recognized using the effective interest method. As a rule, interest income and expenses are calculated by applying the effective interest rate to the gross carrying amount of the financial asset or the amortized cost of the financial liability, as applicable.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

CC. Taxes on income:

General

Income tax expenses (income) include the total amount of current taxes, taxes in respect of previous years and the total amount of the change in the deferred tax balances, other than deferred taxes stemming from transactions recognized directly in other comprehensive income or in equity or from a business combination. When calculating the tax expenses, the Company is required to exercise discretion in determining the tax liability and its timing. Any differences between the Company's estimate of the tax provision and the actual tax results are recognized as tax expenses (income) in respect of previous years in the period during which the final tax liability is determined.

Current assets

Current tax expenses are calculated based on the taxable income of the Company and its consolidated entities during the reporting period. Taxable income differs from pre-tax income, due to the inclusion or exclusion of income and expense items that are taxable or deductible in other reporting periods or are not taxable or deductible. Current tax assets and liabilities are calculated using tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Current tax assets and liabilities are presented on a net basis only when the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred taxes

The Company recognizes deferred taxes in respect of temporary differences between the value of assets and liabilities for tax purposes and their values in the financial statements, and in respect of carryforward tax losses. These differences stem mainly from differences between the depreciated balance of financial statements items and the amounts that will be deductible in the future as depreciation for tax purposes, from differences between the carrying amounts of financial statements items and their tax base measured in adjusted amounts, from certain items measured at fair value in the financial statements without an equivalent adjustment for tax purposes, and from a gap in the timing of recognition of certain expenses and income.

The Company measured deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflected the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

The Company recognized a deferred tax asset in respect of all temporary differences if it is probable that taxable income will be available against which the deductible temporary differences can be utilized, except to the extent that the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction which is not a business combination and which is not an acquisition of an interest in a joint operation whose activity constitutes a business, and which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

CC. Taxes on income (cont.)

Deferred taxes (cont.)

Despite the aforesaid, the Company recognizes a deferred tax asset in respect of deductible temporary differences arising from investments in investees, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The Company does not recognize a deferred tax liability in respect of taxable temporary differences relating to investments in investees, when the Company controls the timing of the reversal of the temporary differences, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxes in respect of temporary differences relating to unrealized gains and losses that have arisen as part of transactions between Group entities and between the Group and associates and joint ventures are measured by the Company at the tax rates applicable to the entity holding the asset after the execution of the transaction.

The Company reflects the effect of uncertainty when determining the components of the calculation of current and deferred taxes, when it is not probable that the taxation authority will accept an uncertain tax treatment. The Company reflects the effect of uncertainty for each uncertain tax treatment by using the "most likely amount" method or the "expected value" method, in accordance with the method that the entity expects to better predict the resolution of the uncertainty. The Company determined whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.

DD. Earnings per share

The Company calculated basic earnings per share amounts for profit or loss for the year attributable to ordinary equity holders of the Company.

The basic earnings per share were calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the Company adjusted profit or loss attributable to ordinary equity holders of the Company, as calculated for the purpose of the basic earnings per share by the after-tax effect of:

- Any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of the Company, as calculated for the purpose of the basic earnings per share;
- Any finance costs recognized in the period related to dilutive potential ordinary shares; and
- Any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Furthermore, the weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares. Potential ordinary shares shall be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

EE. Operating segments

The Company's segment reporting format was prepared in accordance with the manner in which the information is presented to the Company's chief operating decision maker.

The measurement basis of segment income and loss is not identical to the measurement basis used in the consolidated financial statements. For further information see Note 30 below.

FF. Immaterial adjustment of comparative data.

In order to better reflect the projects' initiation and development activities, the following reclassifications were made: payroll expenses of system maintenance employees were classified from the general and administrative expenses line item to the cost of revenues line item; costs of employees and advisors engaged in the development and promotion of projects were classified from the general and administrative expenses line item to the projects' marketing, advertising and promotion expenses line item; costs of projects that in the opinion of the Company the probability that they will be built is lower than the probability that they will not be built were classified from the cost of revenues line item to the projects' marketing, advertising and promotion expenses line item.

	For the year ended December 31, 2021			
		Change for		
	As previously reported	Classification as stated above	Activity of Doral LLC	As currently reported
Decrease (increase) in costs:				
Cost of revenues	91,857	118	-	91,975
Projects marketing, advertising and promotion expenses	2,032	1,054	(585)	2,501
General and administrative expenses	41,881	(1,172)	(11,353)	29,356

	For the year ended December 31, 2022		
	As previously reported	Classification as stated above	As currently reported
Decrease (increase) in costs:			
Cost of revenues	39,676	347	40,023
Projects marketing, advertising and promotion expenses	117	942	1,059
General and administrative expenses	16,030	(1,289)	14,741

GG. New standards in the period before their application

Set forth below is information regarding amendments to standards that were published but have not yet come into effect, which may affect the Company's financial statements upon first-time application. Unless stated otherwise, earlier application of any amendment referred to below is permitted, provided that such application is disclosed, and the Company is planning to adopt it for the first time on its effective date.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

GG. New standards in the period before their application (cont.)

1. **Classification of liabilities as current or non-current - Amendments to IAS 1 "Presentation of Financial Statements" (hereinafter - the "Amendments to IAS 1")**

The amendments for classification of liabilities as current or non-current were published in January 2020 (hereinafter - the **"January 2020 Amendments**") to clarify the classification of liabilities in the statement of financial position as current or non-current. In addition, the amendments regarding non-current liabilities with financial covenants were published in October 2022 (hereinafter - the "**October 2022 Amendments**") with the aim of improving the information that a company provides regarding liabilities arising from loan arrangements for which a Company's right to postpone the settlement of liabilities for at least 12 months subsequent to the reporting period is subject to the Company's compliance with specific terms and conditions set out in these arrangements (hereinafter - the "**Financial Covenants**") and in response to concerns of users about the results of application of the January 2020 Amendments.

Set forth below is a review of the key Amendments to IAS 1:

- The right to defer the settlement of the obligation for at least 12 months subsequent to the reporting period must exist at the end of the reporting period. - The Company's right to defer the settlement of the obligation arising from the loan arrangement, for at least 12 months subsequent to the reporting period, may be subject to the Company's compliance with the Financial Covenants. The Financial Covenants:
- Will affect the question of whether this right exists at the end of the reporting period, if the Company is required to comply with the Financial Covenants at the end of or before the reporting period, even if compliance is assessed subsequent to the reporting period.
- Will not affect the question of whether this right exists at the end of the reporting period, if the Company is required to comply with the Financial Covenants only after the reporting period.

The classification criterion stemming from the existence of a right to defer the settlement for at least 12 months after the reporting period is unaffected by management's intentions or expectations to exercise the right or from the actual settlement of the liability within 12 months after the reporting date.

For the purpose of classifying a liability as current or non-current, "settlement" refers to a transfer to the counterparty that results in the extinguishment of the liability, including transfer of cash or other economic resources such as goods or services, or equity instruments, unless the liability in question is a liability to transfer equity instruments arising from an option to convert debt into equity, where the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.

Disclosure requirements were added referring to settlement subsequent to the reporting period of liabilities classified as non-current, as well as information that will allow users of the financial statements to understand the risk that liabilities - arising from loan arrangements classified as non-current, when the Company's right to defer settlement of these liabilities for 12 months after the reporting period, is subject to compliance with the Financial Covenants - will be repayable in that period.

The Amendments to IAS 1 will be applied retrospectively for annual periods beginning on or after January 1, 2024.

The Company is studying the potential effect of the Amendments to IAS 1 on the financial statements; however, at this stage it is unable to assess such effect.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

GG. New standards in the period before their application (cont.)

2. Amendments to IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policy (hereinafter - the "Amendments to IAS 1")

The additional amendments to IAS 1 published in February 2021 require entities to disclose their **material** accounting policies rather than their **significant** accounting policies. Furthermore, guidance and examples were added to explain and demonstrate the application of the materiality process by amending the IFRS Practice Statement 2 - Making Materiality Judgments to accounting policy disclosures.

Set forth below is a review of the key amendments:

- The entity is required to disclose its material accounting policies rather than its significant accounting policies.
- It was clarified that accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.
- It was clarified that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the related amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.
- It was clarified that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and examples are provided for those situations.
- It was clarified that information about accounting policies focusing on the manner of applying international reporting standard to the entity's specific circumstances is more relevant to users of financial statements that standardized information or information that only duplicates or summarizes the requirements of IFRS Standards.
- It was clarified that if an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.
- When an entity concludes that accounting policy information is immaterial, this does not affect related disclosures required under other standards.

The additional amendments to IAS 1 will be applied prospectively as from the annual period starting on January 1 2023.

The additional amendments to IAS 1 are expected to affect, if at all, the notes to the accounting policy.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

GG. New standards in the period before their application (cont.)

3. Amendments to IAS 8 Accounting Policies, Changes to Accounting Estimates and Errors - definition of accounting estimates (hereinafter - the "Amendments to IAS 8")

The Amendments to IAS 8 published in February 2021 are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies.

Set forth below is a review of the key amendments to IAS 8:

- The definition of change in accounting estimate was replaced with a definition of accounting estimates, which are monetary amounts in financial statements that are subject to measurement uncertainty.
- It was clarified that an entity develops accounting estimates to achieve the objectives set out by the accounting policy.
- It was clarified that an entity uses measurement techniques to develop accounting estimates. Measurement techniques include estimation techniques (such as techniques used to measure expected credit losses) and valuation techniques (such as techniques used to measure the fair value of an asset or a liability).
- It was clarified that the term estimate refers not only to the definition of accounting estimates; rather, it may also refer to inputs used in developing accounting estimates.
- It was clarified that changes in inputs or measurement techniques are changes in accounting estimates, unless they arise from the correction of errors in previous reporting periods.

The Amendments to IAS 8 will be applied to changes in accounting estimates and accounting policy that will take place as from the annual period starting on January 1 2023.

4. Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (hereinafter - the "Amendments to IAS 12")

The Amendments to IAS 12 published in May 2021 narrow the scope of the exemption from recognizing deferred taxes on initial recognition of an asset or liability.

Set forth below is a review of the key Amendments to IAS 12:

For recognition exceptions for deferred taxes arising on initial recognition of an asset or a liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable income (loss for tax purposes), a cumulative requirement is added according to which the transactions will not give rise to equal amounts of taxable and deductible temporary differences. For example, at the commencement date of a lease, the lessee generally recognizes a lease liability against the cost of a right-of-use asset. Subject to tax laws, upon initial recognition of an asset and a liability, temporary differences may arise in amounts that are equally taxable and deductible.

In view of the amendment that was made, the exemptions in Sections 15 and 24 of IAS 12 do not apply to these temporary differences and the entity recognizes a deferred tax liability and asset arising from the transaction in accordance with the tax laws in each country.

The Amendments to IAS 12 will be applied for annual periods beginning on or after January 1, 2023.

NOTE 3 — SIGNIFICANT ACCOUNTING POLICIES (cont.)

GG. New standards in the period before their application (cont.)

4. Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (hereinafter - the "Amendments to IAS 12") (cont.)

For lease transactions and similar obligations for decommissioning and restoration, at the beginning of the earliest comparative period presented, the Company will recognize a deferred tax asset if it is probable that taxable profit will be available against which a deductible temporary difference can be utilized and a deferred tax liability with the cumulative effect recognized in retained earnings as at that date (or in another component of equity, as the case may be). For all other transactions, the amendments will be applied prospectively to transactions occurring in or after the earliest comparative period presented.

The effect of the Amendments to IAS 12 on the Company is not expected to be material.

5. Amendments to IFRS 16, Leases - Lease Liability in a Sale and Leaseback (hereinafter - the "Amendments to IFRS 16")

The Amendments to IFRS 16 published in September 2022 exclude the accounting treatment for subsequent measurement of a lease liability arising from a sale and leaseback in the statements of a seller-lessee from the accounting treatment of another lease transaction.

Below is a review of the main Amendments to IFRS 16:

Subsequent to the commencement date, the seller-lessee will apply the subsequent measurement requirements in the standard to the right-of-use asset arising from the leaseback and the subsequent measurement requirements in the standard to the lease liability arising from the leaseback. In subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. Application of these requirements will not prevent the seller-lessee from recognizing any gains or losses relating to the full or partial termination of a lease.

The Amendments to IFRS 16 will be applied retrospectively to sale and leaseback transactions that the Company entered into after the date when the Company first applied IFRS 16, from annual periods beginning on or after January 1, 2024.

The Company is studying the potential effect of the Amendments to IFRS 16 on the financial statements; however, at this stage it is unable to assess such effect.

HH. Change in accounting policies

Until the deconsolidation date of Doral LLC (see Note 11 below) most of the equity-accounted entities in the Group were project entities, which were (and still are) at the core of the Company's business. Accordingly, the Company believes that the appropriate presentation of the results of these entities is under revenues. This situation changes with the deconsolidation of Doral LLC, which is an entity whose operating results include highly material effects of its headquarters, of valuations of compound financial instruments and of large and complex financing transactions, which deviate significantly from the project loans characterizing the existing project entities. On this background, and in view of the materiality of the results of Doral LLC in relation to the other equity-accounted investees, this item is presented in the statement of income under operating profit and not under revenues.

NOTE 4 – CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
in banks	47,626	41,635
Short term NIS deposits	332,995	411,734
Foreign currency	6,494	148,097
Total	387,115	601,466

NOTE 5 – DEPOSITS AND CASH RESTRICTED AS TO USE

A. Under current assets

	December 31, 2022	December 31, 2021
collateral in favor of bank performance guarantees in connection with winning tenders or securing quotas in similar regulations	10,426	4
Deposit pledged as collateral in favor of PPA in the USA	-	46,650
Cash designated for construction of projects	-	15,412
Debt service reserve in connection with loans received by a consolidated company from an institutional entity	-	1,614
Other	2,555	30
Total	12,981	63,710

B. Under non-current assets

	December 31, 2022	December 31, 2021
Debt service reserve in connection with loans received by a consolidated company from an institutional entity	6,286	-
Collateral in favor of bank performance guarantees in connection with winning tenders	-	4,251
Other deposits and receivables	1,844	193
Total	8,130	4,444

NOTE 6 – RECEIVABLES AND DEBIT BALANCES

	December 31, 2022	December 31, 2021
Associates	162,492	1,051
Institutions	38,845	8,647
Current maturities of receivables in respect of concession arrangements	3,253	1,989
Prepaid expenses	1,670	1,162
Other	9,346	647
Total	215,606	13,496

NOTE 7 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

A. Under non-current assets

	December 31, 2022	December 31, 2021
Marketable securities (1)	157,925	140,218
Derivatives (1) (2)	4,732	-
Total	162,657	140,218

(1) From time to time, the Company is required to provide tender, and performance guarantees to secure quotas and/or tariffs, mainly after winning tenders. Sometimes the Company is required to provide collateral in favor of the provider of the guarantee (normally banks and/or insurance companies). As at December 31, 2022, the Company pledged marketable securities in the amount of NIS 95 million (December 31, 2021, NIS 78 million) out of its investment portfolio.

(2) See also Note 31 below.

B. Under non-current assets

	December 31, 2022	December 31, 2021
Investment in shares and financial instruments of technology companies (1)	93,763	63,879
Marketable securities	19,139	27,470
Options to purchase interests in entities accounted for by the equity method	3,833	6,608
Derivatives - USD/NIS transactions	-	11,505
Receivables for issue of rights to non-controlling interests	-	7,623
Investment reserve	2,726	3,000
Total	119,461	120,085

(1) Doral Energy-Tech Ventures (hereinafter - "Doral-Tech"), a wholly-owned limited partnership

On December 10, 2020, the Company established Doral-Tech - which identifies innovative companies and ventures that develop groundbreaking energy, infrastructure, and climate technologies to address significant sustainability challenges (hereinafter - the "**Target Companies**"). Doral-Tech invests capital and management resources in target companies at various stages of raising capital, in order to provide them assistance, among other things, by accompanying all stages of development, support in creating the necessary connections for development and advancing their growth trajectory, providing capital, financing of projects, development and testing sites, technological capabilities, product guidance, marketing and business development.

Information about the investments of Doral-Tech in non-marketable entities

A. Investment in the Ascend Elements, (hereinafter - **"AE**"), which involved three capital raising rounds, in which Doral-Tech invested a cumulative amount of NIS 26,696 thousand. AE is the developer of a unique technology for recycling lithium batteries and manufactures essential materials for the battery industry. As part of the agreement, Doral-Tech received an exclusive license to use AE's technology in Israel. In accordance with AE's last round of capital raising, as at December 31, 2022, the investment in AE amounts to NIS 47,480 thousand.

NOTE 7 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS (cont.)

B. Under non-current assets (cont.)

(1) Doral Energy-Tech Ventures (hereinafter - "Doral-Tech"), a wholly-owned limited partnership (cont.)

Information about the investments of Doral-Tech in non-marketable entities

B. Investment in Yotta Energy, the developer of a set of technologies - solar panel storage, a three-phase inverter, and EV charging stations for commercial and industrial (C&I) installations). The Company also has an exclusive sales and distribution license for Yotta's technology in Israel and other commercial rights.
C. Investment in AM Batteries, which develops a unique dry electrode coating technology that improves the manufacturing of lithium-ion batteries, for example. The investment was carried out in three investment rounds.
D. Investment in Titan AES, which develops an innovative ultrasound-based technology (U-BMS) to diagnose, control and manage lithium-ion batteries.
E. Investment in Addionics that develops specialized improved batteries by redesigning their architecture using a 3D electrodes fabrication method. In addition, Addionics also develops an AI-based software for optimizing the chemistry and architecture of batteries, based on the specific use of each battery type.
F. Investment in H2Pro, which develops E-tac-based electrolyzers for the production of "green hydrogen". Together with the investment, the Group and H2Pro signed a collaboration agreement to set up the first-of-its-kind green hydrogen facility in Israel.
G. Investment in Verdagy, that develops electrolyzers based on a dedicated technology combining the advantages on AWE and PEM technologies.
H. Investment in Reverion, the developer of reversible fuel cells for a double-digit increase in biogas plant efficiency, together with hydrogen production, with negative carbon emissions of biogas plants.
I. Investment in Helios, the developer of unique technology for production of iron and "green" metals at low temperatures, with zero carbon dioxide emissions, while consuming less energy and at a price tens of percent lower than the current production price.
J. Investment in CaPow, the developer of a battery-free wireless energy delivery platform, for robots and autonomous vehicles.
K. Investment in Noon Energy, the developer of ultra low-cost energy storage technology, based on carbon dioxide, a readily available and cheap element, to provide more than 100 hours of power.

In relation to the non-marketable investments of Doral-Tech, the management of Doral-Tech estimates that the investment constitutes the best estimate of the fair value of the investments as at December 31, 2022, except for investments with additional capital raising rounds, which indicates a change in fair value. In relation to those investments, Doral-Tech conducted valuations using an independent external appraiser; based on those valuations, the Company recorded finance income due to a NIS 5.3 million increase in the value of the investments. See also Note 31.H below.

NOTE 7 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS (cont.)

B. Under non-current assets (cont.)

(1) Doral Energy-Tech Ventures (hereinafter - "Doral-Tech"), a wholly-owned limited partnership (cont.)

Information about the marketable investments of Doral-Tech:

A. Under the investment agreement of Doral-Tech in Phinergy, Phinergy has undertaken to continue developing zinc-air technology in accordance with milestones that were set, and to invest in research and development in an amount determined between the parties. The Company shall have a pre-emptive right to purchase the energy storage systems in accordance with Phinergy's manufacturing capacity; furthermore, the Company will be entitled to a total payment of up to USD 25 million in respect of the sale of zinc-air technology at a total of up to USD 1 billion.
The value of the investment in Phinergy as at December 31, 2022 - NIS 1,838 thousand (as at December 31, 2021 - NIS 6,339 thousand).

Information about the investments of Doral-Tech in non-marketable entities

B. The investment in Storage Drop Ltd. (hereinafter **"Storage"**), an energy storage company using compressed air to generate electricity in renewable energy facilities and supplying industrial cooling and air conditioning for buildings.
Simultaneously with the signing of the investment agreement, the Company and Storage signed a memorandum of understanding, under which it was agreed that the Company will be entitled to purchase energy storage and cooling systems from Storage, in the quantities and under the terms set out in the memorandum of understanding, and to additional commercial rights, such as the right of first refusal for project collaboration, and the (non-exclusive) right for marketing, sale, and distribution. The memorandum of understanding shall be in effect for a 7-year period.
As at December 31, 2022, the value of the Storage shares held by Doral-Tech amounted to NIS 184 thousand.

NOTE 8 – PROJECTS UNDER DEVELOPMENT

	December 31, 2022	December 31, 2021
Projects in Israel (a)	244,956	44,293
Projects in the USA (b)	-	137,908
Projects in Italy (c)	41,102	16,857
Projects in Romania (D)	10,565	5,146
Projects in Poland (E)	4,018	12,921
Projects in Denmark (F)	13,403	7,761
Total	314,044	224,886

Generally, the above amounts of the projects under development reflect initiation, development and construction costs borne by the Company and its consolidated entities until the financial position date, in connection with projects for which sub-corporations have not yet been set up, and/or projects whose construction has not yet started.

NOTE 8 – PROJECTS UNDER DEVELOPMENT (cont.)

(A) On July 14, 2020 and December 28, 2020, the Israel Israeli Electricity Authority published the results of the first and second tenders for the construction of photovoltaic plants combined with electricity storage capacity, which will be connected to the distribution grid. In this context, the Company was announced as the winner with a cumulative capacity of 300 MW (AC) of generation plants combined with storage facilities of at least 1,200 MWh. The feed-in tariff for electricity delivered to the grid from the systems operated under the first tender is 19.9 agorot per kWh, linked to the CPI (21.5 agorot per kWh as at December 31, 2022), for 23 years from the date of commercial operation of each system, and the feed-in tariff under the second tender is 17.45 agorot per kWh, linked to the CPI (18.81 agorot per kWh as at December 31, 2022). On December 8, 2022, the Company activated the first photovoltaic system combined with storage capacity in Israel, with a capacity of 5.5 MW (DC) combined with 11 MWh, under the first tender. The balance of the winning quota is assigned to projects that are planned for operation under the tenders themselves or under market regulation, which are under construction or in the pre-construction stage (see Notes 13.A and 13.B below).

On November 10, 2021, the Israeli Electricity Authority published the results of the first tender for the construction of duel-use power generation facilities using photovoltaic technology that will be connected to the grid; in this context, the Company won a cumulative capacity of 100 MW (AC). The feed-in tariff for electricity delivered to the grid from the systems operated under this tender is 17.05 agorot per kWh, linked to the CPI (17.99 agorot per kWh as at December 31, 2022). Under the tender, if limits are set for delivery to the grid, the winner will be permitted to combine storage systems in the projects to meet the delivery limits, and will be entitled to a tariff addition determined by the Israeli Electricity Authority for delivery of power to the grid from the storage system. As at the reporting date, the winning quota is assigned to projects that are planned for operation under market regulation (see Note 13.B. below), which are in the advanced stages of development.

(B) Activity in the United States - For information about deconsolidation of Doral LLC as at November 4, 2022, see Note 10.C.4 below.

(C) Activity in Italy
The activity in Italy is carried out through collaboration with a third party (hereinafter - the "**Local Partner**"), operating in renewable energy in Italy, and which holds 20% of a joint corporation, in which the Company holds 80% of the rights (hereinafter - the "**Joint Corporation**"). Through the Joint Corporation, the parties are working to locate, develop, establish, and operate solar energy projects in Italy. The development of the projects are carried out by the Local Partner against fixed development fees per MW, paid by the parties to the agreement in accordance with their holdings, and in accordance with defined milestones, with the last payment falling due on the date on which construction work in the project commences. Should one of the existing projects not come to fruition, the Local Partner shall be required to offer new projects, such that the aggregate capacity of the projects owned by Joint Corporation shall not be less than 300 MW. Subject to meeting the milestones, the Company finances the activity of the Joint Corporation by providing interest-bearing shareholder loans, which will be repaid prior to distribution of profits. The agreement grants the local partner a right of first refusal to provide EPC and O&M services to projects owned by the Joint Corporation, and includes various provisions regarding decisions in connection with which its consent is required.
As at December 31, 2022, the total project backlog capacity in projects in Italy was 486 MW (DC), of which a quantity of 28 MW (DC) is in the pre-construction stage.

NOTE 8 – PROJECTS UNDER DEVELOPMENT (cont.)

(D) Activity in Romania

The activity in Romania is also carried out through the Joint Corporation described in Section B above. As at December 31, 2022, the total project backlog capacity in Romania was 671 MW (DC), of which a quantity of 21 MW (DC) is in the pre-construction stage.

(E) Activity in Poland

The activity in Poland is carried out through a special purpose company (hereinafter - "**Doral Poland**"), which is held at a rate of 73% by the Company and at a rate of 27% by El-Mor Electric Installation and Services (1986) Ltd. (hereinafter - "**El-Mor**"). The Company and El-Mor have a shareholder agreement regulating the activity and management of Doral Poland. The agreement includes standard provisions, such as the right of El-Mor to appoint a director, special resolutions requiring the consent of both parties, and restrictions on the transferability of the shares of Doral Poland. It was further decided that all of El-Mor's and the Company's activities in Poland pertaining to Doral Poland's area of activity shall be conducted exclusively by Doral Poland, all in accordance with the terms and restrictions set in the shareholders agreement.

In addition, Doral Poland holds a special purpose company under the name Deplight Sp. Z o.o, (hereinafter - "**Deplight**"), which provides procurement and construction services for the activity of Doral Poland, held by Doral Poland (50%), El-Mor (25%) and a Polish electricity and energy contractor (25%). Doral Poland intends to expand the activity of Deplight to services to third parties.

As at December 31, 2022, the total project backlog in Poland was 514 MW (DC), of which a quantity of 28 MW (DC) was in the pre-construction stage and 16 MW (DC) in commercial operation subsequent to the date of the statement of financial position or in the ready-to-connect stage.

(F) Activity in Denmark

The Company's activity in Denmark is managed by a wholly-owned Danish subsidiary of Company (hereinafter - "**Doral Denmark**"), which signed an agreement with a Danish development and management company that is not related to the Company (hereinafter - the "**Local Developer**"), for collaboration in the initiation, development, and construction of photovoltaic projects in Denmark.

In the reporting year, Doral Denmark acquired a project company with rights in a photovoltaic project with a capacity of 60 MW (DC), which, as at the approval date of the report, is almost ready for construction.

As at December 31, 2022, the total project backlog capacity in projects in Denmark was 316 MW (DC), of which a quantity of 60 MW (DC) is in the pre-construction stage.

(G) Activity in Australia

In the fourth quarter of 2022, the Company started operating in Australia in collaboration with a local developer.

NOTE 9 – RECEIVABLES IN RESPECT OF CONCESSION ARRANGEMENTS

Project	Total capacity MW	Rate of holding in the project	Balance as at December 31, 2022 (agorot/ kWh)	Rate of return on the contract asset	Contract asset as at December 31, 2022 (*) (NIS thousands)
Project 1	14.1	50%	18.62	4.15%	53,641
Project 2	7.1	65%	18.62	4.15%	27,554
Project 3	7.3	67%	18.62	4.15%	26,415
Project 4	12.3	74%	17.94	3.96%	43,286

(*) Including current maturities, which are presented under other receivables - see Note 6 above.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

A. Composition

	December 31, 2022	December 31, 2021
Equity value (Company's share in partners' equity/account)	254,459	129,665
Balance of loans granted (*)	95,468	74,522
Excess of cost	1,413,162	9,747
Adjustments in respect of internal transactions	(3,542)	(3,029)
Total	1,759,547	210,905

(*) As at December 31, 2022 - NIS 15 million linked to the USD at 4% interest.
The balance of the loans are mainly denominated in NIS and bear interest at rates of 2.42%-9.75%.

B. Changes

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Opening balance	210,905	153,194	125,153
Investment in share capital and/or partners' account	5,251	34,683	8,147
Company's share in results	(4,632)	6,750	20
Amortization of excess cost attributable to investees	(6,273)	(6,046)	-
Changes in internal transactions	(4,978)	(4,175)	(990)
Disposals (1)	(29,879)	(1,655)	4,183
Addition due to deconsolidation of Doral LLC and it becoming an equity-accounted investee (2)	1,547,160	-	-
Less dividends received	(4,272)	(2,443)	(3,797)
Interest rates on loans	3,947	2,363	1,582
Loans granted, net of loans repaid	53,790	19,200	13,588
Capital reserves from translation differences for associates	(4,731)	-	-
Capital reserve for revaluation of property, plant and equipment (3)	(6,741)	9,034	5,308
Total	1,759,547	210,905	153,194

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

B. Changes (cont.)

(1) Disposals due to the sale of investments and due to disposals of investments following the first-time consolidation of entities.
(2) For further information see Note 10.C.4 below.
(3) In connection with photovoltaic systems that were revalued to fair value as part of their presentation based on a revaluation model. The fair value is measured at the date of commercial operation of each system and at the end of each year, in accordance with the cash flow forecast and the discount rate set by an independent appraiser. As at December 31, 2022, the discount rate for projects with a tariff linked to the CPI was 5.7%, and for projects with a nominal tariff - 7.8%. As at December 31, 2021, the discount rates were 4.6% and 6%, respectively.

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78%

In 2019, the Company and Clean Air Generation LLC ("**CAG**") signed an agreement, which stipulates that the parties will operate through a joint corporation (50%/50%), and exclusively, in the initiation, development and construction of renewable energy projects in the USA; under the agreement, CAG is mainly in charge of the day-to-day management of the initiation processes, and the Company outlines the strategy and provides various services. For the purpose of holding this activity, the Company registered a sub-corporation, which it wholly-owns as of the report date ("**Doral USA**").
On December 16, 2020, the agreement with CAG was amended such that as from that date Doral USA held 50.1% of the rights in Doral LLC, and CAG held 49.9%. As from that date, the Company included Doral LLC in its consolidated financial statements based on the carrying amount of its investment in Doral LLC immediately prior to the amendment of the agreement. Following the Migdal transaction (see Section 1 below in this Note), Doral USA holds 41.78% of the rights in Doral LLC, and it continued to control and consolidate Doral LLC until the Apollo transaction, which was completed on November 4, 2022. Following the Apollo transaction, the Company no longer controls Doral LLC (as this term is defined in IFRS 10, Consolidated Financial Statements. See also Note 3.B. above), constituting an equity-accounted entity as from this date. In the context of this change, the Company recognized a profit, net of tax, in the amount of NIS 1,113,199 thousand (see Section 4 below in this Note). The activity of Doral LLC is presented separately, in accordance with IFRS 5, Discontinued Operations, and its financial statements are attached to these financial statements as required by the Israel Securities Regulations (Periodic and Immediate Reports), 1970, since it is a very material associate.

1. <u>The Migdal transaction</u>
On May 24, 2021 and June 4, 2021 Doral USA LLC, CAG and a corporation owned by Migdal Insurance Company Ltd. (hereinafter - "**Migdal**") signed a number of agreements: (a) An agreement in connection with Migdal's investment in Doral LLC and purchase of shares from CAG (hereinafter - the "**Investment Agreement**"); (b) Doral LLC's shareholders agreement (hereinafter - the "**Shareholders Agreement**"); (c) a partnership agreement in connection with the Indiana North Project (see Note 10.C.2.(a)(1) below); and (d) an agreement for the provision of a credit facility by Migdal to Doral LLC (hereinafter - the "**Financing Agreement**") (all the agreements shall be named hereinafter - the "**Transaction**").

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

1. The Migdal transaction (cont.)

(A) Set forth below are the key terms of the Investment Agreement:

(1) As part of the Transaction, Migdal shall invest USD 110 million (hereinafter - the "**Basic Investment Amount**"), in consideration for 20% of the rights in Doral LLC (on a fully diluted basis); a total of up to USD 20 million out of the Basic Investment Amount was used to purchase part of CAG's interest in Doral LLC and to repay some of the shareholder loans extended to Doral LLC by Doral USA and CAG.

(2) The amount of the basic investment is divided as follows: an amount of USD 70 million was paid on June 4, 2021; an additional amount of USD 20 million was paid in August 2021 after a power purchase agreement was signed for a project with a capacity greater than 150 MW (see Note 10.C.2.(b) below); and further amount of USD 20 million was paid in June 2022 after financial closure of a project with a capacity of at least 100 MW (see Note 10.C.2.(a)(5) below).

(3) In the event of an IPO of Doral LLC at a minimum valuation ranging USD 1.5 billion to USD 2 billion, Migdal will invest an additional amount of USD 15 million to USD 20 million (hereinafter - the "**Additional Investment Amount**"), all in accordance with the terms and mechanisms set in the Investment Agreement. This balance is measured at fair value through profit and loss and was presented as at the deconsolidation date under 'financial assets measured at fair value through profit and loss' under non-current assets.

As from June 4, 2021, after Migdal pays the cash component of the Basic Investment Amount, the breakdown of interests in Doral LLC is as follows: Doral USA - 41.78%, CAG - 38.22%, Midgal - 20%.

(B) Following are the key terms of the Shareholders Agreement:

(1) The Shareholders Agreement includes generally accepted mechanisms used to protect minority interests, including preemptive right, right of first offer, and Migdal's tag along right in connection with co-sale of interests in Doral LLC, in accordance with the conditions and restrictions set out in the Shareholders Agreement, and in any event only until an IPO of Doral LLC.

(2) 7 years after the Transaction closing date, and to the extent that no IPO of Doral LLC (or a similar step) takes place, Migdal will be allowed to activate a redemption mechanism, following which Doral LLC (or its shareholders if they ask to do so) will be required to decide whether to purchase Migdal's interest in Doral LLC in accordance with the value set by an external independent valuer, in consideration for cash or minority interest in the projects, under the terms set out in the agreement. In accordance with the Company's accounting policy, this option is measured at fair value through profit and loss (see Note 3.L.4 above); however, it was valued at zero, due to the fact that the redemption, to the extend that it is, indeed, executed, will be based on the fair value of the interests in Doral LLC and of the minority interests in the projects.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

1. The Migdal transaction (cont.)

   (B) Following are the key terms of the Shareholders Agreement (cont.):

   (3) Furthermore, Migdal was given the right the invest in future Doral LLC projects (out of a closed list of projects), such that subject to various conditions it may opt to invest 30% of the equity required for the project (on top of tax equity partner financing and senior debt), in consideration for 22.5% of the equity rights in that project. From Doral LLC's perspective, this option constitutes a liability that was measured periodically at fair value through profit and loss. On the other hand, Doral LLC was granted the right to decide in advance - even before Migdal decides whether to exercise its option as described above, that if Midgal does, indeed, decide to exercise the option to invest in the project it shall be required to invest 50% of the equity required for this project (on top of tax equity partner financing and senior debt), in consideration for 37.5% of the equity rights of that project. Since the date on which Doral LLC is required to make its decision precedes the date on which Migdal is required to make its decision, no value was assigned to this Doral LLC right.

   (C) The financing agreement included a facility in the amount of USD 130 million at LIBOR interest plus a margin of 6% to 7%. The credit facility was canceled with the first inflow of funds in the context of Apollo in November 2022, as set out in Note 10.C.4 below.

2. Projects

   (A) Indiana North Project

   In accordance with the partnership agreement with Migdal as set out in Section 1 above, the Indiana North Project is held by Doral LLC at a rate of 62.5% and the balance is held by Migdal. The project capacity is 480 MW (DC) and it is under construction.

   (1) As part of the Partnership Agreement with Migdal, Migdal was allocated 37.5% of the equity interests of the entity wholly-owning (indirectly) 100% of the Indiana North Project rights, in return for investing 50% of the equity required for the project (on top of tax equity partner financing and senior debt), up to a total of USD 100 million, including past expenses. Accordingly, Migdal paid its share of the project costs in the amount of USD 22 million and 23 million in 2021 and 2022 (until deconsolidation), respectively. The Company recorded its share of the increase in equity attributed to the shareholders, in the amount of NIS 8,702 thousand and NIS 7,830 thousand, respectively, until deconsolidation (see Note 10.C.4 below), and its share of the profit for the principal recorded by Doral LLC subsequent to deconsolidation.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

2. Projects (cont.)
   (A) Indiana North Project (cont.)
      (2) On March 19, 2021, the Indiana North Project corporation (hereinafter in this Note - the "**Project**" and the "**Project Corporation**", as the case may be) signed - with a corporation owned by American Electric Power, (AEP), which is one of the largest electric utilities in the United States (hereinafter - the "**Buyer**") - an agreement for the sale of power and green certificates (hereinafter in this Note - the "**Agreement**"). Under the Agreement, the Buyer has undertaken to purchase, at a fixed price and over a period of 15 years from date of commercial operation, all the power and green certificates generated in the Project. The agreement includes generally accepted conditions in connection with the project's compliance with power supply targets that were set; generally accepted guarantees to be provided by the parties to secure the fulfillment of their undertakings under the agreement, including reaching commercial operation in 2023; agreed compensation in the event of a delay in commercial operation, etc.
      In addition to the proceeds from sale of power and green certificates under the agreement, the Indiana North Project is expected to benefit from additional revenue components of significant scope that will be based on free market prices, both during the term of the agreement and thereafter.
      (3) On March 7, 2022, the Project Corporation signed an EPC agreement with Solv Energy LLC, a leading contracting company in the United States (hereinafter - the "**Contractor**"), for the construction works of the Project (hereinafter - the "**Agreement**"). Signing the Agreement and the start of the construction constituted a significant Project milestone, and as at the reporting date, the Company believes that they will be completed within one year. Under the agreement, in consideration for the construction works, the Project Corporation will pay the Contractor an amount of USD 267 million, subject to the Contractor's compliance with the milestones set out in the Agreement, the provisions for change, etc.
      (4) Tax equity partner agreement at the total amount of USD 175 million with the Bank of America for the Indiana North Project
      On June 13, 2022, the project corporation entered into a set of agreements, in which the Bank of America (hereinafter - the "**Bank**" or the "**Tax Equity Partner**") will serve as the Tax Equity Partner in the Project (hereinafter - the "**Tax Equity Partner Agreement**").

      The Tax Equity Partner Agreement stipulates that the Bank will invest a total of USD 175 million (with an initial investment totaling 20% of this amount on the date of completion of the project's construction work (Mechanical Completion) as defined in the Tax Equity Partner Agreement), in a corporation that will have a 100% interest in the project corporation of the Indiana North Project, subject to the fulfillment of generally accepted conditions precedent, including a condition whereby an event requiring immediate repayment (Default Event) as per the project's financing agreement, the key points of which are described below (hereinafter - the "**Financing Agreement**") will not take place.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

2. Projects (cont.)
   (A) Indiana North Project (cont.)
      (4) Tax equity partner agreement at the total amount of USD 175 million with the Bank of America for the Indiana North Project (cont.)
      In return, the Tax Equity Partner will be entitled to 99% of the federal tax benefits (ITC) that are expected to be received for the Project, as well as a fixed cash flow rate from the Project of 30% of the contractual operating cash flows (derived from revenues under the project's PPA, without any further revenues stemming from the free market), provided that if within 8 years (hereinafter - the "**Defined Period**") the investment will not generate to the Tax Equity Partner a certain internal rate of return as set in the Agreement, then the Tax Equity Partner will be entitled to a fixed cash flow rate from the Project of 70% of the total cash flows from the Project until the foregoing internal rate of return is achieved.
      The balance of the Tax Equity Partner's investment (approx. 80%) will be made available as of the project's commercial activation date (substantial completion as defined in the Tax Equity Partner Agreement), subject to the fulfillment of generally accepted conditions precedent, including a condition whereby an event requiring immediate repayment (Default Event) as per the project's financing agreement will not take place, and reaching Substantial Completion by the end of 2023; as is generally accepted in engagements of this type, mechanisms for the indemnification of Doral LLC and guarantees to be provided thereto, were set to secure the undertakings under the Tax Equity Partner Agreement. At the end of the Defined Period, the Tax Equity Partner shall be entitled to tax benefits and a fixed cash flows at reduced rates, and the Project Corporation shall be entitled to purchase the Tax Equity Partner's remaining rights, in accordance to a mechanism that was set in an agreement based on the fair value of the Tax Equity Partner's remaining rights.

      (5) Financial closing totaling USD 390 million with Deutsche Bank for the Indiana North Project
      On June 13, 2022, the Project Corporation signed a financing agreement with a consortium of lenders headed by Deutsche Bank AG, New York Branch (hereinafter - the **"Lenders**"), under which the Lenders will provide an amount of USD 390 million for financing the Project, in accordance with the terms and conditions set out in the agreement (hereinafter - the "**Agreement**" or the "**Transaction**").
      Under the Agreement, the Lenders will provide three loans (a construction period loan with a reversal mechanism
      for a long-term loan - in the amount of USD 155 million, and a bridge loan until the investment of the tax equity partner - in the amount of USD 170 million (hereinafter - the "**Loans**"), and a facility for bank guarantees, which will be used by the Project Corporation to finance the construction works and additional project costs. The Loans bear SOFR interest, (zero floor) plus a margin of 0.875%-1% (4.56-5.66% as at December 31, 2022), and they include standard terms for providing guarantees, the right to early repayment in certain cases, distribution restrictions, and a requirement to meet debt-to-equity ratios, etc.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

2. Projects (cont.)

(A) Indiana North Project (cont.)

(5) Financial closing totaling USD 390 million with Deutsche Bank for the Indiana North Project (cont.)

On June 15, 2022, the Project Corporation carried out an interest rate swap to fix the interest rate on the construction loan for the entire amortization schedule of the long-term loan (until 2043), such that the interest on the loan will be 4.5%-5% throughout the life of the loan. As at December 31, 2022, an amount of USD 43.5 million was withdrawn on account of the loan for the construction period and an amount of USD 47 million on account of the bridge loan.

(B) Indiana South Project

As at the reporting date, the Indiana South Project, which has a capacity of 360 MW (DC), is in the pre-construction stage. On January 5, 2022, a partnership agreement was signed between a corporation wholly-owned by Doral LLC and Migdal (hereinafter - the "**Partnership Agreement**"), which assigns to Migdal 22.5% of the interests in the partnership that holds 100% of the Indiana South Project, in consideration for a capital investment of 30% of the project's needs (in addition to project financing and/or financing through a Tax Equity Partner), up to USD 75 million. The remaining rights in the partnership are held by a wholly-owned corporation of Doral LLC.

The Partnership Agreement was signed as part of the exercise of Migdal's right to continue investing directly in a number of projects defined for that purpose, as outlined in Note 10.C.1. Until Doral LLC's deconsolidation in November 2022, Migdal injected a total of USD 4.7 million into the project, and accordingly - the Company recorded its share in a capital reserve for transactions with non-controlling interests at the total amount of NIS 1,651 thousands.

(1) On July 28, 2021, the Indiana South Project Corporation (hereinafter - the "**Project Corporation**") signed a power purchase agreement and green certificates, in which the Buyer (as set out in Note 10.C.2.(a)(2) above) undertook to purchase, at a fixed price, and over 15 years from the date of commercial operation, all the electricity and green certificates generated in the Project. In addition to the proceeds from sale of electricity and green certificates under the agreement, the Indiana South Project is expected to benefit from additional revenue components of significant scope that will be based on free market prices, both during the term of the additional agreement and thereafter. After signing the Agreement, Migdal injected an amount of USD 20 million in Doral LLC, as set out in Note 10.C.1 above.

(2) Agreement for the purchase of photovoltaic panels for the Indiana South Project - On August 31, 2022, the Project Corporation signed an agreement with Waaree Energies Limited for the acquisition of photovoltaic panels for construction of the project (including spare parts and full logistics services that also include transporting the equipment to the project site), at a cost of NIS 500 million. The agreement includes linkage to the silicon price and other standard terms and conditions.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

2. Projects (cont.)

(B) Indiana South Project (cont.)

(3) On November 3, 2022, a building permit was received for the project and Doral LLC is making preparations for project financing (through tax equity and bank financing) and establishment.

(C) Indiana Central Project

As at the reporting date, the Indiana Central Project, which is wholly-owned by Doral LLC, is defined as under the advanced stage of development and is composed of 2 sub-projects, each with a capacity of 360 MW (DC). In March 2022, the Indiana Central Project corporations signed separate agreements with two energy corporations (one of which is also mentioned in Notes 10.C.2.(a)(2) and 10.C.2.(b)(1) above), in which the buyers undertook to purchase, at a fixed price and over 15 years from the date of commercial operation, all the electricity and green certificates generated in the project relevant to each buyer. The agreements include generally accepted terms in connection with compliance with the set electricity supply rates; generally accepted guarantees to secure the parties' obligations, including the project corporations' commitment to commercial operation in 2024; agreed compensation in the event of a delay in commercial operation; generally accepted grounds for termination of the agreements subject to remediation periods, etc.

On November 3, 2022, a building permit was received for the project and Doral LLC is negotiating the acquisition of photovoltaic panels for its use as well.

(D) Goonies Project

As at the reporting date, the Goonies Project (in Pennsylvania), which is wholly-owned by Doral LLC, is defined as under the advanced stage of development, with a capacity of 233 MW (DC). In March 2022, the project corporation signed with Goonies an agreement for the sale of power and green certificates, in which the buyer undertook (as set out in Notes 10.C.2.(a)(2), 10.C.2.(b)(1), and 10.C.2.(c) above) to purchase, at a fixed price and over 15 years from the date of commercial operation, all the power and green certificates generated of 170 MW (DC) from the project. The buyer was given the right of first refusal to also purchase all the electricity and green certificates from the balance of the Goonies Project (63 MW (DC)).

It is noted that, in all of the projects outlined above, in addition to the proceeds from sale of electricity and green certificates under the agreements described above, the projects are expected to benefit from additional revenue components of significant scope that will be based on free market prices, both during the term of the agreements and thereafter.

(E) As at December 31, 2022, the total project backlog capacity of Doral LLC was 15,000 MW (DC), of which a quantity of 840 MW (DC) is under construction or in the pre-construction stage, 1,163 MW (DC) in the advanced development stage, and the other projects are in the development stages. The projects under development include storage or combined storage projects with a capacity of 8,200 MWh and a wind project with a capacity of 175 MW.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

3. In March 2022, Doral LLC's shareholders reached an agreement as to an owners support outline (hereinafter - the "**Outline**"), in order to increase the total amount of guarantees, especially performance guarantees, which Doral LLC may provide in order to promote its projects, up to a total of USD 200 million. In accordance with the Outline, Doral USA and Migdal (independently or through related companies thereof) will take steps, over two years and at a ratio of 2/3 and 1/3, respectively, to provide backup that will allow Doral LLC to issue such guarantees, without derogating from Migdal's excess obligations in the event of direct partnership in the projects. As at December 31, 2022, the balance of the backup provided by the Company to Doral LLC for issuing the guarantees amounted to USD 46 million dollars (out of backup in the cumulative amount of USD 68.8 million provided together with Migdal), additional guarantees amounted to USD 66.2 million (against indemnification from the other shareholders), and another USD 30 million to secure the equity component provided by Doral LLC as part of the project financing of Indiana North (against indemnification from the other shareholders) (hereinafter - the "**Backup**").

   In return for providing the backup, the supporting shareholders are entitled to an annual fee of 4% of the amount of the guarantees that were and will actually be provided by virtue of the Outline, based on their proportionate share in the backup. The fee shall be paid out of the projects' free cash flow, and in the event of a specific investment, merger transaction, acquisition, or an IPO (hereinafter - "**Conversion to Shares Events**"), the supporting shareholder will be entitled to demand the payment of the accumulated amount, or convert it to Doral LLC shares, with a 20% discount on the value derived from the investment or the transaction, as the case may be (hereinafter - "**Conversion Right**"). Accordingly, as at December 31, 2022, Doral LLC recognized a liability equal to the fair value of the Conversion Right in an amount of USD 1.1 million (the Company's share - USD 0.9 million, presented in the statement of financial position under the investment in equity-accounted investees). The value of the liability is estimated on the basis of the outstanding balance of the Backup, and in accordance with the assessment of Doral LLC, on the probability of conversion to shares, and the probability of exercise of the right to convert to shares. If the guarantee is forfeited and the Backup of the relevant owner is exercised, the supporting shareholder will be entitled to interest at an annual rate of SOFR + 8.5% for the amount exercised (12.8% as at December 31, 2022). Based of the above-mentioned support outline, Doral LLC entered into a master agreement with an Israeli bank at a total amount of up to USD 100 million, which will allow the provision of bank guarantees for Doral LLC's projects. With respect to the Company's share in the actual backup, the Company undertook to place a charge on a certain component of its marketable securities portfolio as a collateral.

4. Investment by Apollo

   On October 14, 2022, Doral LLC - through a wholly-owned corporation thereof (hereinafter - the "**Special Purpose Company**") that holds all of Doral LLC's sub-corporations - entered into an investment transaction with funds under the management of Apollo (NYSE: APO), and/or related companies thereof; Apollo is a leading global corporation for the management of alternative investments (hereinafter - the "**Investor**"). The transaction was completed on November 4, 2022.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

4. Investment by Apollo (cont.)

As part of the transaction, the Investor will provide - at the request of the Special Purpose Company - up to USD 500 million, against receipt of convertible notes, that will be mainly used to make investments in renewable energy projects in the United States, all in accordance with the terms set forth in the agreement between the parties (hereinafter - the "**Agreement**" or the "**Transaction**"). To the best of the Company's knowledge, Migdal Insurance Company Ltd. and/or a related company thereof (hereinafter - "**Migdal**") shall participate in 20% of the investment.

Set forth below are the key terms of the agreement:

A. On the Transaction's completion date, the Special Purpose Company issued to the investor a convertible note at the total amount of USD 90 million, and will be allowed (but not obliged) to issue further convertible notes at the total amount of up to USD 410 million, by no later than December 31, 2024, subject to meeting milestones and according to the Doral LLC projects' progress rate, and subject to the terms set forth in the Agreement. The convertible notes shall not be linked and will bear unlinked annual fixed interest of 11%-12%, as is generally accepted in similar transactions in the United States; the interest shall accrue on the principal during the first three years after the Transaction's completion date, and will become payable as from the beginning of the fourth year after the Transaction's completion date, in accordance with the terms set out in the Agreement.

B. In the event of the execution of an initial public offering (hereinafter - "**IPO**") by Doral LLC, or as from two years after the Transaction's completion date, the investor will be entitled to convert the entire outstanding balance of the principal of the convertible note plus interest that accrued and not paid through that date (hereinafter - the "**Outstanding Note Amount**") into Doral LLC shares at a company value of USD 1.5 billion (pre-money valuation), all in accordance with the terms set out in the Agreement. Also, in the event of an entitling IPO (as defined in the Agreement), the Special Purpose Company may force the investor to convert the redemption amount (as defined below) into Doral LLC shares, at a share price reflecting 85% of the IPO share price and up to a holding rate of 9.9%, and the outstanding balance will be repaid in cash, all in accordance with the terms set forth in the Agreement. Furthermore, in the event of a sale event, which was defined in the Agreement as an agreement for the sale of the majority of the holdings in Doral LLC or in the Special Purpose Company or the sale of their assets, the investor will be allowed, subject to its discretion, to opt for one of the following two alternatives: (1) to convert the entire outstanding note amount into Doral LLC shares at a company value of USD 1.5 billion (pre-money valuation); or (2) receive a payment equal to the redemption amount (as defined below).

C. The Special Purpose Company may redeem some or all of the convertible notes by way of early redemption at any time, in exchange for the redemption amount (hereinafter - the "**Redemption Amount**"), which is the higher of: (a) a multiplier at the rate set forth in the Agreement, on the original principal amount attributed to the early redemption; or (b) the note's outstanding balance, all subject to the terms set forth in the Agreement, including the investor's right to convert the redemption amount into Doral LLC shares at a company value of USD 1.5 billion (pre-money valuation), in lieu of early redemption in cash as stated above.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

4. Investment by Apollo (cont.)

D. After 7 years pass of the Transaction completion date, the Special Purpose Company may: (a) pay the Investor the Outstanding Note Amount or (b) force the Investor to convert the Outstanding Note Amount under the Note into shares in the Special Purpose Company, so that after the conversion, the Investor will hold 90% of the shares therein, subject to compliance with the stipulated provisions of the agreement.

E. In case of default events (such as breach of representations, failure to pay the interest on time, breach of the withdrawal terms, or a breach event under a project financing agreement subject to the terms set out in the Agreement), the Investor may call for immediate repayment of the Redemption Amount, subject to the terms set forth in the Agreement.

The Agreement places restrictions on the Special Purpose Company and the project companies it holds in connection with assuming debts and placing charges, except in the context of project financing in accordance with provisions set out in the Agreement, and in connection with distributions to Doral LLC (except for certain cases that were defined in the Agreement).

F. The credit facility provided to Doral LLC by Migdal, as described in Note 10.C.1.(c) above, will be canceled.

G. As part of the Transaction, it was decided that the Investor's approval will be required to approve projects' development and construction budgets, until the achievement of milestones set in the agreement, and that the structure of Doral LLC and the Special Purpose Company's Boards of Directors will be as follows: three directors that will be appointed on behalf of the Company (through Doral USA LLC (hereinafter - "**Doral USA**"), which is indirectly wholly-owned by the Company), one director on behalf of Clean Air Generation LLC, a corporation owned by the Company's local partner in the United States (hereinafter - "**CAG**"), one director on behalf of Migdal, and one director on behalf of the Investor.

If Migdal does not appoint a director on its behalf, an independent director will be appointed in his/her place, who will be elected by a majority of votes in the General Meeting, from an agreed list of candidates. Migdal will be entitled to appoint the director on its behalf at any time, in which case the independent director's tenure will automatically expire.

The Chairman of the Board of Directors (who will be appointed by the Company so long as its stake in Doral LLC exceeds 30%, or by a majority of the directors' votes if the Company's stake is lower than 30%) shall have a casting vote, provided that in the case of votes pertaining to certain material topics (appointment and dismissal of a CEO, approval of an annual budget, and approval of financial closing), a majority of 5 out of 6 Board members will be required. Furthermore, the voting agreement of November 30, 2019 between the Company (through Doral USA) and CAG (as amended on December 16, 2020) will be canceled.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

C. Doral Renewables LLC (hereinafter - "Doral LLC") is an equity-accounted material associate as from November 4, 2022, and is indirectly held at a rate of 41.78% (cont.)

4. Investment by Apollo (cont.)

G. (cont.)

Due to the above restructuring of Doral LLC's Board of Directors, and as a result - the influential power granted to an investor and the other shareholders under the transaction, as well as cancellation of the voting agreement with CAG, Doral USA no longer controls Doral LLC (as defined in IFRS 10, Consolidated Financial Statements), and therefore, Doral USA deconsolidated Doral LLC's financial statements, started measuring its holdings in Doral LLC according to the equity method, as part of which the Company recognized a profit in the fourth quarter of 2022 of NIS 1,113,199 thousand; such profit reflects the difference between the fair value of the Company's holdings in Doral LLC and the carrying amount of Doral LLC's net assets, which were attributed to the Company's owners on the deconsolidation date, net of deferred taxes created by Doral USA due to the change in measurement and recognition of the profit. Under these circumstances, Doral LLC became a material associate of the Company.

The Company applied to the Israel Securities Authority staff for their advance consent (pre-ruling) for deconsolidation and the accounting treatment due to the transaction. Israel Securities Authority Staff notified the Company that they are not interfering with its position. For information about the separate presentation of Doral LLC's results in accordance with the provisions of IFRS 5 (Discontinued Operations), see Note 11 below.

H. With the injection of USD 90 million in November 2022, as specified in section A. above, Doral LLC paid transactions costs of USD 13.8 million to third parties, USD 12.3 million to Migdal for its loans, and USD 3.1 million to Doral USA (which was transferred to the Company) for settlement of the loans that were granted.

I. The convertible notes include, as specified in Sections B-D above, embedded derivatives with convertible and redeemable components, that constitute a net liability. This liability is presented as a single complex liability measured at fair value through profit and loss. In respect of the initial withdrawal of USD 90 million, as aforesaid, the fair value of the net liability was USD 19.5 million. The balance of the amount withdrawn (net of attributed transaction costs) is a liability measured at amortized cost bearing effective interest of 17.1%.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

D. The 'Doral-Mishkei' partnership

Since the end of 2018, the Company operates as part of a 50%/50% partnership ("**Doral-Mishkei**") with Mishkei Energies. In accordance with the agreement between the parties, since the establishment of Doral-Mishkei the Company rendered it a range of services against a quarterly consideration. Furthermore, in order to support the growth of the joint corporation, the Company disposed of certain projects through Doral-Mishkei, in consideration for Mishkei Energy providing the equity required for those projects. In addition, the parties provide collateral and investments - in equal parts - for Doral-Mishkei and the projects under it.

Doral-Mishkei is engaged, through tens of sub-corporations and in collaboration with owners of interests in land, in the initiation, licensing, management, financing, construction, operating and maintenance of photovoltaic systems for the generation of electricity using solar energy; the said systems are installed on roofs, water reservoirs and fish farming ponds, with the intention of holding them for the long-term. Doral-Mishkei's agreements regulate its relationships with other holders of interest in the projects' corporations, including decision-making processes, distribution of financing, participation in profits, and more. Generally, Doral-Mishkei's main role, other than providing its share in the equity required for each project, is to serve as the professional function, that possesses the relevant knowledge, expertise and experience, and which is able to manage all aspects of the joint venture and lead it to successful completion. On the other hand, Doral-Mishkei's partners undertake to provide the projects' corporations with areas in which systems will be installed, and where relevant - to cause the consumption of electricity generated therein, and invest some of the required equity.

As of December 31, 2022 and December 31, 2021, the balance of the Company's investment in Doral-Mishkei amounted to NIS 35,721 thousand and NIS 42,078 thousand, respectively.

E. Investment in Enerpoint

In June 2021, the Company and Enerpoint Israel Ltd. (hereinafter - "**Enerpoint**") - a company engaged in the construction and maintenance of photovoltaic systems - entered into an agreement whereby the Company will sell to Enerpoint small projects, mainly development stage projects, with an aggregate capacity of 13.3 MW (hereinafter - the "**Projects**"), in consideration for 25.1% of Enerpoint's shares (on a fully diluted basis), and options for additional Enerpoint shares. Until the date of the Enerpoint sale, as described below, the Company transferred to Enerpoint Projects with an aggregate capacity of 7.1 MW.

On April 7, 2022, the Company entered into a number of related agreements for the sale - to a third party - of all of its holdings in Enerpoint, the redemption of the options held by the Company for the purchase of additional Enerpoint shares, and the settlement of the Company's outstanding undertaking to transfer to Enerpoint projects as outlined above (hereinafter - the "**Transaction**"). As part of the transaction, it was also determined that all other Enerpoint shareholders shall sell all of their holdings to the buyer, such that the latter will hold 100% of Enerpoint's shares.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

E. Investment in Enerpoint (cont.)

The Transaction was completed in June 2022, and the total amount for all of the Company's holdings in Enerpoint, including the options, was set at NIS 41.6 million, and after the settlement of the Company's outstanding undertaking to Enerpoint, the net proceeds to the Company total NIS 35.7 million in cash, of which a total of NIS 4.4 million is held as a deposit held in trust, for the purpose of securing the Company's indemnification undertakings in respect of representations made in the sale agreement, for a period of 15 months. This deposit is presented among current assets under the 'accounts receivable' line item. Following the completion of the Transaction, the Company recognized a profit before tax of NIS 16.7 million.

F. The Hadarey Shean project

Until August 23, 2022, the Company and the US energy company Invenergy Solar Development LLC (hereinafter - "**Invenergy**"), each held 50% of the shares of a sub-corporation, which holds 67% of the shares of Doral Hadarey Shean Ltd. (hereinafter - "**Doral Hadarey Shean**"). Doral Hadarey Shean engages in the development and licensing of a large ground-mounted photovoltaic system for the generation of electricity using solar energy which is intended to be connected to the national electricity transmission grid (except for specific parts of the site that will be allocated to projects to be connected to the distribution grid) ("**Hadarey Shean Project**").

On August 23, 2022, the Company finalized a transaction for the acquisition of all of Invenergy 's holdings (33%, indirect) in the "Hadarey Shean" project, to the best of the Company's knowledge, in the wake of strategic changes in Invenergy's operations in Israel. The acquisition was carried out in consideration for an amount composed of the reimbursement of the costs of development of the Project for third parties, which were born by Invenergy, and development fees at rates generally accepted in transactions of this type, which amounts to a total, which is not material for the Company (hereinafter - the "**Transaction**"). Upon completion of the Transaction, the "Hadarey Shean" project is held by the Company (67%, indirect), and by Hadarey Shean Energy, Agricultural Cooperative Ltd. (33%), which represents 11 kibbutzim from Emek Hamaayanot.

On September 15, 2022, the Company won a quota and a secured tariff in respect of a capacity of 80 MW (AC), which is intended for the ultra-high voltage part of the Hadarey Shean project; the quota and tariff were won as part of the first tender for determining a secured tariff for power generation from renewable energy in facilities connected to the transmission grid (hereinafter - the "**Tender**"). Together with the other project parts that are expected to be connected to the ultra-high voltage grid, the 'Hadarey Shean' project is expected to reach an aggregated capacity of approx. 180 MW (DC). The project is defined as a "National Infrastructure Project"; it is in advanced development stages, has an approved statutory plan (National Infrastructure Plan 97), and is in advanced planning stages leading up to the issuance of a building permit.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

F. The Hadarey Shean project (cont.)

Subject to other regulatory options, including opportunities in the free market, the ultra-high voltage part of the 'Hadarey Shean' project is expected to operate under the default regulation (resolution 62704 - Default Arrangement for Facilities Connected to Ultra-High Voltage), as part of which an SMP tariff (half-hourly system marginal prices) will be paid for the supply of electricity to the grid. Following the Company's winning the tender, with through March 7, 2041, the facility will benefit from a secured tariff of 11.7 agorot per KWh, linked to the CPI (hereinafter - the "**Linked Secured Tariff**"), such that if on certain days the daily average of the SMP tariff will be lower than the Linked Secured Tariff, the facility will be entitled to income supplement amount equal to the difference between the daily average price and the Linked Secured Tariff. After the above period the facility is still expected to operate in accordance with the market mechanism that will be in place at that time.

In accordance with the terms of the Tender, the system operator was provided with a construction guarantee of NIS 24 million. Furthermore, pursuant to the terms of the Tender, the ultra-high voltage facility must be synchronized within 36 months of the Company receiving the Notice of the Win. Any delay in synchronizing will entitle the System Operator to forfeit the construction guarantee, until it is forfeited in full, pro rata to the part that has not been synchronized, at the end of 43 months from the date of the Company's receipt of the Notice of the Win.

G. Information about a material entity accounted for by the equity method

For information about the investment in Doral LLC, see Section C in this note above.
Doral LLC was incorporated and operates in the USA and is the Company has an indirect stake of 41.78% of it.
For information about the Company's rate of voting rights in the different competent organs of Doral LLC, see Note 10.C.4 above.
Doral LLC's financial statements are attached to these financial statements.

Below is condensed financial information about Doral LLC:

	December 31, 2022	December 31, 2021[(1)]
Figures at Doral LLC level (100%)		
Current assets	128,961	165,614
Non-current assets	1,042,863	203,853
Current liabilities	98,676	37,758
Non-current liabilities	608,699	13,122
Net assets	464,449	318,587
Non-controlling interests	(187,685)	(50,287)
Net assets attributable to Doral LLC shareholders	276,764	268,300
Adjustment to the carrying amount of the investment in Doral LLC	41.78%	41.78%
The Company's share of net assets attributable to Doral LLC shareholders	115,632	112,096
Goodwill	-	-
Other excess costs	1,407,810	-
Loans granted to Doral LLC	14,953	8,204
Carrying amount of investment in the associate	1,538,395	120,300

(1) As at December 31, 2021, Doral LLC was consolidated in the Company's financial statements.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

G. Information about a material entity accounted for by the equity method (cont.)

	For the year ended		
	December 31, 2022	**December 31, 2021[1]**	**December 31, 2020**
Revenues	-	-	-
Loss from continuing operations	(78,130)	(9,518)	(8,364)
Total loss for the period attributable to Doral LLC shareholders	(79,587)	(8,915)	(8,364)
The Company's share of Doral LLC's loss [2]	(28,387)[4]	(1,955)	(4,183)
Finance income [3]	16,053	4,456	2,885
Income from consultation fees	1,213	1,163	2,272
Doral LLC's contribution to profit (loss) attributable to the Company's owners	(11,121)	3,664	974
Translation differences attributed to owners recognized in respect of Doral LLC	15,337[4]	(4,926)	277
Total comprehensive income (loss) attributed to owners recognized for the period	4,216	(1,262)	1,251

(1) In 2021, Doral LLC's financial results were consolidated in the Company's financial statements.

(2) The Company's share of Doral LLC's net profit presented after adjustments for deferred taxes and for the Company's share of the principle of transactions with non-controlling interests recorded by Doral LLC (see Note 3.F above).

(3) Including interest on loans and support fees on guarantees provided to Doral LLC (see Note 10.C.3 above).

(4) Excluding the revaluation gain of the investment of NIS 1,412,211 thousand and the negative excess cost translation reserve recognized from the revaluation date until December 31, 2022 of NIS 4,401 thousand.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

H. Aggregate information about the Company's share in entities accounted for by the equity method, each of which is immaterial in and of itself

The Company holds, through its principal consolidated companies, tens of equity-accounted entities. Further to Note 10.G above about Doral LLC being a material associate of the Company, below are aggregate data about the total other investments in equity-accounted investees, which each on their own are not material:

	December 31, 2022	December 31, 2021
Carrying amount of investments	206,673	210,905

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Company's share in profit (loss) for the year	(7,048)	(3,471)	7,396
Company's share in other comprehensive gain (loss) for the year	(5,355)	7,084	4,949
Company's share in total comprehensive income (loss) for the year	(12,403)	3,613	12,345

The Company operates through many dozens of project entities, most of which are equity accounted, under a wide range of regulations, including:

1. Regulation of "generation of electricity using solar energy for a facility with capacity higher than 50 kWh which is connected to the distribution grid", the key point of which is a secured CPI-linked consideration for a period of further 11-13 years, at a revised tariff of NIS 0.54, NIS 1.02, NIS 1.08, NIS 1.48 or NIS 1.56 per generated kWh. In this regulation, the Company's equity-accounted investees have an aggregate installed capacity of 11.635 MWp, at a revised weighted tariff of NIS 0.1303 per KWh.
2. Tariff-based regulation, the key point of which is a secured CPI-linked consideration for a period of 20 years, at a revised tariff of NIS 0.37, NIS 0.47, or NIS 0.53 per generated kWh, or a secured unlinked consideration, for a period of 25 years, at a tariff of NIS 0.45 per generated kWh. In this regulation, the Company's equity-accounted investees have an aggregate installed capacity of 37.53 MWp, at a weighted tariff of NIS 0.454 per KWh.
3. Regulation of "decentralized electricity generation by renewable energy using the "net metering" method (hereinafter - "**Net Meter Arrangement**"), the main point of which is the provision of efficiency services to electricity consumers, in a manner that reduces their dependence on external electricity suppliers and reduces the cost of electricity bills received from them, with project's revenues derived from such savings. Prior to December 31, 2019, the Israeli Electricity Authority announced that all quotas available under the Net Meter Arrangement were allocated. Therefore, the Net Meter Arrangement is not applied to new systems from 2020 onwards. In this regulation, the Company's equity-accounted investees have an aggregate installed capacity of 27.7 MWp.

H. Aggregate information about the Company's share in entities accounted for by the equity method, each of which is immaterial in and of itself (cont.)

4. Tariff-based regulation for electricity generation in a photovoltaic facility and connection to the distribution grid due to winning a tender for setting of a tariff, the key points of which is a secured CPI-linked consideration for a period of 23 years, at a revised tariff of NIS 0.2066 per generated kWh. In this regulation, the Company's equity-accounted investees have an aggregate installed capacity of 15.3 MWp.
5. Regulation of Tender No. 1 for setting of a tariff for electricity generation using photovoltaic technology together with storage capacity, for facilities connected to the distribution grid, the main point of which is a secured CPI-linked consideration for a period of 23 years, at a revised tariff of NIS 0.2042 per generated kWh. In this regulation, the Company's equity-accounted investees have an aggregate installed capacity of 5.5 MWp and a storage capacity of 11.17 MWh.
6. "Tender No. 1 for setting of a tariff for electricity generation using photovoltaic technology in roof-top facilities" and "Tender No. 2 for setting of a tariff for electricity generation using photovoltaic technology in roof-top facilities that will be connected to high and low voltage". The main point of these regulations is a secured CPI-linked consideration of NIS 0.2377 and NIS 0.2348 per each generated kWh, respectively (that was not consumed by the local electricity consumer, who pays for the electricity in accordance with a contractual arrangement) over a period of 25 years. In these regulations, the Company's equity-accounted investees have an aggregate installed capacity of 56.8 MWp, at a weighted tariff of NIS 0.2375 per KWh.
7. Arrangement of a tariff for self-generation by wind energy and supply of excess to the grid, the main point of which is a secured CPI-linked consideration for a period of 25 years, at a revised tariff of NIS 0.95 or NIS 0.101 per generated kWh. In this regulation, the Company's equity-accounted investees have wind turbines with an aggregate installed capacity of 0.4 MW, at a weighted tariff of NIS 0.984 per KWh.

With regard to the systems operated commercially after December 31, 2022 or with ready-to-connect, under construction or pre-construction status, associates operate under the following main regulations:

1. Tariff-based regulation, the key point of which is a secured unlinked consideration for a period of 25 years, at a tariff of NIS 0.45 per generated kWh.
2. The market regulation intended to regulate the activity of generation facilities in the distribution grid, particularly their ability to sell electricity directly to private suppliers. In accordance with the rules of Market Regulation, as from January 1, 2023 electricity generation facilities included in regulations or in other tenders will be given the option to be incorporated in or move to a track whereby they will be able to sell electricity at SMP tariffs (half-hourly system marginal prices) for supplying electricity to the grid, and from January 1, 2024 they will be given the option to sell electricity generated in the Company's facilities directly to the electricity consumer, in lieu of electricity purchased from the system operator.
3. Regulation of Tender Nos. 1 and 2 for setting of a tariff for electricity generation using photovoltaic technology together with storage capacity, for facilities connected to the distribution grid, the main point of which is a secured CPI-linked consideration for a period of 23 years, at revised tariffs of NIS 0.2042 and NIS 0.1787 per generated kWh, respectively.

NOTE 10 – INVESTMENT IN EQUITY-ACCOUNTED INVESTEES (cont.)

H. Aggregate information about the Company's share in entities accounted for by the equity method, each of which is immaterial in and of itself (cont.)

4. Regulation for electricity generation in a photovoltaic facility and connection thereof to the distribution grid following winning of Tender No. 4 for setting a tariff, the main point of which is a secured CPI-linked consideration, for 23 years, at a revised tariff of NIS 0.183 per generated kWh. In this regulation, the Company's equity-accounted investee entities have an aggregate installed capacity of 14.8 MWp.

NOTE 11 – ACTIVITY OF DORAL LLC

Until December 16, 2020, the investment in Doral LLC was treated using the equity method. From that date (see Note 10.C above about the amendment to the agreement with CAG), until the date of loss of control of Doral LLC on November 4, 2022 (see Note 10.C.4 above about the Apollo transaction), Doral LLC's financial statements were consolidated in the Company's financial statements. As from that date, the investment in Doral LLC is accounted for using the equity method. According to the provisions of IFRS 5, Doral LLC's operations are "discontinued operations", and accordingly, its results, as presented in the Company's financial statements for 2020 and 2021, and until deconsolidation, were adjusted retrospectively and presented separately. Due to the importance of Doral LLC to the Group's operating results, and with attention to the fact that the Company still holds Doral LLC and even considers it a reportable segment, Doral LLC's results were presented separately in the statement of income under profit (loss) from the activities of Doral LLC, net of tax. Below are Doral LLC's results as included in the financial statements in 2020 and 2021.

A. Operating results of Doral LLC

	For the period spanning from January 1, 2022 to November 4, 2022	2021	2020(*)
Revenues:			
Revenues from provision of services	-	-	2,272
Total revenue	-	-	2,272
Expenses:			
Projects marketing, advertising and promotion expenses	1,082	585	-
General and administrative expenses	57,692	11,353	-
Total expenses	58,774	11,938	-
Profit (loss) before financing	(58,774)	(11,938)	2,272
Finance income	84,841	10,346	2,885
Finance expenses	(37,544)	(2,907)	-
Finance income (expenses), net	47,297	7,439	2,885
Company's share in Doral LLC's results	-	-	(4,183)
Profit (loss) before taxes on income	(11,477)	(4,499)	974
Expenses (income) from income taxes	(3,360)	2,797	-
Profit due to deconsolidation of Doral LLC, net of tax	1,113,199	-	-
Profit (loss) for the year	1,098,362	(1,702)	974
Other comprehensive income (loss) net of taxes for:			
Foreign currency translation differences in respect of foreign operations	48,342	(12,979)	277
Total other comprehensive income (loss), net of tax	48,342	(12,979)	277
Total comprehensive income (loss) for the year	1,146,704	(14,681)	1,251

* The results for 2020 reflect accounting of Doral LLC using the equity method.

NOTE 11 – ACTIVITY OF DORAL LLC (cont.)

A. Operating results of Doral LLC (cont.)

	For the period spanning from January 1, 2022 to November 4, 2022	2021	2020(*)
Profit (loss) for the year attributed to:			
Company owners	1,113,010	3,664	974
Non-controlling interests	(14,648)	(5,366)	-
	1,098,362	(1,702)	974
Total comprehensive income (loss) for the year attributed to:			
Company owners	1,128,833	(1,262)	1,251
Non-controlling interests	17,871	(13,419)	-
	1,146,704	(14,681)	1,251

* The results for 2020 reflect accounting of Doral LLC using the equity method.

NOTE 11 – ACTIVITY OF DORAL LLC (cont.)

B. Summary of balances as at the deconsolidation date

	As at November 4, 2022
Current assets:	
Cash and cash equivalents	15,338
Deposits	420
Receivables and debit balances	7,357
Financial assets measured at fair value through profit and loss	2,926
	26,041
Non-current assets:	
Deposits	63
Financial assets measured at fair value through profit and loss	39,010
Projects under development	177,545
Property, plant and equipment (mainly project under construction)	585,112
Costs of raising debt not yet received	21,145
Right-of-use assets	1,059
	823,934
Total assets	849,975
Liabilities and equity	
Current liabilities	
Suppliers	73,343
Derivatives	2,295
Liabilities measured at fair value through profit and loss	24,170
Current maturities of lease liabilities	275
	100,083
Non-current liabilities:	
Loans from financial entities and others	292,528
Lease liabilities	911
Financial liabilities measured at fair value through profit and loss	3,159
Site evacuation liabilities	19,457
Deferred taxes	522
	316,577
Total assets, net	433,315
Non-controlling interests	(310,170)
Total net assets derecognized, attributable to the Company's owners	123,145

NOTE 11 – ACTIVITY OF DORAL LLC (cont.)

C. Profit due to deconsolidation of Doral LLC

Further to Note 10.C.4.h about accounting treatment due to deconsolidation of Doral LLC, the fair value of Doral LLC was calculated by an independent external appraiser, who valued Doral LLC at USD 1,041,036 thousand (the Company's share - USD 434,945 thousand).

	As at November 4, 2022
Current assets:	
Fair value of the Company's share of Doral LLC	1,535,356
Doral LLC's net assets attributable to the Company as at the deconsolidation date	(123,145)
Excess fair value of Doral LLC's assets and liabilities (see the allocation below)	1,412,211
Discounted finance costs for Doral LLC's projects under development, net of tax	(15,824)
Profit before tax recognized under the deconsolidation	1,396,387
Deferred tax reserve recognized on the deconsolidation date	(283,188)
Profit recognized due to deconsolidation, net of tax	1,113,199

The appraiser performed economic work to allocate the excess fair value for Doral LLC's assets and liabilities as follows:	
Doral LLC's projects under development	1,655,506
Tax reserve	(347,656)
Goodwill	104,361
	1,412,211

For the purpose of calculating the projects' fair value, their projected cash flows were discounted at an 11.04% discount rate for the equity holders (Ke), which was estimated on the basis of the CAPM model. The projected cash flows from the projects are nominal, and the discount rate reflects a 2.5% inflation discount.

The above discount rate was used to discount the cash flows up to the projects' operation date, and a risk-free interest rate was applied from the commercial operation date to the valuation date. The discount rate was reduced by 1% during each project's power purchase agreement (PPA) term, in light of the lower risk during this period, in which the revenue stream from electricity and green certificate sales is at a feed-in tariff.

The estimated probability that projects under construction and projects in pre-construction will materialize was set at 100%.
The estimated probability that projects under advanced development will materialize was set at 90% to 95%.
The estimated probability that projects under development will materialize was set at 55%.

NOTE 12 – CONSOLIDATED ENTITIES

A. Financial information on non-controlling interests in consolidated entities

Set forth below is condensed financial information on consolidated entities that have material non-controlling interests. The amounts were taken from the Company's consolidated financial statements, before the elimination of inter-company transactions:

	As at December 31, 2022						
	Rate of rights in share capital and voting rights of the non-controlling interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total assets (liabilities) net	Carrying amount of non-controlling interests
Doral Sunlight (2)	26%-50%	12,096	152,894	7,422	146,060	11,508	5,174
Doral Europe (3)	20%	6,702	51,773	6,572	41,038	10,865	2,173
Doral Poland (3)	27%	9,901	87,314	1,243	88,386	7,586	2,044
Doral Green (4)	20%	2,797	80,895	2,775	95,429	(14,512)	(7,295)
Other consolidated entities							181
Total							2,277

NOTE 12 – CONSOLIDATED ENTITIES (cont.)

A. Financial information on non-controlling interests in consolidated entities (cont.)

	For the year ended December 31, 2022								
	Revenues	Profit (loss) for the year	Total comprehensive income (loss) for the year	Profit (loss) for the year attributable to the non-controlling interests	Comprehensive income (loss) for the year attributable to the non-controlling interests	Cash flows used in operating activities	Cash flow used in investing activities	Cash flow from financing activities	Cash flow, net
Doral LLC (1)	-	(14,838)	48,342	(14,650)	17,869	(46,373)	(466,147)	402,137	(110,383)
Doral Sunlight (2)	3,719	4,329	4,329	1,150	1,150	8,281	(4,942)	985	4,324
Doral Europe (3)	-	2,256))	(1,504)	(448)	(292)	(3,010)	(21,219)	25,022	793
Doral Poland (3)	(26)	(1,257)	(957)	(344)	(263)	(298)	(66,484)	67,285	503
Doral Green (4)	2,041	(13,891)	(13,742)	(5,329)	(5,299)	456	(7,903)	7,283	(164)
Other consolidated entities				(647)	(599)				
				(20,268)	12,566				

(1) See also Notes 10.C, 10.H and 11 above. The asset and liability data relate to Doral USA Limited Partnership.

(2) Includes four project corporations held by Doral Sunlight, a limited partnership wholly-owned by the Company; Doral Sunlight holds - both directly and indirectly - rights in special purpose project corporations at the rate of 50%-74%. See also Note 9 above and the holdings appendix below.

(3) For information, see Notes 8.B, 8.C and 8.D above.

(4) The negative non-controlling interests are mainly attributed to a joint investor corporation, in a company engaged in technological development for the treatment of various types of organic waste and its conversion to a high-quality fertilizer, which is held by Doral Environmental Infrastructure and by the Company.

NOTE 12 – CONSOLIDATED ENTITIES (cont.)

A. Financial information on non-controlling interests in consolidated entities (cont.)

	As at December 31, 2021						
	Rate of rights in share capital and voting rights of the non-controlling interest	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Total assets (liabilities) net	Carrying amount of non-controlling interests
Doral LLC (1)	58%	213,006	158,457	38,140	25,461	307,862	206,492
Doral Sunlight (2)	26%-50%	19,619	148,270	23,994	134,006	9,889	4,024
Doral Poland (3)	27%	3,735	13,020	127	8,084	8,544	2,307
Doral Green (4)	20%	1,388	26,960	12,223	20,645	(4,520)	(1,996)
Other consolidated entities							2,301
Total							213,128

NOTE 12 – CONSOLIDATED ENTITIES (cont.)

A. Financial information on non-controlling interests in consolidated entities (cont.)

	For the year ended December 31, 2021								
	Revenues	Profit (loss) for the year	Total comprehensive income (loss) for the year	Profit (loss) for the year attributable to the non-controlling interests	Comprehensive income (loss) for the year attributable to the non-controlling interests	Cash flows used in operating activities	Cash flow used in investing activities	Cash flow from financing activities	Cash flow, net
Doral LLC (1)	-	(7,265)	(20,112)	(5,416)	(13,358)	(17,510)	(185,313)	309,566	106,743
Doral Sunlight (2)	100,802	5,580	5,580	1,683	1,683	(29)	(59,537)	48,477	(11,089)
Doral Poland (3)	-	(635)	(777)	(21)	(72)	(98)	(12,777)	15,612	2,737
Doral Green (4)	794	(2,814)	(2,814)	(2,311)	(2,311)	354	(3,842)	4,212	724
Other consolidated entities				(326)	(446)				
Total				(6,391)	(14,504)				

(1) The asset and liability data relate to Doral USA Limited Partnership.

(2) Includes four project corporations held by Doral Sunlight, a limited partnership wholly-owned by the Company; Doral Sunlight holds - both directly and indirectly - rights in special purpose project corporations at the rate of 50%-74%. See also Note 9 above and the holdings appendix below.

(3) For details, see Note 8.D above.

(4) The negative non-controlling interests are mainly attributed to a joint investor corporation, in a company engaged in technological development for the treatment of various types of organic waste and its conversion to a high-quality fertilizer, which is held by Doral Environmental Infrastructure and by the Company.

NOTE 12 – CONSOLIDATED ENTITIES (cont.)

A. Financial information on non-controlling interests in consolidated entities (cont.)

	For the year ended December 31, 2020								
	Revenues	**Annual profit**	**Total comprehensive income for the year**	**Income for the year attributable to the non-controlling interests**	**Comprehensive income for the year attributable to the non-controlling interests**	**Cash flows from operating activities**	**Cash flow used in investing activities**	**Cash flow from financing activities**	**Cash flow, net**
Project entity	15,782	2,672	2,672	1,336	1,336	-	(23,549)	26,342	2,793
Other consolidated entities				933	1,088				
Total				2,269	2,424				

B. Restrictions on the transfer of resources between Group entities

Current payments, shareholders' loans repayments and distributions of profits to holders of rights in the Group's various project corporations, that received loans that have not yet been fully repaid from banks and institutional entities, are partially subject to various financial covenants and restrictions, as is generally accepted in project financing agreements. For more information, see Note 17 below.

NOTE 13 – ADDITIONAL SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

A. Financing of photovoltaic projects combined with electricity storage capacity

Further to Note 8(A) above about the Company's winning quotas for the construction of photovoltaic facilities combined with storage facilities under tenders of the Israeli Electricity Authority, on August 10, 2022, the Company entered into a Memorandum of Understanding with Mizrahi Tefahot Bank Ltd. (hereinafter - the "**Bank**"), for the financing of a senior debt for a cluster of projects of this type, through a consortium of lenders that will be led by the Bank (hereinafter - the "**Memorandum of Understanding**"), all subject, among other things, to the parties' signing a binding agreement.

In accordance with the Memorandum of Understanding, in addition to the financing of the senior debt, additional facilities will be extended, which include, among other things, a revolving bridge loan for the financing of projects in the immediate term, even prior to the financial closing; bridge loans for the provision of equity; a guarantees facility; and other facilities generally accepted in financing of this type, all in accordance with the principles agreed, and the terms that will be agreed between the parties and the other lenders, as set out in the binding agreement, to the extent that such an agreement is signed.

On November 14, 2022, a corporation wholly-owned by the Company entered into a NIS 200 million revolving bridging credit facility master agreement for the financing of projects in the immediate term, prior to the financial closing (hereinafter - the "**Corporation**" and the "**Credit Facility**", respectively). The corporation shall extend the funds as loans to the different project corporations.

The Credit Facility shall be utilized, among other things, to repay to the Company up to 85% of the costs that the Company has borne in respect of projects under construction, and projects that will be built under Tender 1 and Tender 2 of the Israeli Electricity Authority, further payment of costs to third parties as stated above, and the provision of bank guarantees and letters of credit to suppliers where required. The finance costs arising from the Credit Facility constitute part of the construction budgets of the financed projects.

The Credit Facility is a revolving credit facility; that is to say - the corporation will be able to borrow funds for a period of up to one year; as soon as any amount is repaid (including by way of extending this amount again to the project as a senior debt) the Credit Facility amount will increase accordingly, such that it will also be possible to redraw amounts that were repaid, provided that the outstanding balance of loans that were withdrawn under the facility shall not exceed NIS 200 million. Subsequent to the statement of financial position date, the Credit Facility was increased to a total of NIS 300 million (see also Note 33.B below).

It should be clarified that the parties have not yet signed a binding agreement, and that the final terms of the transaction will be set in a binding agreement, to the extent that such an agreement is signed. The signing of a binding agreement is conditional on the receipt of all required approvals, including approvals of the relevant organs of the parties and of the additional lenders, and regulatory approvals as required, as well as on the completion of a due diligence work that will satisfy the Bank and the lenders.

The Company estimates, as at the report approval date, that the financing agreement is expected to be signed in the coming weeks. The agreement is expected to be a financing solution for all projects intended to sell electricity produced by them at the secured winning tariffs in the tenders, whereas for projects intended to be incorporated in the market regulation - a separate agreement will be formulated and signed (see also Notes 8(A) above and 13.B below).

NOTE 13 – ADDITIONAL SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

B. Supply of electricity

On January 11, 2022, the Company received notice from the Israeli Electricity Authority regarding the approval of its application for a power supply license, which came into force on January 5, 2022. As part of the Company's operations as an 'electricity supplier', the Company, through investees, enters into direct engagements with business, household and other consumers, and supplies electricity to them in accordance with the provisions of the regulation as from June 1, 2022. The regulation was published as part of a gradual process of transition to a decentralized, competitive and efficient electricity market in Israel, while reducing the regulatory burden and emphasizing a significant integration of renewable energies.

On August 30, 2022, the Israeli Electricity Authority reached a resolution on the regulation of the activity of electricity generation and storage facilities connected to or integrated into the distribution grid, and specifically their ability to sell electricity to private suppliers (hereinafter - the "**Market Regulation**"). As from January 1, 2023, electricity generation facilities included in regulations or in other tenders will be given the option to move to the Market Regulation, that will include the sale of electricity at SMP tariffs (half-hourly system marginal prices) for supplying electricity to the grid. As from January 1, 2024, it will be possible to sell electricity from a generation facility to a private supplier.

In view of the above, as from 2023 the Company is expected to integrate photovoltaic facilities into the Market Regulation, and as from 2024 the Company is expected to allocate "green" and "clean" electricity that it will generate in its facility to end customers, through the electricity supply license.

C. Approval for construction of 17 pilot agrivoltaic facilities

In November 2020, the Company's Board of Directors approved the expansion of its photovoltaic activity, such that it will promote ventures in which electricity is generated using solar systems placed above agricultural crops. On January 11, 2022, the Company received notification from the Joint Committee of the Ministry of Energy and the Ministry of Agriculture, regarding approval of its application to submit preliminary plans for 17 pilot dual-use renewable energy installations in agricultural areas (agrivoltaic) with an aggregate capacity of approx. 17 MW (hereinafter - the "**Facilities**" and the "**Procedure**").

The Facilities to be built as part of the Procedure will allow the dual use of agricultural land, by combining electricity generation in solar systems above yielding agricultural crops, while maintaining the level of crops in those areas alongside green energy generation.

According to the terms of the regulation set by the Israeli Electricity Authority for the Procedure (hereinafter - the "**Regulation**"), the feed-in tariff for the Facilities is 20.91 ag/KWh, linked to the CPI of October 2021 (hereinafter - the "**Tariff**"). The tariff is guaranteed from the commercial operation date of each facility that will be established under the Procedure and for a period of 23 years (hereinafter - the "**Tariff Period**"). After the Tariff Period, the arrangements that will be in place at the time and which will be determined by the Israeli Electricity Authority will apply to the Facilities. It is possible that the Company will combine some of the Facilities in additional regulations that it has won and/or other regulations of the Israeli Electricity Authority, in which there may be other tariffs, including market regulation.

NOTE 13 – ADDITIONAL SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

C. Approval for construction of 17 pilot agrivoltaic facilities (cont.)

In addition, the Company is preparing for the construction of an agrivoltaic facility with a capacity of approx. 10 MW (AC) in the area of Kibbutz Maale Gilboa, since the project was recognized as a pilot facility by the Office of the Chief Scientist in the Ministry of Energy, received a feed-in-tariff by the Israeli Electricity Authority and approval of the first statutory plan of its kind in Israel for the construction of an agrivoltaic facility. In the lead-up to the start of construction work, the first plantings of the agricultural crops in three projects were completed, and the construction work in the Maale Gilboa project commenced.

D. Agreement with The Phoenix and Ampa for a collaboration in the field of energy storage and battery charging for electric vehicles

Subsequent to the signing of a Memorandum of Understanding in February 2022, on June 23, 2022, the Company and companies controlled by The Phoenix Holdings Ltd. (hereinafter - "**The Phoenix**"), and Ampa Partnerships Limited Partnership (hereinafter - "**Ampa**") signed an agreement in connection with a collaboration for the initiation, development, construction and operation or sale of energy storage facilities and/or charging stations for electric vehicles, provided that these facilities serve for consuming electricity in the site in which they are located (that is to say, the consumer's site), all in the areas of the State of Israel, including such facilities that will be located in residential buildings, car parks, hospitals, office buildings, commercial centers, and industrial and tourist centers (hereinafter - the "**Transaction**" and the "**Joint Operation**").

The parties established a company for the Joint Operation (hereinafter - the "**Joint Company**"), and the proportionate share of each of the parties in the initial investment will be according to their holding rates in the Joint Company: the Company (50%), The Phoenix (25%) and Ampa (25%).

So long as the Company owns shares in the Joint Company, whenever the joint company will offer its end customers a transaction or an engagement combining electricity supply in parallel with the activity of the storage facilities and the charging stations to be built in the consumer's premises, the Company will be given a right of first refusal in the sale of the electricity as stated above, as well as in connection with the construction and operation of electricity generation facilities using renewable energy at the joint Company's sites.

So long as Ampa and The Phoenix hold at least 20% of the Company's shares (separately), the Joint Company will be given a right of first refusal in connection with transactions pertaining to the Joint Operation in sites they wholly-own, provided that there is no regulatory impediment for this.

During the period in which The Phoenix will hold at least 10% of the joint company's shares, it will have the first right of refusal for the provision of external financing to the joint company, in accordance with the terms set out in the agreement. The transaction includes other generally accepted terms, including how the Joint Company is managed, the financing of the Joint Operation, mutual restrictions on competition in the area of activity (only in relation to Doral and Ampa), sale of holdings and transfer of rights, commitment to confidentiality, etc.

The Joint Operation will not include: (a) any activity of the parties that will take place in Israel's rural areas (that is to say, kibbutzim, villages and moshavim); (b) initiation, development, construction and activation of energy storage facilities and/or charging stations for vehicles' batteries (private and buses), located in the premises of fueling stations or dedicated charging (in a format of fueling stations) for the use of the general public; (c) initiation, development, construction, operation or sale of electricity storage facilities integrated into generation and storage facilities connected to high voltage or ultra-high voltage, including systematic storage; and (d) generation, sale and supply of electricity.

NOTE 13 – ADDITIONAL SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

E. Purchase of a biogas facility

On December 7, 2021, Doral Environmental Infrastructures entered into an agreement for the purchase of a project corporation ("**Global**"), which has a 100% interest in a power plant for the generation of electricity from biogas with installed capacity of 2 MW at the premises of Hadera Paper (the "**Power Plant**"), and for the purchase of capital notes and shareholders'' loans extended to Global (the "**Sold Assets**"), all in accordance with the terms set in the agreement (the "**Agreement**"). The transaction was closed in January 2022.

Global has an electricity generation license and a right to sell that electricity to the Israel Electric Corporation for a period of 20 years starting on February 14, 2016, at a secured CPI-linked tariff. The power plant combines the paper recycling industry with green energy generation, by using the gas produced from the waste of the paper production process for electricity generation.

According to the agreement, in return for the sold assets, Doral Environmental Infrastructures will pay a total of NIS 40 million, as follows: 80% of the consideration on the transaction closure date against receipt of the sold assets; 10% of the consideration within 12 months of the transaction closure date, subject to milestones relating to repairs in the power plant; and 10% of the consideration subject to the completion of the construction of a gas storage facility, and 12 months continuous proper operation of the gas storage facility.

The second and third installment shall be paid to the sellers, if paid, over an eight-year period starting on the date of compliance with the milestones relevant to that payment, and provided that on payment date no changes will take place in the tariff of electricity sold from the power plant (if any), all in accordance with the mechanism set in the agreement.

The acquisition was accounted for as an acquisition of assets at the cost of NIS 35 million; as part of the acquisition, property, plant & equipment assets totaling NIS 12,903 thousand were recognized, and so was a NIS 21,889 thousand concession, and an undertaking for a future deferred payment of NIS 3,210 thousand.

NOTE 14 – PROPERTY, PLANT & EQUIPMENT

A. Composition of and change during the year

	2022				
	Revaluation model	Amortized cost			
	Photovoltaic systems (*)	Systems under construction	Biogas facilities	Computers, equipment, furniture and others	Total
Cost					
Balance as at January 1	25,928	1,303	15,571	1,255	44,057
Additions	128	531,040	1,740	745	533,653
First-time consolidation (1)	-	-	18,361	16	18,377
Changes in exchange rates	-	36,235	-	20	36,255
Update as a result of revaluation (2)	(3,085)	-	-	-	(3,085)
Transfer from projects under development	-	112,131	-	-	112,131
Derecognitions	(1,232)	-	-	(194)	(1,426)
Transfer to active systems	700	(700)	-	-	-
Deconsolidation of Doral LLC (3)	-	(600,436)	-	(222)	(600,658)
Balance as of December 31	22,439	79,573	35,672	1,620	139,304
Accumulated depreciation					
Balance as at January 1	-	-	115	400	515
Depreciation	1,831	-	1,619	342	3,792
Impairment loss	861	-	-	-	861
Changes in exchange rates	-	-	-	4	4
First-time consolidation (1)	-	-	5,459	15	5,474
Change in accumulated depreciation in respect of revaluation	(2,692)	-	-	-	(2,692)
Deconsolidation of Doral LLC (3)	-	-	-	(53)	(53)
Derecognitions	-	-	-	(23)	(23)
Balance as of December 31	-	-	7,193	685	7,878
Depreciated cost as of December 31	22,439	79,573	28,479	935	131,426
Depreciation rate for the year (%)	4-9	-	4-5	7-33	

(*) Most of the systems operate under the tariff-based regulation, the key point of which is a secured CPI-linked consideration, for another 6-9 years, at a revised tariff of NIS 0.95, NIS 1.64, NIS 2.26, or NIS 2.42 per generated kWh. In addition to these systems, the Group also holds many other photovoltaic systems through equity-accounted entities.

(1) See Note 13.E above.

(2) See Section D to this note below.

(3) See Note 10.C.4. above.

NOTE 14 – PROPERTY, PLANT & EQUIPMENT (cont.)

B. Composition and change during the year

	2021				
	Revaluation model	Amortized cost			
	Photovoltaic systems	Systems under construction	Biogas facility	Computers, equipment and furniture	Total
Cost					
Balance as at January 1	33,916	173	-	606	34,695
Additions	248	1,130	-	679	2,057
First-time consolidation	-	-	15,571	5	15,576
Derecognitions and changes in exchange rates	-	-	-	(35)	(35)
Update as a result of revaluation	(8,236)	-	-	-	(8,236)
Balance as of December 31	25,928	1,303	15,571	1,255	44,057
Accumulated depreciation					
Balance as at January 1	-	-	-	188	188
Depreciation	2,236	-	-	232	2,468
Impairment loss	4,041	-	-	-	4,041
Derecognitions and changes in exchange rates	-	-	-	(21)	(21)
First-time consolidation (1)	-	-	115	1	116
Change in accumulated depreciation in respect of revaluation	(6,277)	-	-	-	(6,277)
Balance as of December 31	-	-	115	400	515
Depreciated cost as of December 31	25,928	1,303	15,456	855	43,542
Depreciation rate for the year (%)	7	-	4	7-33	

C. Additional details

The depreciation method used by the Company to depreciate the property, plant and equipment is the straight-line method.

Most of the Group's photovoltaic systems are pledged against loans extended to the different project corporations.

D. Revaluation model classified to Level 3

The photovoltaic systems included in the property, plant and equipment line item are presented at a revalued amount, which is the fair value as estimated on December 31, 2022 and December 31, 2021, totaling NIS 22,439 thousand and NIS 25,928 thousand, respectively.

Valuation techniques and data used in fair value measurements

The fair value of the photovoltaic systems is measured by an external independent appraiser, based on the discounted cash flow method. The real and nominal discount rates used by the appraiser were 5.7% and 7.8%, respectively (4.6% and 6%, respectively as at December 31, 2021).

NOTE 14 – PROPERTY, PLANT & EQUIPMENT (cont.)

D. Revaluation model classified to Level 3 (cont.)

The cash flows used by the appraiser were based on the projected revenues and expenses in accordance with the relevant regulations applicable to the different systems. The impairment as at December 31, 2022 is mainly due to an increase in the discount rate of cash flow from projects.

The carrying amount that would have been recognized for the groups of photovoltaic systems had the assets been presented based on the cost model

	December 31, 2022			December 31, 2021		
	Cost	Accumulated depreciation	Total	Cost	Accumulated depreciation	Total
Photovoltaic systems	33,888	12,831	21,057	33,781	9,883	23,898

E. For information about the acquisition of all interests in Global, a project corporation that holds all interests in a biogas power plant with 2 megawatt installed capacity, see Note 13.E above.

NOTE 15 – LEASES - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

A. Right-of-use assets

	2022			
	Land plots for projects	Buildings	Vehicles	Total
Cost				
Balance as at January 1	3,422	6,706	1,627	11,755
Additions in respect of new agreements, changes in agreements and revaluation	13,135	183	2,035	15,353
Acquisitions by way of business combinations	6,719	-	-	6,719
Derecognitions for terminated agreements	-	-	(460)	(460)
Derecognitions as a result of deconsolidation	-	(1,296)	-	(1,296)
Effect of changes in exchange rates	452	158	-	610
Balance as of December 31	23,728	5,751	3,202	32,681
Amortization				
Balance as at January 1	-	1,586	691	2,277
Depreciation for the year	843	991	870	2,704
Derecognitions for terminated agreements	-	-	(460)	(460)
Acquisitions by way of business combinations	1,133	-	-	1,133
Derecognitions as a result of deconsolidation	-	(237)	-	(237)
Effect of changes in exchange rates	9	17	-	26
Balance as of December 31	1,985	2,357	1,101	5,443
Received as of December 31, 2022	21,743	3,394	2,101	27,238

	2021			
	Land plots for projects	Buildings	Vehicles	Total
Cost				
Balance as at January 1	-	4,536	1,129	5,665
Additions in respect of new agreements, changes in agreements and revaluation	3,422	2,170	863	6,455
Derecognitions for terminated agreements	-	-	(365)	(365)
Balance as of December 31	3,422	6,706	1,627	11,755
Amortization				
Balance as at January 1	-	1,027	508	1,535
Additions in respect of new agreements, changes in agreements and revaluation	-	559	548	1,107
Derecognitions for terminated agreements	-	-	(365)	(365)
Balance as of December 31	-	1,586	691	2,277
Received as of December 31, 2022	3,422	5,120	936	9,478

NOTE 15 – LEASES - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont.)

B. Lease liabilities

	2022			
	Land plots for projects	Buildings	Vehicles	Total
Balance as at January 1, 2022	3,422	5,412	722	9,556
Additions in respect of new agreements, changes in agreements and revaluation	13,135	183	1,878	15,196
Acquisitions by way of business combinations	5,910	-	-	5,910
Finance expenses for lease liabilities	675	107	3	785
Lease payments	(1,233)	(1,043)	(725)	(3,001)
Derecognitions as a result of deconsolidation	-	(1,186)	-	(1,186)
Effect of changes in exchange rates	421	148	-	569
Balance as at December 31, 2022	22,330	3,621	1,878	27,829
Current maturities of lease liabilities	835	886	884	2,605
Long-term lease liabilities	21,495	2,735	994	25,224
Total balance as at December 31, 2022	22,330	3,621	1,878	27,829

	2021			
	Land plots for projects	Buildings	Vehicles	Total
Balance as at January 1, 2021	-	3,701	441	4,142
Additions in respect of new agreements, changes in agreements and revaluation	3,422	2,213	685	6,320
Finance expenses for lease liabilities	-	153	-	153
Lease payments	-	(613)	(404)	(1,017)
Effect of changes in exchange rates	-	(42)	-	(42)
Balance as at December 31, 2021	3,422	5,412	722	9,556
Current maturities of lease liabilities	33	984	393	1,410
Long-term lease liabilities	3,389	4,428	329	8,146
Total balance as at December 31, 2021	3,422	5,412	722	9,556

NOTE 16 – INTANGIBLE ASSETS

	2021			
	Goodwill (a)	Technology and Development in process (b)	Concession (c)	Total
Cost				
Balance as at January 1, 2021	9,405	-	-	9,405
Acquisition by way of a business combination	-	2,706	-	2,706
Balance as at December 31, 2021	9,405	2,706	-	12,111
Acquisition by way of a business combination	-	-	21,889	21,889
Additions during the year	-	4,571	-	4,571
Balance as at December 31, 2022	9,405	7,277	21,889	38,571
Amortization				
Balance as at January 1, 2022	-	-	-	-
Depreciation for the year	-	-	1,451	1,451
Balance as at end of the period	-	-	1,451	1,451
Carrying amount as of December 31, 2021	9,405	2,706	-	12,111
As at December 31, 2022	9,405	7,277	20,438	37,120

A. Goodwill impairment testing in 2022

Following the acquisition of 100% of the issued capital of Solarit Doral Ltd., and as part of the allocation of the purchase price to its net identifiable assets as at the acquisition date, goodwill totaling NIS 9,405 thousand was recognized, which was attributed to the photovoltaic segment in Israel. The Company conducted annual testing of goodwill impairment as of December 31, 2022, and reached the conclusion that no impairment has occurred.

B. On April 26, 2021, two entities controlled by the Company purchased 75% (indirectly, the Company's effective holding rate is 73.5%) of the issued and paid-up share capital of Zohar Clean Tech Ltd. (hereinafter - "Zohar"), for a consideration of USD 1.5 million.

Zohar is engaged in the development of modern environmental solutions for treating solid municipal waste; it develops a safe waste facility that converts waste transported to landfills into gas from which energy can be generated, as well as slag - that can be used in various infrastructures, including road construction.

As part of the purchase price allocation carried out on the date of first-time consolidation of Zohar, the Company recognized an in-process R&D asset of NIS 2,706 thousand, and in the reporting period, it invested another NIS 4,571 thousand that was recognized as an R&D asset.

C. See Note 13.E above.

NOTE 17 – PAYABLES AND CREDIT BALANCES

	December 31, 2022	December 31, 2021
Accrued expenses	15,003	21,428
Employees	2,265	2,342
Associates and partners in associates	769	327
Institutions	2,224	1,095
Liability for the transfer of projects	-	23,319
Other advance payments	917	-
Total	21,178	48,511

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST

A. Non-current liabilities

1. **Debentures**

	Effective interest rate	December 31, 2022	December 31, 2021
Debentures	1.7%	587,652	557,542
Less current maturities		(88,486)	-
		499,166	557,542

The debentures are linked to the index (that will not be lower than the base index) and bear annual interest of 1.58%. The principal of the debentures shall be repaid in six unequal installments on June 30 of each of the years 2023-2028, such that the first principal payment shall constitute 15% of the total principal amount, the second and third payments shall constitute 12.5% of the principal amount (each), the fourth and fifth payments shall constitute 10% of the principal amount (each) and the sixth payment shall constitute 40% of the principal amount. The interest is paid every six months on June 30 and December 31, until June 30, 2028.

Restrictions, financial covenants and grounds for immediate repayment

Pursuant to the provisions of the deed of trust, the Company has undertaken to comply with the financial covenants listed below until the repayment in full of the debentures; (failure to do so will trigger a call for immediate repayment of the debentures):

1. The consolidated equity (including non-controlling interests) shall not be lower than NIS 250 million over two consecutive quarters.
2. The ratio between the Company's equity as per its separate financial statements plus loans and capital notes which are subordinated to the debentures and are repayable after the payment in full of the debentures (hereinafter - "**Separate Equity**"), and total Company's assets as per its separate financial statements, net of cash and cash equivalents, deposits, marketable securities, money market funds and marketable collateral, to the extent that they are not restricted (except for a restriction for the purpose of securing any financial debt other than non-recourse loans) (hereinafter - the "**Net Separate Balance Sheet**") shall not be less than 30% over two consecutive quarters.

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST (cont.)

A. Non-current liabilities (cont.)

1. Debentures (cont.)

Restrictions, financial covenants and grounds for immediate repayment (cont.)

3. The ratio between the "net consolidated financial debt" and the "adjusted consolidated EBITDA" (as these terms are defined in the deed of trust) shall not exceed 15 over two consecutive quarters, starting with the Company's financial statements as of December 31, 2023 and thereafter.

   As at December 31, 2022, the Company is in compliance with the financial covenants detailed above.

Grounds for additional interest

Where one or more of the following events occurred:

A. The consolidated equity (including non-controlling interests) has decreased below NIS 275 million;
B. The ratio between the Separate Equity and the Net Separate Balance Sheet decreased below 32%;
C. As from the financial statements as of December 31, 2023 - the ratio between the net consolidated financial debt and the adjusted consolidated EBITDA exceeded 14;

then based interest rate at the rate stated below shall be added to the base interest or the interest payable on the outstanding principal of debentures at that time, as applicable: if one of the above events occurs, additional annual interest of 0.25%; if two of the above events occurs, additional annual interest of 0.75%; and if three of the above events occurs, additional annual interest of 1%. Under no circumstances will the additional interest as per this section exceed 1%.

Limitations on a "distribution"

The Company has undertaken not to make a distribution (as this term is defined in the Companies Law); this includes an undertaking to the effect that the Company shall only declare, pay or distribute any dividend if all of the following conditions are met (both before and after the distribution amount is deducted):

1. The consolidated equity (including non-controlling interests) shall not be lower than NIS 300 million;
2. The ratio between the Separate Equity and the Net Separate Balance Sheet shall not be lower than 34%;
3. With regard to distributions made as from the financial statements as of December 31, 2023 - the ratio between the net consolidated financial debt and the adjusted consolidated EBITDA shall not exceed 13;
4. The Company does not breach any of the material undertakings as per the deed of trust and the terms of the debentures;
5. There are no grounds for calling for the immediate repayment of the debentures in accordance with the provisions of the deed of trust (without taking into account remediation periods).

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST (cont.)

A. Non-current liabilities (cont.)

1. **Debentures (cont.)**

Calling for immediate repayment

The immediate repayment of the debentures shall be called for when standard grounds are fulfilled, including, among other things, failure to repay, or failure to fulfill a material undertaking as per the deed of trust; default events (stay of proceedings, arrangement under Section 350, liquidation, foreclosure and exercise of a pledge on most or all of the Company's assets, receivership, etc.); various steps against the Company by the Execution Office (subject to remediation periods set in the deed of trust), merger (subject to exceptions); failure to publish financial statements within 30 days from the last day on which the Company is required to do so; if there is a real concern that the Company will not meet its material undertakings to debenture holders; fundamental breach of the terms of the debentures; distribution in breach of the restrictions set in the deed of trust; the delisting of the debentures or the suspension of trade thereof by the Stock Exchange under the terms listed in the deed of trust; if the Company stops its engagement and/or management of its businesses, as they may be from time to time, or if it will intend to do so; etc.

2. **Loans from financial institutions and other**

	December 31, 2022	December 31, 2021
Loans to a sub-corporation from an institutional entity (a)	122,867	120,800
Loans to project corporations from institutional entities (b)	111,859	103,551
Loan from a banking corporation to a biogas project corporation	12,999	-
Loan from a banking corporation to a project corporation	2,549	-
Shareholders loans to joint project corporations (c)	5,845	5,317
Shareholders' loans to a joint corporation of investors (d)	7,258	6,797
Shareholders loan to Doral LLC from a shareholder (e)	-	3,931
Shareholders' loans to consolidated entities (f)	26,080	4,549
	289,457	244,945
Less current maturities (A)	(8,856)	(6,940)
	280,601	238,005

(A) CPI-linked loans at fixed interest rates of 4.32% to 4.67%. See below in Section C - Key financing arrangements of Doral Financing Ltd.

(B) The loans were provided to consolidated entities to finance construction expenses and related expenses in connection with the photovoltaic systems described in Note 9 above. See also below in Section C.

(C) Most of the loans were extended to the consolidated entities listed in Section (b) above, as a shareholders' loan, by the Company's partners in these projects, concurrently with NIS 17.8 million in shareholders' loans extended by the Company.

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST (cont.)

A. Non-current liabilities (cont.)

2. **Loans from financial institutions and other**

(D) The loans were provided to a joint investor corporation, in a company engaged in technological development for the treatment of various types of organic waste and its conversion to a high-quality fertilizer. This is concurrent with a NIS 3.2 million loan provided by the Company. The amounts include:

	December 31, 2022	December 31, 2021
Loans from external sources	3,580	3,403
Loans from the Company's controlling shareholder	3,678	3,394
	7,258	6,797

(E) The loans are USD-denominated and provided to Doral LLC by Migdal (see Note 10.C.1 above).

(F) Joint loans in consolidated entities, mainly in Poland (NIS 22,096 thousand). See Note 8.D above.

B. Current liabilities

	December 31, 2022	December 31, 2021
Bank loans (see Note 13.A above)	137,215	14,692
Current maturities of debentures	88,486	-
Current maturities of long-term loans from financial institutions and others	8,856	-
	234,557	14,692

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST (cont.)

C. Key financing arrangements in consolidated entities

Borrower	Doral Financing Ltd.	
Company's holding in borrower	100%	
Lenders	The Phoenix Insurance Company Ltd. Partnership - non-marketable credit - The Phoenix Amitim	
Purposes of the loan	Funding part of the purchase amount of 100% of Solarit's shares and all management rights therein.	Initiation and construction of projects, purchasing Independence's remaining shares (20%), and repayment of subordinated loans it took.
Loan provision date	September 2019	December 2019
Balance as at December 31, 2022	NIS 47,821 thousand	NIS 75,046 thousand
Balance as at December 31, 2021	NIS 49,076 thousand	NIS 72,628 thousand
Amortization schedule	Semi-annual repayments, structured based on Solarit's future cash flows. Furthermore, through December 31, 2023 - full cash sweep at the discretion of the lenders. Subsequently - up to 50% cash sweep at the discretion of the lenders.	Through December 31, 2021 - semi-annual payments of full cash sweep at the discretion of the lenders. As from June 30, 2022 - semi-annual repayments, determined based on Independence's future cash flows. Furthermore, up to 50% cash sweep in respect of the amount above a 1.2 coverage ratio, at the discretion of the lenders.
Remaining life of the loan	10.5 years	21 years
Financial covenants	DSCR[(1)] and LLCR[(2)] based on Solarit and Independence together shall not be less than 1.07. LLCR based on Solarit shall not be less than 1. Non-compliance with this financial covenants may result in calling the loan for early repayment and realizing the collateral. Increase in interest due to DSCR lower than 1.12 over a number of periods, so long as the DSCR did not increase back to 1.15, full cash sweep below DSCR of 1.1 at the discretion of the lenders. As of the report date, the borrower complies with the required financial covenants.	DSCR and LLCR based on Solarit and Independence together shall not be less than 1.07. LLCR based on Independence shall not be less than 1. Non-compliance with this financial covenants may result in calling the loan for early repayment and realizing the collateral. Increase in interest due to DSCR lower than 1.12 over a number of periods, so long as the DSCR did not increase back to 1.15, full cash sweep below DSCR of 1.15 at the discretion of the lenders. As of the report date, the borrower complies with the required financial covenants.
Key collateral	Reserve at an amount equal to debt service over 6 months; pledging all of the borrower's assets, Solarit and Independence; pledging of the Company's holdings and rights in the borrower, Solarit and Independence.	
Right of recourse	To the borrower, Solarit and Independence. Right of recourse to the Company may be possible only in respect of a breach of direct warranties and representations made on its behalf, subject to special protection mechanisms.	
Additional information	See Note 17.A.2.A.	See Note 17.A.2.A.

(1) DSCR - debt service ratio. Generally, debt service ratio reflects the ratio between the free cash flow for the debt service and the debt service in a certain period. "Free cash flow for debt service" is the total revenues (operating or other current) received in the relevant corporation in a particular period, less the operating, maintenance and general expenses of that corporation in that period. "Debt service" is the cumulative amount of principal payments, interest, etc. financing expenses in a particular period.

(2) LLCR - the ratio between the cumulative present value of the cash flows that are expected to be free for debt service until final repayment date, and the outstanding balance of the loan, which is relevant as of calculation date.

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST (cont.)

C. Key financing arrangements in consolidated entities (cont.)

Borrower	Project entity 1	Project entity 2	Project entity 3	Project entity 4
Company's holding in borrower	50%	67%	65%	74%
Lenders	Mivtachim Social Insurance Institution for the Employees Ltd., and Keren Makefet Pension and Provident Center Cooperative Society Ltd. managed by Amitim Senior Pension Funds			The Phoenix Insurance Company Ltd. and the Phoenix Amitim - non-marketable credit
Purpose of the loans	Funding the construction of solar fields for generation of electricity using photovoltaic technology, as part of tender no. 3 for ground-mounted facilities that were connected to the distribution grid.			Financing of the construction of a solar field for generation of electricity using photovoltaic technology that will be connected to the distribution grid as part of regulation for ground-mounted facilities that are not included in the tenders' quotas.
Loan provision dates	December 2020, March 2021 and October 2021	November 2020, March 2021 and October 2021	November 2020, March 2021 and October 2021	December 2021 and September 2022
Balance as at December 31, 2022	37,159	20,403	19,572	34,725
Balance as at December 31, 2021	37,130	20,609	19,788	27,652
Amortization schedule	Structured, quarterly payments	Structured, quarterly payments	Structured, quarterly payments	Structured, quarterly payments
Remaining life of the loan	21.5 years	21.5 years	21.5 years	22 years
Financial covenants	DSCR (historical and projected) and LLCR shall not be lower than 1.05. Non-compliance with this financial covenants may result in calling the loan for early repayment and realizing the collateral. DSCR lower than 1.1: Support to the borrower out of Company's cash flows from all other projects. Minimum DSCR for distribution: 1.16. Minimum credit rating: +BBB. As of the report date, the borrower complies with the required financial covenants.	DSCR (historic and expected) and LLCR will not fall below 1.05. Non-compliance with this financial covenants may result in calling the loan for early repayment and realizing the collateral. DSCR lower than 1.1: Support to the borrower out of Company's cash flows from all other projects. Minimum DSCR for distribution: 1.16. Minimum credit rating: +BBB. As of the report date, the borrower complies with the required financial covenants.	DSCR (historic and expected) and LLCR will not fall below 1.05. Non-compliance with this financial covenants may result in calling the loan for early repayment and realizing the collateral. DSCR lower than 1.1: Support to the borrower out of Company's cash flows from all other projects. Minimum DSCR for distribution: 1.16. Minimum credit rating: +BBB. As of the report date, the borrower complies with the required financial covenants.	DSCR (historic and expected) and LLCR will not fall below 1.05. Non-compliance with this financial covenants may result in calling the loan for early repayment and realizing the collateral. Minimum DSCR for distribution: 1.16. As of the report date, the borrower complies with the required financial covenants.

NOTE 18 – DEBENTURES, LOANS FROM INSTITUTIONAL ENTITIES AND OTHER FINANCIAL LIABILITIES AT AMORTIZED COST (cont.)

C. Key financing arrangements in consolidated entities (cont.)

Borrower	Project entity 1	Project entity 2	Project entity 3	Project entity 4
Key collateral	Reserve at an amount equal to debt service over 6 months; pledging all of the borrower's assets and rights, including equipment, rights to receive funds and insurance policies; pledging of the owners' rights in the borrowing entity.			Reserve at an amount equal to debt service over 6 months; pledging all of the borrower's assets and rights, including equipment, rights to receive funds and insurance policies; pledging of the owners' rights in the borrower.
Right of recourse	Company guarantee for the construction period			Company guarantee for the construction period
Additional information	Notes 9 and 17.A.2			Notes 9 and 17.A.2

NOTE 19 – EQUITY

A. Share capital

	As at December 31, 2022		As at December 31, 2021	
	Authorized	Issued and paid up	Authorized	Issued and paid up
Ordinary shares w/o par value	200,000,000	177,722,867	200,000,000	146,967,000

B. Reconciliation between the outstanding number of shares at the beginning of the year and the outstanding number of shares at the end of the year

	Ordinary Shares	
	2022	2021
Balance as at January 1	146,967,000	143,922,730
Issuance in cash (see Section C.1 below)	30,755,867	-
Exercise of options by the Company CEO (see Section C.2 below)	-	2,748,000
Exercise of options by a shareholder (see Section C.2 below)	-	296,270
Balance as at December 31	177,722,867	146,967,000

C. Issuances, capital raising and transactions involving Company's capital

1. On September 15, 2022, the Company allocated - as part of an extraordinary private placement, which is not a public offering - 30,755,867 ordinary shares of the Company, without p.v., in consideration for NIS 11.5 per share, and in total - net of capital raising expenses - NIS 347,466 thousand. The shares were allocated to a number of investors. who are not related to the Company and/or its controlling shareholders, and which, to the best of the Company's knowledge, are investors who are listed in the First Addendum in accordance with Section 15A(b) to the Securities Law-1968. The allocation was approved by the Company's Board of Directors on September 8, 2022. Subsequent to the allocation, the shares allocated to investors constituted 17.31% of the Company's equity rights and voting rights (approx. 17.25% on a fully diluted basis). See also Note 29.H below.
2. On August 4, 2021 the Company's CEO exercised 2,748,000 options into 2,748,000 Company shares. On the above date, another shareholder exercised the options it was allotted into 296,000 Company shares in consideration for NIS 0.3 per share.

NOTE 20 – SHARE-BASED PAYMENT

A. In December 2017, the Company signed an option agreement with its CEO. In accordance with the agreement, the Company allotted to the option plan's trustee 687 options exercisable into 2,748,000 Company shares, which constituted - as of allotment date - 3% of the Company's share capital on a fully diluted basis, at no exercise price; the said options were allotted in accordance with Section 102 to the Income Tax Ordinance. In accordance with a valuation carried out by an independent external appraiser, the total value of the benefit amounted to NIS 2,806 thousand. On August 4, 2021, the options were exercised into shares as stated in Note 19.C.2 above.

B. In February 2020, the Company allotted to a trustee 144 options exercisable into 576,000 Company shares, by virtue of an option plan for Company's employees; the said options were allotted in accordance with Section 102 to the Income Tax Ordinance. The options are exercisable in three equal tranches at the end of 3, 4 and 5 years from the date of issuance of the Company's shares. In accordance with a valuation carried out by an independent external appraiser, the total value of the benefit amounted to NIS 2,254 thousand. In the fourth quarter of 2021, 12 of the above options expired.

NOTE 21 – INCOME FROM PROVISION OF SERVICES AND OTHER

Composition:

	For the year ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Revenue from electricity sales in consolidated entities	24,470	4,450	4,083
Revenues from provision of services	15,121	7,008	6,804 (1)
Revenues from sale of project under development	6,013	15,654	-
Waste disposal revenue	947	-	-
Revenues from construction services under concession arrangements	443	97,942	45,883
Sundry	-	-	190
Total	46,994	125,054	56,960

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

NOTE 22 – COST OF REVENUES:

Composition:

	For the year ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Purchase cost of electricity as a 'power supplier' (see Note 13.B above)	11,673	-	-
Salary, insurance and maintenance expenses	7,784	1,286	888
Depreciation and amortization expenses	5,610	2,236	3,031
Costs of provision of services	4,452	1,757	88
Cost of construction services under concession arrangements	346	86,016	35,942
Cost of sold projects under development	161	680	-
Cost of photovoltaic system equipment	-	-	74
Total	30,026	91,975	40,023

NOTE 23 – MARKETING, ADVERTISING AND PROJECT PROMOTION EXPENSES

Composition:

	For the year ended		
	December 31, 2022	**December 31, 2021[1]**	**December 31, 2020**
Salary expenses	3,779	873	731
Expenses for non-feasible projects	2,270	181	211
Advertising	2,654	1,447	117
Project marketing, PR and branding	1,719	-	-
Other	974	-	-
Total	11,396	2,501	1,059

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

NOTE 24 – ADMINISTRATIVE AND GENERAL EXPENSES:

Composition:

	For the year ended		
	December 31, 2022	**December 31, 2021[1]**	**December 31, 2020**
Payroll and management expenses (*)	24,006	17,265	10,348
Professional fees	10,782	6,914	1,956
Maintenance of vehicles	928	946	1,029
Depreciation expenses	1,979	1,247	602
Maintenance	695	479	574
Other expenses	4,117	2,505	232
Total	42,507	29,356	14,741
(*) Out of this amount, a share-based payment was recorded at the total amount of	519	475	1,883

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

NOTE 25 – OTHER INCOME AND EXPENSES

A. Other income for 2022 includes capital gain from the sale of the investment in Enerpoint in the amount of NIS 16,671 thousand (see Note 10.E above). The remaining other income is due mainly to insurance indemnification of NIS 800 thousand received.

B. Other expenses

Composition:

	For the year ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Loss from impairment of assets	861	4,041	-
Loss from disposal of assets	60	-	-
Issuance costs	-	-	1,261
Other expenses	260	11	247
Total	1,181	4,052	1,508

NOTE 26 – FINANCE INCOME AND EXPENSES

A. Finance income

	For the year ended		
	December 31, 2022	December 31, 2021[1]	December 31, 2020
Increase in value of USD and CPI derivates (2)	28,477	-	990
Changes in fair value of financial instruments measured at fair value through profit and loss (2)	10,248	19,985	4,157
Increase in fair value of additional consideration in respect of issuance of the Company's shares	-	-	11,827
Interest on loans and owner support provided (4)	9,239	2,364	1,010 [1]
Finance income from receivables in respect of concession arrangements	16,216	636	-
Interest on deposits	4,021	555	41
Interest and dividend on marketable securities	3,386	647	-
Exchange rate differences	2,900	-	-
Other	31	119	137
Total	74,518	24,306	18,162

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

(2) For information, see also Note 31.B.3. below.

(3) For information, see also Note 31.H below.

(4) For information about the owners' support, see Note 10.C.3 above.

B. Finance expenses

	For the year ended		
	December 31, 2022	December 31, 2021[1]	December 31, 2020
Interest for financial liabilities measured at amortized cost	61,394	18,750	6,725
Loss from impairment of fair value of financial instruments	30,372	7,842	-
Impairment of USD derivates	-	14,077	-
Loss for loans to equity-accounted entities	2,146	-	-
Interest on lease liabilities	506	147	-
Exchange rate differences	-	2,883	1,535
Fees and commissions and other	598	271	304
Total before discounting borrowing costs	95,016	43,970	8,564
Less - discounted borrowing costs	(25,493)	-	-
Total	69,523	43,970	8,564

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

NOTE 27 – INCOME TAX EXPENSES

A. Final tax assessments

The Company has not yet been assessed for income tax purposes since incorporation. The Company has tax assessments that are considered as final through 2017. Consolidated entities of the Company have tax assessments that are considered as final through 2016-2017.

B. Income taxes in the income statement

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Current taxes	(787)	(1,539)	(234)
Deferred taxes (1)	3,257	5,164[(1)]	697
Total	2,470	3,625	463

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

(2) Most of the deferred taxes were calculated at a tax rate of 23%.

(3) Current taxes for 2022 include income tax of NIS 341 thousand for recognition of over provision in 2021. On the other hand, deferred taxes for 2022 include an expense for previous years of NIS 113 thousand.

C. The tax rate and changes in the tax rates applicable to the Company

The tax rate applicable to the Company in 2020-2022 was 23%.

D. Accelerated depreciation - income tax

Information regarding the tax environment and the provision for taxes of the Company and its Israeli corporations were determined in accordance with the provisions of Income Tax Ordinance (New Version), 1961 (hereinafter - the "**Ordinance**"). As to the Company's share in investee partnerships - in accordance with the provisions of Section 63 to the Ordinance, the share out of the partnership's income to which each partner is entitled on a tax year shall be considered that partner's income, and will be included in his/her tax return. In accordance with the Income Tax Regulations (Depreciation), 1941, a depreciation rate of 25% was set for solar electricity generation facilities using photovoltaic technology that were operated from January 1, 2009 through December 31, 2015. In 2018, the Finance Committee approved a revision to the regulations, whereby the Company will be able to claim accelerated depreciation in respect of photovoltaic systems generating electricity for own consumption, that will be commercially operational by December 31, 2019. Group entities claimed depreciation of 25% in respect of such facilities, which are subject to a number of different regulations. Furthermore, under certain circumstances, Group entities claimed depreciation of 20% in accordance with the Income Tax Regulations (Inflationary Adjustments) (Depreciation Rates), 1986 in respect of solar electricity generation facilities using photovoltaic technology, which are wholly-owned by an Israeli company or an Israeli partnership that is wholly-owned directly by an Israeli company.

NOTE 27 – INCOME TAX EXPENSES (cont.)

D. Accelerated depreciation - income tax (cont.)

The Income Tax Regulations (Accelerated Depreciation in the Period of Dealing with Covid-19) (Temporary Order), 2020 (hereinafter - the "**Regulations**") were published in the official gazette in November 2020. Accordingly, the Company and its investee entities will be allowed to claim depreciation at a rate double than the rate to which they are eligible under any law in respect of equipment they purchased in the period from September 1 2020 through June 30 2021 (hereinafter - the "**Effective Period**") and which is used directly in their activity, provided that the total amount of depreciation accounted for in respect of the equipment under the provisions of any law shall not exceed the equipment's original price (hereinafter - "accelerated depreciation").

The accelerated depreciation shall apply only if the equipment was used to generate income by the relevant entity as part of its activity in Israel, within three months from its acquisition date or by the end of the Effective Period, the later of the two, and for the entire period starting on the date on which the entity started using the equipment and ending at least at the end of the tax year in respect of which the accelerated depreciation was claimed.

An entity that opted to apply the accelerated depreciation needs to do so with respect to all equipment that was purchased or will be purchased during the Effective Period for which the relevant entity is entitled to claim accelerated depreciation as stated above.

As to the assets in respect of which accelerated depreciation was claimed by virtue of any legal provision, as of the financial statements' approval date, the Company is of the opinion that it complies with the eligibility criteria for accelerated depreciation.

NOTE 27 – INCOME TAX EXPENSES (cont.)

E. Deferred tax

	Investees and partner-ships*	Property, plant & equip-ment	Finan-cial instru-ments	Losses for tax purposes	Right-of-use assets	Lease liabilities	Other	Total
Balance of deferred tax asset (liability) as at January 1, 2021	(24,275)	(7,798)	(1,924)	11,922	(950)	953	60	(22,012)
Changes recognized in profit and loss	460	1,433	(4,861)	9,907	(188)	198	1,012	7,961
Changes recognized in other comprehensive income	(1,950)	450	-	-	-	-	-	(1,500)
Losses recognized in equity	-	-	-	(3,534)	-	-	-	(3,534)
Business combinations	-	(5)	-	-	-	-	(622)	(627)
Effect of changes in exchange rates	-	-	15	(86)	-	-	(17)	(88)
Balance of deferred tax asset (liability) as at December 31, 2021	(25,765)	(5,920)	(6,770)	18,209	(1,138)	1,151	433	(19,800)
Changes recognized in profit and loss	791	(4,632)	(2,828)	6,220	(10)	63	295	(101)
Changes recognized in other comprehensive income	1,271	105	(4)	-	-	-	4	1,376
Deconsolidation of Doral LLC	(283,188)	4,727	1,733	-	-	-	(1,211)	(277,939)
Business combinations	-	(3,060)	2	3,524	(1,197)	1,270	-	539
Other changes	-	-	-	-	(2,032)	2,032	-	-
Effect of changes in exchange rates	903	-	(176)	408	-	-	102	1,237
Balance of deferred tax asset (liability) as at December 31, 2022	(305,988)	(8,780)	(8,043)	28,361	(4,377)	4,516	(377)	(294,688)

* Related to deferred taxes created by partnerships and joint ventures accounted for by the equity method.

NOTE 27 – INCOME TAX EXPENSES (cont.)

E. Deferred tax (cont.)

Balances in Statement of Financial Position

	December 31, 2022	December 31, 2021
Deferred tax assets	6,349	2,144
Deferred tax liabilities	(301,037)	(21,944)

F. Theoretical tax expense

Following is a reconciliation of the theoretical tax expense and the actual tax expense recognized in the income statement:

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020[(1)]
Profit (loss) for one year before deduction of income taxes	(34,514)	(28,429)	12,440
The principal tax rate that will apply to the Group	23%	23%	23%
The theoretical tax expense (tax saving)	(7,938)	(6,539)	2,861
Additional tax (savings) for:			
Company's share in profits of investee entities accounted for by the equity method net of the tax in respect of partnerships as stated above	(196)	(182)	(777)
Adjustments in respect of different tax rates	234	(83)	-
Temporary differences in respect of which no deferred taxes were recognized in the reporting period	3,825	1,591	(798)
Losses for tax purposes in respect of which no deferred taxes were recognized in the reporting period	2,049	864	-
Deferred taxes recognized in respect of losses and benefits from previous periods in respect of which deferred taxes were not recognized in the past	(261)	503	-
Unrecognized expenses, net	325	148	34
Taxes for previous years	(533)	15	-
Other	25	58	(1,783)[(2)]
Total revenues from income taxes	(2,470)	(3,625)	(463)

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

(2) Mainly issuance expenses offset against equity and recognized for tax purposes.

NOTE 27 – INCOME TAX EXPENSES (cont.)

G. Losses for tax purposes carried forward to future years

As of December 31, 2022, and December 31, 2021, the balance of the Company's losses for tax purposes carried forward to future years amounted to NIS 51 million and NIS 28 million, respectively. A tax asset was recognized in respect of these losses.

As at December 31, 2022 and December 31, 2021, the losses for tax purposes of Group investees carried forward to future years, for which deferred tax assets were created, amounted to NIS 73 million and NIS 52 million, respectively.

Furthermore, as at December 31, 2022, consolidated entities have carryforward losses of NIS 15 million, for which no deferred taxes were created.

NOTE 28 – EARNINGS (LOSS) PER SHARE FOR SHAREHOLDERS OF THE COMPANY

Set forth below are the data of earnings (loss) for the year attributed to owners of the parent company, and the number of shares taken into account in the calculation of the earnings (loss) per one ordinary Company share:

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Income (loss) from continuing operations used to calculate basic and diluted earnings per share	(26,424)	(23,779)	10,634
Income (loss) from Doral LLC's operations used in the calculation of basic and diluted earnings per share	1,113,010	3,664	974
The weighted average number of ordinary shares (in thousands) used in the calculation of basic earnings per share (1)	156,008	145,127	118,862
The weighted average number of ordinary shares (in thousands) used in the calculation of diluted earnings per share (2)	156,536	145,655	122,398

(1) The weighted average number of shares used to calculate basic earnings (losses) per share:

	2022	2021	2020
	No. of ordinary Shares		
Balance as at January 1	146,967,000	143,923,000	98,772,000
Conversion of shareholder loans	-	-	4,112,548
Initial public offering	-	-	12,981,107
Additional issuance (see Note 20.C.1 above)	9,040,873	-	2,995,885
Exercise of options into Company's shares	-	1,204,220	-
Balance as of December 31	156,007,873	145,127,220	118,861,540

(2) The weighted average number of ordinary shares used to calculate diluted earnings (losses) per share:

	2022	2021	2020
	No. of ordinary Shares		
No. of shares used to calculate basic earnings (loses) per share	156,007,873	145,127,220	118,861,540
Effect of options to employees	528,000	528,000	3,536,361
Balance as of December 31	156,535,873	145,655,220	122,397,901

NOTE 29 – INTERESTED AND RELATED PARTIES

A. Composition:

	December 31, 2022	December 31, 2021	December 31, 2020
Balances in statement of Financial Position			
Assets			
Receivables and debit balances - equity-accounted investees	162,492	1,051	482
Liabilities			
Accounts payable - equity-accounted entities	254	212	349
Loans received by a consolidated entity from interested parties	3,678	3,394	3,165

B. Transactions:

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
Revenues			
Revenue from sale of photovoltaic system equipment and provision of services to equity-accounted investees	10,155	4,799	5,224 (1)
Expenses			
Payroll expenses in accordance with option agreement with a senior manager	-	-	1,402
Chairman of the Board's management fees - see Section E below.	1,141	720	545
Finance income from equity-accounted investees	6,067	2,363	3,214 (1)
Finance income from interested parties	-	-	11,827
Finance income for guarantees given to an associate	3,135	-	-
Finance expenses for loans received by an investee from interested parties	186	174	595

(1) Adjusted retrospectively due to presentation of Doral LLC's activity separately following deconsolidation, in accordance with the provisions of IFRS 5. See Notes 10.C.4 and 11 above.

C. The Company and its sub-corporations provide project corporations with, among other things, planning, procurement and management services. In consideration for those services, project corporations pay an amount that was agreed in advance and approved by the financing entities.

D. In December 2017, the Company allotted 687 options to the Company's CEO; the options are convertible into Company shares. In August 2021, options for 2,748,000 shares were exercised (see Note 19.C.2 above).

NOTE 29 – INTERESTED AND RELATED PARTIES (cont.)

E. On May 13, 2020, the Company's Board of Directors and the General Meeting of its shareholders approved (before the Company's IPO), that as from May 2020 the gross monthly salary of the Company's CEO shall be increased to NIS 45 thousand; it was also decided that the terms of service of the Chairman of the Company's Board of Directors will be changed such that the gross compensation paid by the Company for his services will increase to NIS 60 thousand.

On February 6, 2022, the Company's Compensation Committee and Board of Directors, and on March 15, 2022 the General Meeting of the Company's shareholders approved that as from January 2022 the terms of service of the Chairman of the Company's Board of Directors, Mr. Davidovitz, which is one of the Company's controlling shareholders, will be revised such that the monthly compensation paid by the Company for his services as an Executive Chairman of the Board (appointment percentage of no less than 60%) will be NIS 80 thousand (plus VAT). Mr. Davidovitz may be entitled to a variable bonus, based on measurable targets, in the amount of up to nine months' management fees, in accordance with the principles set forth in the compensation policy of the Company, subject to the approvals required by law (said bonus totaling up to three months' management fees shall be approved by the Compensation Committee and the Board of Directors). Furthermore, with regard to 2021, the Company's Board of Directors and General Meeting approved the payment of an annual bonus of NIS 180 thousand (plus VAT) to Mr. Davidovitz, representing management fees in respect of three months. On the above-mentioned date, the Compensation Committee, Board of Directors and General Meeting also approved revisions to the Company's compensation policy, which came into effect on May 26, 2020, and which will be in effect for 5 years as from that date, including the approved revisions. In accordance with the compensation policy, the salary of Mr. Yaki Neumann, the Company's CEO, was increased to NIS 60 thousand as from January 2022, and in accordance with the approval of the Compensation Committee and Board of Directors of the above-mentioned dates, Mr. Yaki Neumann is eligible to discretionary bonus equal to 3 December 2021 salaries in respect of 2021.

The Chairman of the Board of Directors is entitled to officers' liability insurance (inclusion in the present insurance policy and in future insurance policies), a letter of indemnity, and a letter of exemption, according to the prevailing practice at the Company for all of its officers.

F. On November 19, 2020 and November 24, 2020, the Company's Audit Committee and Board of Directors, respectively, gave their permission to Company's representatives in Doral USA's management to effect the early repayment of the NIS 1.04 million loans that were extended to Doral USA by the Company's controlling shareholders, arguing that early repayment of the said loans serves the Company's best interest; early repayment is to be conducted in the ordinary course of business under market conditions, and without paying an early repayment fee; the early repayment is not expected to have a material effect on the Company's assets, profits or liabilities. Furthermore, during November 2020 Doral USA effected an early repayment of all other loans it was granted by other lenders, who are not interested parties of the company.

G. In 2022, 2021 and 2020, eight directors who are not employed by the Company were paid NIS 987 thousand, NIS 869 thousand and NIS 196 thousand, respectively.

NOTE 29 – INTERESTED AND RELATED PARTIES (cont.)

H. Controlling shareholders' engagement in a shareholders' agreement with Otzar Hityashvut Hayehudim Ltd. -

On September 7, 2022, Messrs. Dori Davidovitz and Alon Kessel (hereinafter - the "**Controlling Shareholders**"), announced that on the said date they entered - through wholly-owned companies (hereinafter - the "**Controlled Companies**") - into a shareholders' agreement with Otzar Hityashvut Hayehudim Ltd. (hereinafter - "**OHH**"), regarding joint voting in the Company's General Meeting. The joint voting shall not include the following resolutions: (1) resolutions in connection with the transactions listed in Chapter Five to Part Six of the Companies Law, 1999, and which will be brought for approval by the Company's General Meeting, except for resolutions regarding the appointment of directors and regarding their terms of service and employment; (2) resolutions regarding the Company's merger (to the extent that those resolutions require the approval of the General Meeting of the Company's shareholders); and (3) resolutions to amend the Company's Articles of Association, which require approval by a special majority (rather than by an simple majority); OHH will be allowed to exercise its discretion and decide independently how to vote in connection with those resolutions.

The agreement also sets certain restrictions on the sale of Company's shares by the parties for the period and under the terms set out in the agreement, as well as provisions regarding right of first refusal. As part of the agreement, OHH was given a tag-along right in respect of a sale, and a tag along right in respect of a private placement of the Company's shares, in which the Controlling Shareholders will be a party, provided that it is not a part of the compensation of officers.

The agreement came into effect on the date on which it was signed, and will remain in effect until the fulfillment of one of the following conditions: (1) the parties' aggregate holdings in Company's shares shall constitute less than 25% of Company's voting rights; (2) the parties' holdings in Company shares (including shares that will be acquired after the agreement is signed) shall constitute less than 5% of the voting rights; (3) 14 days have elapsed since one of the parties informed the other parties of its wish to terminate the agreement. In addition, the Controlled Companies have undertaken to indemnify OHH in respect of a liability it will bear in its capacity as a Company controlling shareholder.

NOTE 30 – OPERATING SEGMENTS

As of the report date, the Company has a number of operating segments that constitute its strategic business units. These business units include separate areas of activity (sometimes in terms of geographics, sometimes in terms of technology, and sometimes due to their nature); these business units are assessed separately for the purpose of allocating resources and reviewing performance.

As of the report date, the chief operating decision maker reviews the Company's strategic business units that are divided into: Geographic segments in which initiation activity takes place in the field of renewable energy; the environmental infrastructures segment, in which initiation activity takes place in the field of waste and wastewater treatment; and the Doral-Tech segment as part of which the Company invests in companies that develop technologies that are synergetic to the Group's activity.

Set forth below is a condensed description of the business activities in each of the Company's operating segments in accordance with IFRS 8 - "Operating Segments".

NOTE 30 – OPERATING SEGMENTS (cont.)

Reportable segments:

(1) Renewable energy in Israel - Initiation, development, licensing, management, funding, construction, maintenance and operation of energy generation systems, mostly from solar energy in Israel.

(2) Renewable energy in the USA - initiation, development, licensing, management, funding and construction of electricity generation systems in the USA, mainly using solar energy. Due to the significant increase in volume of assets in the USA, mainly in view of Migdal's investment in Doral LLC (see Note 10.C.1 above), this segment became a reportable segment in 2021 and remained a reportable segment after deconsolidation due to the Apollo transaction (see Note 10.C.4 above).

Non-reportable segments:

(3) Renewable energy in Europe - initiation, development, licensing, management, funding and construction of solar energy generation systems in Europe.

(4) Environmental infrastructures - initiation, planning, development, licensing, management, funding, construction, maintenance and operation of wastewater and organic waste treatment facilities, including power generation in biogas facilities (waste to energy).

(5) Doral-Tech - identification of and investment in innovative companies and ventures, that develop groundbreaking technologies, whose purpose is to address significant sustainability challenges, and whose activity is synergetic to that of the Group.

The reports delivered to the chief operating decision maker for the purpose of allocating resources and assess performance, reflect the total aggregate revenues of all income-generating projects held by the Company (whether directly and/or indirectly), and the total aggregate results expressed using the project EBITDA metric, calculated as the aggregate amount of the gross profit (project revenue less operating and maintenance costs), based on the application of a fixed asset model (based on historical cost) and net of depreciation, according to the amounts included in the financial statements of the various project corporations. The revenue of the Doral-Tech segment is expressed by an increase in the value of the segment's investments and results expressed by the net income in the consolidated financial statements of the entity that summarize its operations.

For the year ended As at December 31, 2022	**Renewable energy in Israel**	**Renewable energy in the United States**	**Other segments (*)**	**Adjustments to consol-idated**	**Consol-idated - total**
Segment revenue	101,520	-	16,723	(71,249)	46,994
Segment results	85,510	-	5,426	(68,358)	22,578
Adjustments:					
Expenses not attributed to segments:					
The Company's share in losses of equity-accounted investee entities, net					(15,883)
Depreciation and amortization expenses					(5,610)
Marketing, administrative and general, research and development expenses					(56,905)
Finance income, net					4,995
Other income, net					16,311
Loss for the year, pre-tax					(34,514)

(*) Represents the data of the environmental infrastructures, Europe and Doral-Tech segments.

NOTE 30 – OPERATING SEGMENTS (cont.)

For the year ended As at December 31, 2021	Renewable energy in Israel	Renewable energy in the United States	Other segments (*)	Adjust-ments to consol-idated	Consol-idated - total (**)
Segment revenue	71,101	-	9,750	44,203	125,054
Segment results	63,135	-	12,659	(40,479)	35,315
Adjustments:					
Expenses not attributed to segments (*)					
The Company's share in losses of equity-accounted investee entities, net					(3,471)
Depreciation and amortization expenses					(2,236)
Marketing, administrative and general, research and development expenses					(34,321)
Finance expenses, net					(19,664)
Other expenses, net					(4,052)
Loss for the year, pre-tax					(28,429)

(*) Represents the data of the environmental infrastructures, Europe and Doral-Tech segments. Revenues from the Doral-Tech segment and its results were included for the first time for comparability purposes.

For the year ended As at December 31, 2020	Photovoltaic systems in Israel	Other segments (*)	Adjust-ments to consol-idated	Consol-idated - total
Segment revenue	59,847	2,765	(5,652)	56,960
Segment results	55,188	2,765	(37,985)	19,968
Adjustments:				
Expenses not attributed to segments (*)				
The Company's share in profits of equity-accounted investee entities, net				3,213
Depreciation and amortization expenses				(3,031)
Marketing, administrative and general, research and development expenses				(15,800)
Finance income, net				9,598
Other expenses, net				(1,508)
Loss for the year, pre-tax				12,440

(*) Represents the data of the environmental infrastructures, Europe and Doral-Tech segments. Revenues from the Doral-Tech segment and its results were included for the first time for comparability purposes.

Note 31 – Financial Instruments

A. Risk management policy

The Group's activities expose it to various financial risks, such as: market risks, credit risks and liquidity risks. Risk management is conducted by Company's management that regularly monitors developments in the relevant markets, and takes steps aimed at minimizing potential adverse effects on the Group's financial performance and fluctuations in its results.

The Group uses derivative financial instruments from time to time to hedge certain exposures to risks, including:

- Currency risks arising from the nature of the Group's activities, mainly purchases of equipment in foreign currency. Exchange rate fluctuations may affect the value, profitability and feasibility of the projects, and indirectly also affect the total equity that may be required for them.
- Interest rate risks arising from the nature of the Group's activities, including taking loans to construct projects, whose funding is usually highly leveraged (bank or institutional financing). Therefore, changes in capital or debt raising costs are a factor that directly affects the value, profitability and financial feasibility of projects .

In this context, the Company periodically assesses the possibility of executing hedging transactions for the exposures, by way of forward transactions and/or the acquisition and sale of put and call options, which create a solid exposure; the hedging outline and significant hedging transactions are approved by the Company's Board of Directors.

In 2022, the annual inflation rate increased to 5.3% in Israel and 6.5% in the United States. Consequently, central banks in Israel and worldwide raised interest rates.

The increase in inflation rates has a positive effect on the Company's revenues from the sale of electricity in Israel, due to the linkage of tariffs to the consumer price index in most of the projects. On the other hand, the rise in inflation rates increases the Company's financing expenses in respect of its CPI-linked debentures, and in respect of CPI-linked loans taken by some of the project companies.

The increase in interest rates affects the finance expenses of some of the project corporations, that took out loans at variable interest rates; should the interest rate continue to increase, the interest rates on loans taken out by Group companies in the future may also be impacted. In the opinion of the Company, the effect is not expected to be material, in view of the long-term interest expectations, which have not changed to a material extent, and from which the basis for the Group's project loans is derived. Furthermore, from time to time, the Company and Doral LLC partially hedge the changes in interest rates.

As of the report approval date, the Company believes that if no significant changes take place in long-term expectation, the current increase in interest and inflation rates will not have a material effect on the Company's businesses in the medium and long term, alongside a potential adverse effect on FFO in the short-term. Furthermore, the current interest environment has a negative effect on the value of projects, due to increase in discount rates of the future cash flows, such that the potential consideration from disposal of assets may decrease, alongside attractive purchase opportunities from time to time.

B. Market risks

Market risks arise from the risk that the fair value or future cash flows of a financial instrument will change due to changes in market prices. The market risks to which the Company is exposed mainly include risk in respect of CPI fluctuations, fluctuations in exchange rates of foreign currencies and interest risk.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

B. Market risks (cont.)

1. Linkage terms risk

A change in the exchange rate of the following currencies, and a change in the CPI as of the date of the statement of financial position would have increased (decreased) equity and profit or loss by the following amounts:. This analysis was carried out assuming that all other variables, and especially the interest rate, remained constant.

	Change in currency exchange rate/CPI	December 31, 2022		December 31, 2021	
		Equity	Profit (loss)	Equity	Profit (loss)
Index	1%	(6,581)	(6,581)	(6,086)	(6,086)
USD	5%	23,167	23,167	18,263	7,978
EUR	5%	2	2	1,763	2,923
Index	2%	(13,163)	(13,163)	(12,172)	(12,172)
USD	10%	49,367	49,367	40,951	20,380
EUR	10%	4	4	3,525	5,845
Index	(1)%	6,581	6,581	6,086	6,086
USD	(5)%	(7,066)	(7,066)	(18,838)	(8,552)
EUR	(5)%	(2)	(2)	(1,763)	(2,923)
Index	(2)%	13,163	13,163	12,172	12,172
USD	(10)%	(23,058)	(23,058)	(34,103)	(13,532)
EUR	(10)%	(4)	(4)	(3,525)	(5,845)

The analysis was carried out only in respect of monetary financial instruments. Shares, mutual funds participation certificates, investment funds and ETNs were not taken into account in the above sensitivity analysis. The Company does not normally engage in hedging transactions to mitigate the exposure to the CPI; however, the feed-in-tariffs of most of its systems are linked to the CPI.

2. Interest rate risk

A. Renewable energy projects are usually financed at a high leverage rate (bank financing or institutional financing). Accordingly, changes in the cost of raising capital or debt are a factor that directly affects the value, profitability and financial viability of projects. Sub-corporations of the Company have variable interest loans. In such a case, the Group is exposed to cash flow risk in respect of interest rate changes. The Group uses derivative financial instruments from time to time to hedge certain exposures to risks, including interest rate risks arising from the nature of the Group's activities, including taking out variable interest loans for projects. In this context, the Company periodically assesses the possibility of executing hedging transactions, by way of forward transactions and/or the acquisition and sale of put and call options; the hedging outline and significant hedging transactions are approved by the Company's Board of Directors.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

B. Market risks (cont.)

2. Interest rate risk (cont.)

B. The Company has significant amounts in deposits bearing variable interest, and on the other hand, negligible amounts in liabilities bearing variable interest. The Company also entered into hedge transactions (not recognized accounting-wise) in respect of expected interest rate increases for 10 years, as reflected in the market. A 1% decrease in the interest rate, with all other variables remaining constant, would have caused a NIS 10,211 thousand decrease in pre-tax profit. Similarly, a 1% increase in the interest rate as of the end of the reporting period would have caused an increase in pre-tax profit of an identical amount of NIS 4,644 thousand.

3. Derivative positions as of December 31, 2022

	USD/NIS			
	LONG		SHORT	
	Par value	Fair value	Par value	Fair value
	USD thousand	NIS thousand	USD thousand	NIS thousand
Derivatives for hedging purposes (not accounting hedging):				
USD call options	168,000	3,162	(20,000)	(305)
USD put options	(200,000)	(120)	300,000	33

	Swaption 10 years			
	LONG		SHORT	
	Par value	Fair value	Par value	Fair value
Put options*	(200,000)	(3,304)	100,000	1,538

* The purpose of the transactions is to hedge long-term interest rate increases.

Derivative positions as of December 31, 2021

	USD/NIS			
	LONG		SHORT	
	Par value	Fair value	Par value	Fair value
	USD thousand	NIS thousand	USD thousand	NIS thousand
Derivatives for hedging purposes (not accounting hedging):				
USD call options	125,000	5,087	-	-
USD put options	(125,000)	(6,238)	125,000	6,418

4. Price risk

For information about the Group's investments in assets measured at fair value through profit and loss, see Note 7 above.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

C. Linkage base of assets and liabilities on a consolidated basis

	Unlinked	CPI-linked	USD	PLN	Other currencies	Non-monetary items	Total
	December 31, 2022						
Assets							
Cash and cash equivalents	378,492	-	1,404	3,898	3,321	-	387,115
Current restricted deposits and cash	12,777	-	-	28	176	-	12,981
Trade receivables	13,702	-	-	-	-	-	13,702
Receivables and debit balances	197,692	3,772	-	6,596	5,146	2,400	215,606
Financial assets measured at fair value through profit and loss	63,445	52,643	3,260	-	-	162,770	282,118
Non-current restricted deposits and cash	6,679	-	32	1,419	-	-	8,130
Derivative instruments							
Receivables in respect of concession arrangements	-	147,643	-	-	-	-	147,643
Projects under development	-	-	-	-	-	314,044	314,044
Property, plant & equipment	-	-	-	-	-	131,426	131,426
Right-of-use assets	-	-	-	-	-	27,238	27,238
Investments in investees	-	-	-	-	-	1,759,547	1,759,547
Deferred taxes	-	-	-	-	-	6,349	6,349
Intangible assets	-	-	-	-	-	37,120	37,120
	672,787	204,058	4,696	11,941	8,643	2,440,894	3,343,019
Liabilities							
Debentures (*)	-	587,652	-	-	-	-	587,652
Loans from institutional entities and others (*)	27,043	240,318	-	22,096	-	-	289,457
Lease liabilities (*)	12,856	7,254	-	6,841	878	-	27,829
Derivative instruments	3,304	-	425	-	-	-	3,729
Liabilities for trade payables	3,470	-	83	438	6,953	-	10,944
Payables and credit balances	14,865	4,665	418	1,168	62	-	21,178
Current liabilities to banking corporations	137,215	-	-	-	-	-	137,215
Other liabilities	3,210	-	-	-	-	-	3,210
Deferred tax liabilities	-	-	-	-	-	301,037	301,037
	201,963	839,889	926	30,543	7,893	301,037	1,382,251
Total exposure in the statement of financial position, net	470,824	(635,831)	3,770	(18,602)	750	2,139,857	1,960,768

(*) Including current maturities.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

C. Linkage base of assets and liabilities on a consolidated basis (cont.)

	Unlinked	CPI-linked	USD	EUR	Other currency	Non-monetary items	Total
	December 31, 2021						
Assets							
Cash and cash equivalents	452,190	-	113,875	32,812	2,589	-	601,466
Current restricted deposits and cash	17,060	-	46,650	-	-	-	63,710
Receivables and debit balances	11,474	2,653	3	2,732	1,211	1,577	19,650
Financial assets measured at fair value through profit and loss	50,989	47,302	73,948	-	-	149,987	322,226
Non-current restricted deposits and cash	4,251	-	56	-	-	137	4,444
Receivables in respect of concession arrangements	-	142,125	-	-	-	-	142,125
Projects under development	-	-	-	-	-	224,886	224,886
Property, plant & equipment	-	-	-	-	-	43,542	43,542
Right-of-use assets	-	-	-	-	-	9,478	9,478
Investments in investees	-	-	-	-	-	210,905	210,905
Deferred taxes	-	-	-	-	-	2,144	2,144
Intangible assets	-	-	-	-	-	12,111	12,111
	535,964	192,080	234,532	35,544	3,800	654,767	1,656,687
Liabilities							
Debentures (*)	-	557,542	-	-	-	-	557,542
Loans from institutional entities and others (*)	10,055	229,785	3,929	-	1,176	-	244,945
Lease liabilities (*)	-	8,429	1,127	-	-	-	9,556
Liabilities at fair value through profit and loss	-	-	6,238	-	-	36,698	42,936
Liabilities for trade payables	3,578	-	96	176	98	-	3,948
Payables and credit balances	20,362	3,517	1,116	87	102	23,327	48,511
Current liabilities to banks	13,272	1,420	-	-	-	-	14,692
Deferred taxes	-	-	-	-	-	21,944	21,944
	47,267	800,693	12,506	263	1,376	81,969	944,074
Total exposure in the statement of financial position, net	488,697	(608,613)	222,026	35,281	2,424	572,798	712,613

(*) Including current maturities.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

D. Credit risk

1. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk stems mainly from its customers, banks and other receivables. The carrying amounts of those financial assets represent the Company's maximum exposure to credit risk.
2. The Company is of the opinion that there is no need to provide for impairment in respect of customer debts that are not overdue, overdue by up to 60 days, or overdue due to technical reasons, that were assessed on a case by case basis and found that they do not represent an actual exposure; all based on past experience in respect of those debts. As of December 31, 2022, 2021 and 2020, the Company recognized credit losses of negligible amounts.
3. As at December 31, 2022, the Company's liquid investments portfolio includes NIS 115 million in debentures, of which 99% have a rating of A- or higher, and the remaining debentures have a lower rating or are not rated (as at December 31, 2021, NIS 99 million, of which 56% with an A- or higher rating).

E. Liquidity risk

1. Liquidity risks stem from the management of the Group's working capital and its finance expenses. Liquidity risk is the risk that the Group will not be able to meet obligations related to financial liabilities to be settled in cash or another financial asset. The Group's policy is to ensure that the cash it holds will always be sufficient to cover the liabilities on repayment date. In order to achieve this objective, the Group seeks to hold cash balances (or appropriate credit facilities) that will meet the projected requirements.

   The Company invests its liquid balances in NIS-denominated deposits with Israeli banks for periods shorter than twelve months, and in accordance with the investment policy approved by the Board of Directors - in monetary market funds and marketable securities, managed in securities portfolios by leading investment houses, through the Company's bank accounts. The investment policy was modified to reflect the liquidity needs and the investment periods of the liquid balances; it includes maximum exposure to shares of 25% out of total assets under management, maximum exposure to A-rated debentures of 50% out of total assets under management, and maximum exposure to illiquid investment funds of 15% out of total assets under management.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

E. Liquidity risk (cont.)

2. Set forth below is an analysis of the contractual repayment dates of non-discounted financial liabilities, based, where relevant, on the CPI, interest rates and exchange rates as of the end of the reporting period:

	Repayment dates						
December 31, 2022	**First year**	**Second year**	**Third year**	**Fourth year**	**Fifth year**	**Over 5 year**	**Total**
Non-derivatives:							
Debentures	101,768	81,079	79,914	64,117	63,185	237,828	627,891
Loans from institutional entities and others	17,926	18,752	43,233	19,366	19,160	268,208	386,645
Lease liabilities	3,811	3,264	3,031	2,568	2,254	30,623	45,551
Current liabilities from banks	144,762	-	-	-	-	-	144,762
Liabilities to other suppliers and service providers	10,944	-	-	-	-	-	10,944
Payables and credit balances	15,590	-	-	-	-	-	15,590
Derivatives:							
USD-NIS options	425	-	-	-	-	-	425
Swaption 10 years	3,304	-	-	-	-	-	3,304
Total	298,530	103,095	126,178	86,051	84,599	536,659	1,235,112

(*) For information about the obligation to Migdal, which is presented at fair value and is not included in the above table, since it does not include cash settlement, see Note 11.E.1. above.

	Repayment dates						
December 31, 2021	**First year**	**Second year**	**Third year**	**Fourth year**	**Fifth year**	**Over 5 year**	**Total**
Non-derivatives:							
Debentures	12,285	92,939	77,013	75,906	60,903	285,921	604,967
Loans from institutional entities and others	12,572	15,062	16,178	16,332	16,796	253,227	330,167
Lease liabilities	1,478	1,452	1,203	1,138	1,147	3,715	10,133
Current liabilities from bank	14,692	-	-	-	-	-	14,692
Liabilities to other suppliers and service providers	3,984	-	-	-	-	-	3,984
Payables and credit balances	21,588	-	-	-	-	-	21,588
Derivatives:							
USD-NIS options	6,238	-	-	-	-	-	6,238
Total	72,837	109,453	94,394	93,376	78,846	542,863	991,769

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

F. Capital management

The Group includes in its capital its paid up share capital, capital reserve in respect of revaluation and other capital reserves.

The Group's main objective in managing its capital is to regularly generate returns to its shareholders by way of increasing its capital or distributing profits. For that purpose, the Company aims to maintain a leverage ratio that reasonably balances out the risks and returns, while maintaining a financing basis that will allow the Company to meet its investment and working capital needs. When making decisions to make changes in its capital, the Group considers not only its short-term position, but also its long-term objectives.

G. Fair value compared to carrying amount

The carrying amount of financial assets and liabilities, including cash and cash equivalents, deposits, trade receivable, other receivables, derivative instruments, trade and other payables, loans and short-term credit, is identical to or a close approximation of their fair value, except for loans from holders of rights in the Company and in investee entities, debentures and loans from financial institutions.

The following table lists the balance of the Company's debentures as per the financial statements (including interest payable), which are not presented in the financial statements in accordance with their fair value:

	December 31, 2022		December 31, 2021	
	Balance	**Fair value**	**Balance**	**Fair value**
Debentures	592,312	526,961	561,010	586,950
Loans from institutional entities and others	289,448	274,623	239,621	271,414

H. Fair value hierarchy of financial instruments measured at fair value

For information about the fair value hierarchy, see Note 3.A.2 above.

Financial instruments recognized in the statement of financial position

	December 31, 2022			
Current financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities	157,925	-	-	157,925
Derivatives (*)	-	4,732	-	4,732
	157,925	4,732	-	162,657
Non-current financial assets				
Investment in shares and other financial instruments	19,139	2,726	93,763	115,628
Share options	-	3,196	637	3,833
	19,139	5,922	94,400	119,461
Current financial liabilities				
Derivatives (*)	-	(3,729)	-	(3,729)
	-	(3,729)	-	(3,729)

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

H. Fair value hierarchy of financial instruments measured at fair value (cont.)

(*) For information about the Company's risk management policy, according to which the Company entered into a number of USD-NIS hedges (not recognized for accounting purposes), see Section A. in this note above. The net fair value of these transactions as of December 31, 2022 is a positive amount totaling NIS 2,770 thousand. The transactions are for a period of up to one year; they include writing and purchase of call and put options.

Furthermore, the Company entered into interest rate hedges, whose fair value as at December 31, 2022 is a negative amount of NIS 1,766 thousand.

For information about the fair value hierarchy, see Note 3.A.2 above.

Financial instruments recognized in the statement of financial position

	As at December 31, 2021			
Current financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities	140,218	-	-	140,218
Receivables for issue of rights to non-controlling interests	-	-	61,923	61,923
	140,218	-	61,923	202,141
Non-current financial assets				
Investment in shares and other financial instruments	27,470	3,000	63,879	94,349
Share options	-	22	6,586	6,608
Derivatives	-	11,505	-	11,505
Receivables for issue of rights to non-controlling interests	-	-	7,623	7,623
	27,470	14,527	78,088	120,085
Current financial liabilities				
Option awarded to non-controlling interests in a consolidated entity	-	-	(36,698)	(36,698)
Derivatives	-	(6,238)	-	(6,238)
	-	(6,238)	(36,698)	(42,936)

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

H. Fair value hierarchy of financial instruments measured at fair value (cont.)

Changes in financial instruments whose fair value measurement was classified into Level 3

	For the year ended December 31, 2022				
	At fair value through profit or loss				
	Share options	Investments in shares and debt instruments	Accounts receivable - contingent consideration	Total assets	Total liabilities
Balance as at January 1, 2022	6,586	63,879	69,546	140,011	(36,698)
Purchases	3	30,122	-	30,125	-
Redeemed during the period	-	-	(66,920)	(66,920)	-
Disposal/repayment during the period	(3,285)	-	-	(3,285)	-
Gains (losses) recognized in profit or loss under the finance income (expenses) line item	(2,667)	9,481	-	6,814	-
Profits (losses) recognized in the income statement under the operating income (loss) from Doral LLC's activity, net of tax	-	5,439	1,157	6,596	36,757
Gains (losses) recognized in the statement of other comprehensive income (under the 'foreign currency translation differences in respect of foreign operations' line item) - for Doral LLC's activity	-	1,921	5,754	7,675	(2,354)
Derecognition as a result of deconsolidation of Doral LLC	-	(17,079)	(9,537)	(26,616)	2,295
Balance as at December 31, 2022	637	93,763	-	94,400	-

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

H. Fair value hierarchy of financial instruments measured at fair value (cont.)

Changes in financial instruments whose fair value measurement was classified into Level 3 (cont.)

	For the year ended December 31, 2021				
	At fair value through profit or loss				
	Share options	Investments in shares and debt instruments	Accounts receivable - contingent consideration	Total assets	Total liabilities
Balance as at January 1, 2021	4,536	-	-	4,536	-
Purchases	3,562	47,069	-	50,631	-
Issued/created during the period	-	-	130,522	130,522	(39,564)
Disposal/repayment during the period	-	-	(64,678)	(64,678)	-
Profits (losses) recognized in the income statement under the finance income (expenses) line item	(1,512)	15,168	-	13,656	-
Profits (losses) recognized in the income statement under the operating income (loss) from Doral LLC's activity, net of tax	-	1,972	6,958	8,930	1,275
Gains (losses) recognized in the statement of other comprehensive income (under the 'foreign currency translation differences in respect of foreign operations' line item) - for Doral LLC's activity	-	(330)	(3,256)	(3,586)	1,591
Balance as at December 31, 2021	6,586	63,879	69,546	140,011	(36,698)

	For the year ended December 31, 2020			
	Asset/liability measured at fair value through profit or loss			
	Derivative options [1]	Accounts receivable - contingent consideration	Total assets	Total liabilities [1]
Balance as at January 1, 2020	-	9,056	9,056	-
Purchases/additions	5,850	-	5,850	(2,688)
Profits (losses) recognized in the income statement under the finance income (expenses) line item	(1,314)	11,827	10,513	2,688
Repayment/settlement	-	(20,883)	(20,883)	-
Balance as at December 31, 2020	4,536	-	4,536	-

The valuations mainly include the following methods:

1. Discounted Cash Flow (DCF) Method, when the Company is able to estimate those cash flows.
2. The transactions method - determining the value based on the price paid in recent transactions, subject to relevant adjustments.

NOTE 31 – FINANCIAL INSTRUMENTS (cont.)

I. Changes in financial liabilities in respect of which cash flow are classified as cash flow from financing activities

	2022					
	Current bank loans	Loans from banks and other	Debentures	Lease liability	Financial liabilities - derivatives	Total
Balance as at January 1	(13,253)	(241,059)	(561,010)	(9,556)	(42,936)	(867,814)
Received cash flows	(136,587)	336,873))	-	-	-	(473,460)
Paid cash flows	13,256	15,599	8,105	3,001	(10,011)	29,950
Additions in respect of new agreements, changes in agreements and revaluation	-	-	-	(15,196)	-	(15,196)
Amounts stated to profit or loss	(631)	(22,058)	(39,412)	(548)	48,827	(13,822)
Additions due to a business combination	-	-	-	(5,910)	-	(5,910)
Deconsolidation	-	306,986	-	1,186	2,759	310,931
Effect of changes in exchange rates	-	(12,043)	-	(806)	(2,368)	(15,217)
Balance as at end of the period	(137,215)	(289,448)	(592,317)	(27,829)	(3,729)	(1,050,538)

	2021					
	Overdraft and current loans from banks	Loans from banks and other	Debentures	Lease liability	Financial liabilities - derivatives	Total
Balance as at January 1	(9,536)	(173,087)	-	(4,142)	-	(186,765)
Received cash flows	(837)	(62,297)	(554,285)	-	(6,648)	(624,067)
Paid cash flows	9,021	5,859	-	1,017	-	15,897
Additions in respect of new agreements, changes in agreements and revaluation	-	-	-	(6,320)	-	(6,320)
Amounts stated to profit or loss	(64)	(11,600)	(6,725)	(153)	1,684	(16,858)
Additions due to a third-party investment in an investee	(11,837)	-	-	-	(39,564)	(51,401)
Effect of changes in exchange rates	-	66	-	42	1,592	1,700
Balance as at end of the period	(13,253)	(241,059)	(561,010)	(9,556)	(42,936)	(867,814)

NOTE 32 – CONTINGENCIES

On October 25, 2022, a claim and motion to certify it as a class action were filed with the Jerusalem District Court against the Company and 15 other companies, alleging that they are importers or manufacturers of electrical and electronic equipment, as defined in the Environmental Treatment of Electrical and Electronic Equipment and Batteries Law, 2012 (hereinafter - the "Environmental Treatment Law"). The claim deals with an allegation that the Company violated the provisions of the Environmental Treatment Law and caused environmental contamination. It is particularly alleged that the Company avoided engaging with a recognized implementation entity (as defined in the law), thereby violating its duty to recycle electrical and electronic equipment waste. The applicants claim they have cause of claim pursuant to the provisions of the Tort Ordinance, and particularly negligence, nuisance to an individual and breach of statutory duty. The applicants set the amount of the personal claim per class member at several hundred NIS and the amount of the class action, in respect to all respondents, in an amount that could even reach tens of millions of NIS. The Company filed its response in February 2023, subsequent to the statement of financial position date. As at the statement of financial position date and shortly before the report approval date, the Company is unable to estimate the chances of success of the motion and claim and the extent of the financial charge to the parent company if the claim is accepted.

NOTE 33 – EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

A. Further to Note 13.C above, about receipt of an electricity supply license - on February 23, 2023, the power purchase agreement of Doral Power from Nature Ltd. (hereinafter - "**Doral Power from Nature**"), which holds the electricity supplier license and is wholly owned by the Company, with Melisron Ltd. (hereinafter - "**Melisron**" or the "**Consumer**"), for the sale of green electricity and renewable energy certificates (IRECs) came into effect. Under the agreement, Melisron undertook to purchase from Doral Power from Nature, as from January 1, 2024, for a period of 10 years, an estimated amount of NIS 500 million for the entire period (and NIS 50 million per year) (hereinafter - the "**Agreement**"). The power price will be linked to the generation component set from time to time by the Israeli Electricity Authority. This amount is an estimate only, based on the rate of the generation component set by the Israeli Electricity Authority as at the date of this report, as well as an electricity consumption plan of 150 million KWh per year, based on historical data regarding the Consumer's consumption pattern. The amount may change depending on the price of electricity and effective electricity consumption throughout the contract period.

   Under the Agreement, Doral Power from Nature will allocate the electricity meters defined in the transaction at some Melisron sites, to the Company's energy storage-integrated photovoltaic power generation facilities that generate green power, according to the market regulation rules.

   The Agreement includes other standard conditions and mechanisms in agreements of this type, such as early termination of the Agreement in accepted cases, including in the event of material changes (defined in the Agreement) in the generation component set from time to time by the Israeli Electricity Authority or in the Consumer's annual consumption, as well as the rights of the parties to terminate the Agreement the Company's generation facilities cannot be allocated to Melisron under the market regulation by December 31, 2024; compensation to the Consumer in case of a delay in the start of supply, except if Doral Power from Nature is unable to allocate the Company's generation facilities under the market regulation, as aforesaid, and restrictions on the transfer and endorsement of the Agreement by the parties, other than the Company's right to pledge its rights in favor of financing entities, subject to maintenance of the rights of the Consumer.

NOTE 33 – EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION (cont.)

A. It is noted that, as of the report date, IREC green certificates (International Renewable Energy Certificate) are available in Israel. These certificates are issued by the international I-REC organization, and meet the international standard on green certificates and the use thereof, whereby IRECs are recorded against actual generation of 1 MWh.

B. Further to Note 13.B above, about the engagement of a wholly-owned entity of the Company in a revolving master agreement to finance solar projects combined with storage, in an amount of up to NIS 200 million (hereinafter - the "**Credit Facility**"), with Mizrahi Tefahot Bank Ltd. - on February 28, 2023, the parties agreed to revise the Credit Facility.

The revised Credit Facility will be NIS 300 million, to finance projects in the immediate term, even before financial closure, and it will be valid until May 15, 2025 or May 31, 2023 (if a senior debt financing agreement is not signed by then). The other terms of the revolving Credit Facility will be as set out in Note 13.B above.

The Company estimates that the financing agreement is expected to be signed in the coming weeks. It should be clarified that the projects' final terms of financing shall be set as part of a financing agreement, to the extent that such agreement is signed, after the completion of due diligence works to the satisfaction of the Bank and the other lenders, and subject to obtaining all the required approvals, including regulatory approvals and the approval of the parties and the other lenders' relevant organs.

C. Further to Note 33.A above, on March 22, 2023, Doral Power from Nature entered into an agreement for the sale of power (PPA), green electricity and green certificates (IRECs) with Migdal Insurance Company Ltd. or wholly-owned companies thereof. Under the agreement, Migdal undertook to purchase from Doral Power from Nature, as from June 1, 2024, for a period of 10 years, electricity in an estimated volume of 50 million KWh per year and a total of NIS 220 million for the entire period (hereinafter - the "**Agreement**"). The power price will be linked to the generation component set from time to time by the Israeli Electricity Authority.

This amount is an estimate only, based on the rate of the generation component set by the Israeli Electricity Authority as at the date of this report, as well as an electricity consumption plan of 50 million KWh per year, based on historical data regarding the Consumer's consumption pattern. The amount may change depending on the price of electricity and effective electricity consumption throughout the contract period.

Under the Agreement, Doral Power from Nature will allocate the electricity meters defined in the transaction at some Migdal sites, to the Company's photovoltaic generation facilities that generate green power, according to the market regulation rules. Power will be supplied to the Consumer's other electricity meters defined in the transaction from other power sources as part of Doral Power from Nature's operations as a virtual power supplier.

The Agreement joins the electricity supply agreement signed by Doral Power from Nature with Melisron (see Section A in this note above) and other electricity supply agreements signed by Doral Power from Nature that promote and strengthen its operations in the power supply and green power supply segment to business consumers in the Israeli market, inter alia, due to the significant volumes of electricity consumed by the properties of these consumers, and the electricity consumption mix in them by hourly distribution over the year.

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022:

Generally, investees held a rate of up to 50% (inclusive) are accounted for by the equity method in the financial statements. Unless stated otherwise, all other entities are consolidated in the financial statements.

100%	**Solarit Doral Ltd.**		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
50%	Rapac Solarit in Beit Haemek Ltd.	50%	Doral Rapac Beit Haemek Holdings Ltd.
100%	Solarit Doral (Ayelet Hashahar) Ltd.	33%	Ayelet Hashahar Solarit Doral Ltd.
50%	Solarit Doral Rapac in Tel Katzir Ltd.	50%	T.K Solarit Doral 2010 Ltd.
100%	Solarit Doral (Refet Tefen) Ltd.	50%	S.D Tefen Solarit Doral Ltd.
100%	Solarit Doral (Alumim) Ltd.	50%	Alumim Solarit Doral K.B 2010 Ltd.
100%	Solarit Doral (Kfar Haruv) Ltd.	50%	Kfar Haruv Solarit Doral Ltd.
100%	Solarit Doral Ginosar Ltd.	50%	Ginosar Project Solarit Doral Ltd.
100%	Solarit Doral (Samar) Ltd.	50%	S.D Synergy 2010 General Partnership
100%	Solarit Doral (Ein Gev) Ltd.	50%	E.G Ein-Gev Solarit Doral 2010 Ltd.
100%	Solarit Doral Holdings Ltd.	50%	Kineret Solarit Doral Ltd.
		50%	Zeron Solarit Doral Ltd.
100%	Solarit Doral (Yotvata) Ltd.	50%	Yotvata Partnership Solar System (2010) - General Partnership
100%	Solarit Doral (Yasur) Ltd.	50%	Solarit Project in Yasur (2010) - General Partnership
100%	Solarit Doral (Refet Hanaton Kfar Hamaccabi) Ltd.	50%	Refet H.C.D Solarit General Partnership
100%	Solarit Doral (Givat Chaim) Ltd.	33%	Solarit Doral (Givat Chaim Meuchad) Ltd.
100%	Solarit Doral (Gezer) Ltd.	33%	Kibbutz Gezer Solarit Doral 2010 Ltd.
50%	Rapac Solarit in Refet Haemek Ltd.	50%	Y.R.D Shefa Solar Energy, Limited Partnership
67%	Solarit Rapac in Maale Gilboa Ltd.	50%	M.G Solarit Doral (2010) Ltd.

100%	**Solarit Doral Energetic Independence Ltd.**		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
100%	Leumi Doral Energetic Independence Ltd.	25%	Sasa Doral Energetic Independence
		50%	Ein Carmel Doral Energetic Independence
		50%	Ginosar Doral Energetic Independence
		*50%	Ein HaShofet Solar Limited Partnership
		50%	Ein Dor Doral Energetic Independence
		50%	Refet Hatzafon Solarit Mone Neto Ltd.
		25%	Shomrat Renewable Energy Agricultural Cooperative Society Ltd.
		50%	Solar Energetic Independence in Givat Chaim Meuchad
		25%	Nahshon Doral Energy Limited Partnership
		50%	Energetic Independence in Yotvata
		50%	Yasur Solarit Mone Neto
		50%	Solar Energetic Independence in Gvar'am
		50%	Beit Haemek Solarit Doral Mone Neto Ltd.
		50%	D.A. Carmia Solarit Doral Ltd.

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

100%	Solarit Doral Energetic Independence Ltd. (cont.)		
% holding in sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
		100%	Ayelet Hashahar Solarit Mone Neto Ltd.
		50%	Reshafim Solarit Energetic Efficiency
		50%	Revadim Solarit Mone Neto
		50%	Kfar Menahem Solarit Mone Neto
		50%	Meirav Solarit Mone Neto Ltd.
		50%	Project Solarit in Sha'ar HaGolan
		50%	Kineret Solarit Mone Neto Ltd.
		50%	Kfar Rupin Solarit Mone Neto
		50%	Energetic Independence Maale Gilboa
		50%	Project Solarit in Lehavot HaBashan
		50%	Yesodot Solarit Mone Neto
		50%	Kibbutz Gezer Solarit Mone Neto
		50%	Solar Energetic Independence Neve Eitan
		50%	Solar Energetic Independence in Ketura
		50%	Regavim Solarit Mone Neto
		50%	Yagur Solar Energetic Independence
		50%	Ein-Gev Solar Energetic Independence
		50%	Lotan Doral Energetic Independence
		50%	Gvulot Doral Energetic Independence
		50%	Nahal Oz Solarit Mone Neto
		50%	Alumim Doral Energetic Independence Ltd.
		*50%	HM"S - Solarit Solar Energy Limited Partnership
		50%	Haogen Doral Energetic Independence
		50%	Nes Ammim Doral Energetic Independence
		50%	Usha Doral Renewable Energy
		50%	Y.D. Net Green Energy
		50%	Ginegar Doral Energetic Independence
		50%	Ein HaHoresh Doral Energetic Independence
		25%	Tzemach Avocado Doral Renewable Energy
		25%	Tzemach Doral Solar Energy
		25%	Mall Kineret Doral Renewable Energy
		**25%	Megiddo Doral Solar Energy
		50%	Ma'agan Doral Renewable Energy
		*50%	Maoz Haim Doral Renewable Energy
		50%	Beit Keshet Doral Energetic Independence
		50%	Tapuchei Adama Doral Solar Energy
		25%	Yakum Doral Renewable Energies

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

***50%	Doral Renewable Energy Farms 2018, Limited Partnership		
% holding in the sub-corporation	Sub-corporation	Holding rate in the project corporation	Name of project corporation
100%	D.M in Leumi	100%	Dan Doral Renewable Energy Farms
		50%	Mishmar Ha'Sharon Doral Renewable Energy Farms
100%	D.M in Mizrahi	50%	Kfar Ha'Nassi Doral Renewable Energy Farms
		25%	Ein Shemer Doral Renewable Energy Farms
		*50%	Sde Nahum Doral Renewable Energy Farms, Limited Partnership
		*50%	D.M Kfar Hamaccabi, Limited Partnership
		50%	Malkia Doral Renewable Energy Farms
		50%	Hukok Doral Energetic Independence
		*50%	Mifalei HaEmek Doral Renewable Energy Farms, Limited Partnership
		*50%	Minpata Doral Renewable Energy Farms, Limited Partnership
		*50%	Shahak Doral - Renewable Energy Farms, Limited Partnership
		50%	Tel Katzir Doral Renewable Energy Farms
		50%	Refet Hatzafon D.M Renewable Energy
		50%	Gvaram Doral Renewable Energy Farms
		50%	Alonei HaBashan Doral Renewable Energy Farms
		50%	Mishmar Ha'Sharon D.M in Mizrahi, Renewable Energy
		50%	Beit Haemek D.M Renewable Energy
		50%	Yesodot D.M Renewable Energy
		50%	Moledet D.M Renewable Energy
		*100%	S.D Doral Renewable Energy Farms
		30%	Refet Tefen D.M Renewable Energy
		100%	Bnei Akiva Doral Renewable Energy Farms
		50%	Ein HaHoresh D.M Renewable Energy
		*50%	D.M Usha, Limited Partnership
		99%*	D.M Ni Oz Renewable Energy
		*49%	HM"S D.M Sarasota She mesh, Limited Partnership
		50%	Shari'a HaGolan D.M Renewable Energy
		*50%	Palimony Renewable Energy, Limited Partnership
		*50%	Av shalom D.M Renewable Energy, Limited Partnership
		50%	Hanaton D.M Renewable Energy
		50%	Keshet Katzir D.M Renewable Energy
		50%	Meirav Doral Renewable Energy Farms
		50%	Tel Josef D.M Renewable Energy
		50%	Kagoshima D.M Renewable Energy
		50%	Givat Chaim Meuchad D.M, Renewable Energy
		*50%	Na halal Doral Renewable Energy Farms, Limited Partnership
		*50%	Ayelet Hashahar Doral Farm, Limited Partnership
		*34%	D.M in BDCTC, Limited Partnership
		*50%	Beit Ariza Gilboa D.M, Limited Partnership
		50%	Maoz Haim Doral Solar Energy Farms

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

***50%	Doral Renewable Energy Farms 2018, Limited Partnership		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
		*100%	D.M Kfar Aza Renewable Energy
		50%	Moledet D.M Renewable Energy
		*50%	Neve Eitan D.M, Limited Partnership
		*50%	Gazit Doral Mishkei, Limited Partnership
		*50%	Ram-On D.M Renewable Energy, Limited Partnership
		*50%	Mizra D.M Renewable Energy, Limited Partnership
		*50%	D.M Hazore'a Renewable Energy, Limited Partnership
		*50%	Hefer-Solatkis-Doral Energy Management Farms, Limited Partnership
		*50%	Ein-Gev Doral - Renewable Energy Farms, Limited Partnership
		50%	Kfar Galim D.M Solar, General Partnership
		*50%	D.M Gan Shmuel Renewable Energy, Limited Partnership
		*50%	D.M. Ramot Menashe Renewable Energy
		*50%	D.M. Sdot Yam Renewable Energy, Limited Partnership

100%	Doral A.S 2020 Limited Partnership		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
*100%	Doral in Tefahot, Limited Partnership	50%	Alumim Doral Tvu'ot Shemesh 2020
		50%	Reshafim Doral B.A Renewable Energy
		33%	Conmigo Doral Ginegar Solar Energy
		50%	Yahel Doral Energy
		51%	Ein HaShofet Doral B.A Solar Energy
		*50.1%	Ein Shemer Doral Renewable Energies
		*50.1%	Doral Energy Kibbutz Hukok, Limited Partnership
		*50.1%	Doral Energy Kibbutz Beit Hashita, Limited Partnership
		*50%	Doral Megido, Limited Partnership
		*50%	Doral Tirat Zvi Solar Roofing, Limited Partnership
		*50%	Ramot Menashe Doral Renewable Energies 2022, Limited Partnership

100%	Doral Sunlight, Limited Partnership		
% holding in sub-corporation	**Sub-corporation**	**% holding of the Company's equity**	**Name of project corporation**
100%	Doral PV Fields 2019, Limited Partnership	*67%	Kfar Menahem Doral 2019
		*65%	Avnei Eitan Doral Sdot, Limited Partnership
		*50%	Carmia Doral Rising Sun, Limited Partnership
100%	Doral Ground-Mounted A.V 2020, Limited Partnership	*74%	Warburg Doral Renewable Energy, Limited Partnership
		*49%	Evron Doral Solar Facility, Limited Partnership

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

100%	**Doral E.G.R., Limited Partnership**		
% holding in sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
*100%	Doral A.G.R Energies, Limited Partnership	*50%	Holit Doral Energy Storage
		*50%	Yahel Doral Renewable Energy 2021
		*74%	Gvaram Doral Solar Energy
		*50%	Yotvata Doral Energy Storage
		*50%	Gesher HaZiv Doral Energy Storage
		*50%	Doral Gadot Renewable Energy
		*74%	Kerem Shalom Doral Renewable Energy
		*74%	Kfar Maimon Doral Renewable Energy
		*50%	Reshafim Doral
		*50%	Doral Gvulot Projects
		*74%	Doral Neve Harif Storage
		*50%	Doral Energy and Kibbutz Meirav
		*50%	Doral Tel Katzir Energy Storage
		*50%	Neve Eitan Doral Solar Energy
		*50%	Hadarey Shean Solar Project
		*74%	Ramat David Doral Renewable Energy
		*49%	Doral Energy Kibbutz Tel Yosef
		*74%	H.D. Sadot 2022
*100%	Doral Market Regulation Projects, Limited Partnership	-	-

***75%**	**Thea Doral Energy, Limited Partnership**

90%	**Doral Development and Innovation Management Ltd.**

100%	**Doral Financing 2019 Ltd.**

100%	**Doral Energy Green Commercial Centers Ltd.**

50%	**DHA Empower Energy Ltd.**

100%	**Doral Power From Nature Ltd.**

50%	**Alteco Energy Management in Divisions Ltd.**

***100%**	**Doral Energy Tech Ventures Growth, Limited Partnership**

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

100%	**Doral Green Renewable Energy Ltd.**		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
100%	Doral Green Solar Projects 2015 Ltd.	60%	Beit Haemek Doral Energetic Independence
		50%	Doral Energy - Gesher HaZiv Ltd.
		50%	Kfar Rupin Doral Solar Projects
		50%	Regavim Doral Energetic Independence
80%	Doral Environmental Infrastructures 2015 Ltd.	****10%	Doral Infrastructures-Paulee, Limited Partnership
		**50%	Lahav Doral Bio-Energy
		**50%	Migal Doral Bio-Energy
		25%	Keilot Ltd.
		67.5%	Zohar Clean Tech Ltd.
		100%	Global Bio Power 1 Ltd.
		100%	DORAL EI Biores Sp. z o.o.
		100%	DORAL EI Gazeko Sp. z o.o.
		99%	DORAL EI P1 Sp. z o.o.
		99%	DORAL EI P2 Sp. z o.o.
		99%	DORAL EI P3 Sp. z o.o.
100%	Doral Wind Energy (2015) Ltd.	50%	M.D Wind Energy
100%	Yesodot Doral Infrastructure Management	-	-
100%	Doral Solar Energy Projects 2017 Ltd.	-	-

*****100%	**Doral Ventures Ltd.**		
100%	Doral Invenergy Solar Ventures	67%	Doral Hadarey Shean Ltd.

22.5%	**Doral Infrastructures-Paulee, Limited Partnership**		
6.96%	Paulee CleanTec Ltd.	21.63%	Epic Cleatec
		25%	Lodologic

*100%	**Doral Energy Tech Ventures, Limited Partnership**

51%	**Sunspot D.A.V. Ltd.**

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

*100%	Doral USA Limited Partnership		
% holding in the sub-corporation	**Sub-corporation**	**% holding of the Company's equity**	**Name of project corporation**
		100%	Starke Solar LLC
		100%	GEG PA Solar LLC
		100%	Anthracite Ridge LLC
		100%	Deere Acres Solar LLC
		100%	Global Energy Generation GP LLC
		100%	Brenneman Solar LLC
		100%	Glacier Project Solar LLC
		100%	Buckheart Solar LLC
		100%	Rockville Solar LLC
		100%	Magnolia Solar and Grazing Farm LLC
		100%	Bear Oak Solar LLC
		100%	Macon County Solar LLC
		100%	Wills Creek Solar LLC
		100%	Amadeus Solar LLC
		100%	Noblesville Solar LLC
		100%	Hamilton Heights Solar LLC
		100%	Midwest Development Partners LLC
		100%	Webb County Renewables LLC
		100%	Vista Sands Solar LLC
		100%	Mackinaw Solar LLC
		100%	Athens Energy Storage LLC
**41.78%	Doral Renewables LLC	100%	Biddeford Energy Storage LLC
		100%	Bluff Creek Energy Storage LLC
		100%	Green Country Solar LLC
		100%	Woodward Creek Solar LLC
		100%	Steel Creek Solar LLC
		100%	Adobe Wall Solar Farm LLC
		100%	White Draw Solar LLC
		100%	Oahe Solar LLC
		100%	Savannah Solar LLC
		100%	Lambs Draw Solar LLC
		100%	Saco Storage LLC
		100%	Cold Creek Solar LLC
		100%	Middletown Energy Storage LLC
		100%	James Creek Solar LLC
		100%	Arana Creek Battery Storage LLC
		100%	Bridger Creek Solar LLC
		100%	Dixon Creek Solar LLC
		100%	Horseshoe Hill Solar LLC
		100%	Agrisun I LLC
		100%	Agrisun II LLC
		100%	Camp Lake Solar LLC
		100%	Tiger Bayou Solar LLC

Following are the Company's investees as at December 31, 2022 (cont.):

*100%	Doral USA Limited Partnership (cont.)		
% holding in sub-corporation	**Sub-corporation**	**% holding of the Company's equity**	**Name of project corporation**
		100%	L'Anguille Solar LLC
		100%	Village Creek Solar LLC
		100%	Medicine Lodge Solar LLC
		100%	Turner Creek Solar LLC
		100%	Mystic Energy Storage LLC
		100%	Lyonia Solar LLC
		100%	Eau Pleine Solar LLC
		100%	Hide Town Energy Storage LLC
		100%	Medina Energy Storage LLC
		100%	Good Neighbor Development Partners LLC
		100%	Bottle Creek Solar LLC
		100%	Bridger Creek Solar LLC
		100%	Blue Oak Solar LLC
		100%	Stray Creek Solar LLC
**100%	Starke Solar LLC	62.25%	Mammoth North LLC
		100%	Mammoth Central LLC
		77.25%	Mammoth South LLC
***62.25%	Mammoth North LP	100%	Mammoth North LLC

*100%	Doral Italy Renewable Energy, Limited Partnership		
% holding in sub-corporation	**Sub-corporation**	**% holding of the Company's equity**	**Name of project corporation**
80%	Doral Europe Renewable Energy Limited Partnership	100%	Spartacus S.r.l., a limited liability company
		100%	Spartacus 2 S.r.l., a limited liability company
		100%	Spartacus 3 S.r.l., a limited liability company
		100%	Spartacus 4 S.r.l., a limited liability company
		100%	Spartacus 5 S.r.l., a limited liability company
		100%	Spartacus 6 S.r.l., a limited liability company
		100%	Spartacus 7 S.r.l., a limited liability company
		100%	Spartacus 8 S.r.l., a limited liability company
		100%	DORAL RENEWABLES RO S.R.L
**100%	DORAL RENEWABLES RO S.R.L.	100%	DANUBE RENEWABLES S.R.L
		100%	DANUBE POWER RENEWABLES S.R.L
		100%	DANUBE BLU ENERGY SRL
		100%	DANUBE ENERGY RENEWABLES SRL
		100%	DANUBE SOLAR RENEWABLES S.R.L
		100%	DANUBE GREEN ENERGY RENEWABLES SRL
		100%	BLACK SEA RENEWABLES SRL
		100%	DECEBAL MUNTENIA RENEWABLES SRL
		100%	TRAIAN MUNTENIA RENEWABLES SRL

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

*100%	Doral Poland Renewable Energy, Limited Partnership (cont.)		
% holding in sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
73%	DORAL ENERGY POLAND SP. Z O.O.	100%	DORAL ELEKTROWNIA PVPL 721
		100%	DORAL ELEKTROWNIA PVPL 587
		100%	DORAL ELEKTROWNIA PVPL 162
		60%	DORAL SUNGRID RENEWABLE ENERGY SP. Z O.O.
		50%	FOUNDRY SERVICE POLSKA SP.Z O.O.
		100%	DORAL 1PV SP.Z O.O.
		50%	Alioth Sp. z o. o
		50%	Deplight Sp. z o. o
60%	DORAL SUNGRID RENEWABLE ENERGY SP. Z O.O.	100%	DS PV 1 SP. Z O.O.
		100%	DS PV 2 SP. Z O.O.
		100%	DS PV 3 SP. Z O.O.
		100%	DS PV 4 SP. Z O.O.
4.99%	EL-MOR ELECTRIC	-	-

100%	Doral Holdings Denmark Ltd.		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
**100%	Doral Renewable Energy Resources Denmark ApS.	*100%	GreenGo Energy M57 K/S
		*100%	GreenGo Energy M52b K/S
		*100%	GreenGo Energy M01c K/S
		*100%	GreenGo Energy M96 K/S
		*100%	GreenGo Energy M31 K/S
		*100%	GreenGo Energy M110 K/S
		*100%	Doral Renewable Energy Resources Mermaid Denmark ApS.

77.5%	DORAL ENERGY PTY LTD A.C.N. (Australia)

80%	DORAL RENEWABLE ENERGY CANADA LTD

Doral Group Renewable Energy Resources Ltd.

Appendix - Holdings

Following are the Company's investees as at December 31, 2022 (cont.):

*100%	Doral Agro PV, Limited Partnership		
% holding in sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
**100%	Doral Agro PV Project Management, S.M.	*50%	Maale Gilboa Doral Agro PV, Limited Partnership
		*50%	Doral Gesher, Limited Partnership

*100%	Doral Green Hydrogen Facilities, Limited Partnership		
% holding in sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
100%	Doral Hydrogen Ltd.	100%	DORAL GROUP H2 USA LLC
100%	DORAL GROUP H2 USA LLC	100%	DORAL GROUP H2 LLC

Following are the Company's investees which were incorporated subsequent to December 31, 2022:

100%	Doral E.G.R., Limited Partnership		
% holding in sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
*100%	Doral A.G.R Energies, Limited Partnership	*50%	Doral Negba Solar Energy
*100%	Doral Market Regulation Projects, Limited Partnership	*50%	Lehavot HaBashan Doral Solar Energy, Limited Partnership

100%	Doral A.S 2020 Limited Partnership		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
*100%	Doral in Tefahot, Limited Partnership	*50.1%	Doral Kfar Menahem Renewable Energy, Limited Partnership

***50%	Doral Renewable Energy Farms 2018, Limited Partnership		
% holding in the sub-corporation	**Sub-corporation**	**Holding rate in the project corporation**	**Name of project corporation**
100%	D.M in Mizrahi	*50%	Saar Doral - Farm, Limited Partnership
		*50%	Doral Ramat Yohanan Renewable Energy Farm, Limited Partnership

* The corporation is held, among other things, through a general partner.

** The corporation is held through another sub-corporation.

*** The corporation is held, among other things, through a general partner and another sub-corporation.

**** The Company controls the general partner, and accordingly Doral-Infrastructures Paulee, a limited partnership consolidated in the financial statements.

*****3% held in trust for a beneficiary.

Doral Group Renewable Energy Resources Ltd.

Separate Financial Information as at December 31, 2022

In accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

Doral Group Renewable Energy Resources Ltd.
Separate Financial Information as at December 31, 2022
In accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

CONTENTS

	Page
Special Report of the Independent Auditor on the Separate Financial Information	1
The assets, liabilities and capital attributed to the Company itself as a parent company	2-3
Income and expenses attributable to the Company itself as a parent company	4
Cash flow amounts attributed to the Company itself as a parent company	5-7
Additional Material Information Relating to the Company itself as a Parent Company	
Note 1 - Details Regarding the Separate Financial Information	8
Note 2 - balances and transactions with investee entitles	9
Note 3 - reclassification	10
Note 4 - financial instruments	11-15
Note 5 - events during the reporting period and subsequent to statement of financial position date	15

Re: Independent Auditors' Special Report to the Shareholders of Doral Group Renewable Energy Resources Ltd. on the Separate Financial Information pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the separate financial information disclosed in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 of Doral Group Renewable Energy Resources Ltd. (hereinafter – the "**Company**") as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022. The separate financial information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on the separate financial information based on our audit.

We did not audit the data included in the Separate Financial Information relating to the balance in respect of some of the investee companies, and the Company's share in the business results of some of the investee companies. The financial statements of the above companies, some of which were audited by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other independent auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel. These standards require that we plan and perform the audit in order to obtain a reasonable degree of assurance that the separate financial information does not contain material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and items included in the separate financial information. An audit also includes assessing the accounting principles used in drafting the separate financial information and significant estimates made by the board of directors and management of the Company, as well as evaluating the overall presentation of the separate financial information. We believe that our audits and the reports of other independent auditors provide an adequate basis for our opinion.

In our opinion, based on our audit and the reports of other independent auditors, the separate financial information is prepared, in all material respects, in accordance with Regulation 9 C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Ziv Haft
Certified Public Accountants

Tel Aviv, March 29, 2023

אילת 08-6339911 | מודיעין עילית 08-9744111 | קרית שמונה 077-5054906 | בני ברק 073-7145300 | באר שבע 077-7784100 | חיפה 04-8680600 | ירושלים 02-6546200 | תל אביב 03-6386868

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Doral Group Renewable Energy Resources Ltd.

The assets, liabilities and capital attributed to the Company itself as a parent company (in NIS thousand)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	367,037	483,012
Restricted deposits and cash	10,250	4
Financial assets measured at fair value through profit and loss	162,657	140,218
Customers	1,914	4,994
Receivables and debit balances	60,633	3,145
Total current assets	602,491	631,373
Non-current assets:		
Restricted deposits and cash	-	4,251
Projects under development	243,003	43,084
Investments in investees	1,805,708	493,745
Investments measured at fair value through profit and loss	19,845	37,460
Property, plant & equipment	881	727
Right-of-use assets	5,495	4,951
Deferred taxes	5,710	-
Total non-current assets	2,080,642	584,218
Total assets	2,683,133	1,215,591

The accompanying notes are an integral part of the Separate Financial Information.

Doral Group Renewable Energy Resources Ltd.

The assets, liabilities and capital attributed to the Company itself as a parent company (in NIS thousand)

	December 31, 2022	December 31, 2021
Liabilities and equity		
Current liabilities:		
Current maturities of debentures	88,486	-
Current maturities of long-term loans from a consolidated entity	3,744	3,296
Current maturities of lease liabilities	1,770	1,240
Accounts payable	1,093	3,158
Payables and credit balances	10,595	29,531
Derivative instruments	3,729	6,238
Total current liabilities	109,417	43,463
Non-current liabilities:		
Debentures	499,166	557,542
Loans from a consolidated investee	112,330	110,969
Deferred taxes	-	365
Lease liabilities	3,729	3,767
Total non-current liabilities	615,225	672,643
Equity attributable to the Company itself as a parent company:		
Paid up capital and capital reserves	874,586	504,300
Retained earnings (accumulated loss)	1,083,905	(4,815)
Total equity attributable to the Company's owners	1,958,491	499,485
Total capital and liabilities	2,683,133	1,215,591

March 29, 2023			
Date of approval of the separate financial information	Yaki Neumann Chief Executive Officer	Doron Davidovitz Chairman of the Board of Directors	Matan Barzilai Chief Financial Officer

The accompanying notes are an integral part of the Separate Financial Information.

Doral Group Renewable Energy Resources Ltd.

Income and expenses attributable to the Company itself as a parent company

	For the year ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Revenues:			
Income from provision of services and other	24,934	27,467	14,576
Total revenue	24,934	27,467	14,576
Expenses:			
Cost of revenues	5,796	2,838 (*)	617 (*)
Projects marketing, advertising and promotion expenses	10,294	2,708 (*)	1,059 (*)
General and administrative expenses	35,258	24,497 (*)	12,312 (*)
Research and development expenses	1,819	288	-
Total expenses	53,167	30,331	13,988
Profit (loss) before financing	(28,233)	(2,864)	588
Finance expenses	(73,907)	(31,871)	(8,162)
Finance income	64,902	12,955	15,246
Finance income (expenses), net	(9,005)	(18,916)	7,084
The Company's share in the results of investees accounted for by the equity method, net of its share in internal transactions, net	1,101,862	(3,009)	4,807
Income and other expenses			
Capital gain on sale of investment	16,692	-	-
Other expenses	(49)	(11)	(1,494)
Income and other expenses, net	16,643	(11)	(1,494)
Profit (loss) before taxes on income	1,081,267	(24,800)	10,985
Revenues from income taxes	5,319	4,685	623
Profit (loss) for the year attributable to the Company's owners	1,086,586	(20,115)	11,608
Other comprehensive income (loss) after tax:			
Items that may be subsequently reclassified to profit and loss			
Company's share in foreign currency translation differences in respect of foreign operations of investee entities	21,869	(10,099)	(1,131)
Items not subsequently reclassified to profit and loss			
Company's share in revaluation reserve of investee entities	(5,797)	5,574	8,238
Total other comprehensive income (loss), net of tax	16,072	(4,525)	7,107
Total comprehensive income (loss) for the year attributable to the Company itself as a parent company	1,102,658	(24,640)	18,715

(*) Reclassified, see Note 3 below.

The accompanying notes are an integral part of the Separate Financial Information.

Doral Group Renewable Energy Resources Ltd.

Cash flow amounts attributed to the Company itself as a parent company (in NIS thousand)

	For the year ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Cash flows from operating activities			
Profit (loss) for the year	1,086,586	(20,115)	11,608
Adjustments for:			
Finance expenses (income), net	9,005	18,916	(5,263)
Company's share in results of investees, net	(1,101,862)	3,009	(4,807)
Income taxes in the income statement	(5,319)	(4,685)	(623)
Depreciation expenses	1,958	1,237	598
Other non-cash income (expenses), net	(16,622)	11	-
Expenses in respect of share based payments	519	475	1,884
	(1,112,321)	18,963	(8,211)
Changes in property and liability line items:			
Decrease (increase) in accounts receivable	1,648	(3,980)	(119) (*)
Increase in receivables and debit balances	(3,287)	(9,230)	(6,964) (*)
Increase (decrease) in accounts payable	436	(26)	88
Increase (decrease) in payables and credit balances	(2,101)	874	(44)
	(3,304)	(12,362)	(7,039)
Dividend received	8,608	4,222	11,614
Interest received	6,224	3,186	-
Interest paid	(14,051)	(2,493)	(3,468)
	781	4,915	8,146
Net cash provided by (used in) operating activities	(28,258)	(8,599)	4,504

(*) Immaterial classification of comparative figures.

The accompanying notes are an integral part of the Separate Financial Information.

Doral Group Renewable Energy Resources Ltd.

Cash flow amounts attributed to the Company itself as a parent company (in NIS thousand)

	For the year ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Cash flows from investing activities			
Investments in investees	(198,884)	(140,778)	(55,373)
Investment in projects under development	(252,043)	(30,138)	(12,264)
Decrease (increase) in deposits and restricted cash, net	(4,151)	30,569	(34,590)
Proceeds from disposal of investment in an investee	27,870	-	-
Investment in financial assets measured at fair value through profit and loss, net	(36,700)	(140,546)	-
Receipts (payments) in respect of derivative instruments, net	29,711	(19,344)	-
Purchase of property, plant and equipment	(430)	(443)	(206)
Net cash used in investing activities	(434,627)	(300,680)	(102,433)
Cash flows from financing activities			
Issuance of shares, net of issuance costs	347,466	-	309,938
Issuance of debentures	-	554,285	-
Exercise of options and proceeds from shareholder	-	89	20,883
Repayment of lease liabilities	(1,509)	(1,035)	(612)
Payment to shareholder	-	-	(5,071)
Receipts in respect of derivative instruments, net	3,029	-	-
Receipt of long-term loans from a consolidated entity	2,374	3,847	-
Repayment of long-term loans from a consolidated entity	(7,136)	(6,544)	(5,552)
Repayment of long-term loans from related parties and others	-	-	(4,611)
Repayment of short-term loan from an investee entity	-	-	(4,630)
Net cash provided by financing activities	344,224	550,642	310,345
Change in cash and cash equivalents	(118,661)	241,363	212,416
Effect of exchange rate fluctuations on cash and cash equivalent balances	2,686	(1,253)	-
Balance of cash and cash equivalents at beginning of year	483,012	242,902	30,486
Balance of cash and cash equivalents at end of year	367,037	483,012	242,902

The accompanying notes are an integral part of the Separate Financial Information.

Doral Group Renewable Energy Resources Ltd.

Cash flow amounts attributed to the Company itself as a parent company (in NIS thousand)

Appendix - Material Non-Cash Investment and Financing Activities:

- During June 2020, shareholders' loans, whose carrying amount at that time amounted to NIS 26,710 thousands, were converted.
- In the second half of 2021, the Company sold projects under development, in consideration for the investment in Enerpoint.
- In November 2021, the Company sold 27% of the shares in a consolidated entity in consideration for 4.99% of the El-Mor share capital.
- For information about deposit held in trust, which the Company has not yet received as part of the sale of Enerpoint, see Note 10.E to the Financial Statements.

The accompanying notes are an integral part of the Separate Financial Information.

Doral Group Renewable Energy Resources Ltd.

Notes to the separate financial information (in NIS thousand)

Additional material information relating to the Company itself as a parent company as at December 31, 2022

NOTE 1 - DETAILS REGARDING THE SEPARATE FINANCIAL INFORMATION:

A. Principles of preparing the separate financial information

The Doral Group Renewable Energy Resources Ltd.'s (hereinafter - the "**Company**") separate financial information contains financial data out of the Company's consolidated financial statements, attributed to the Company itself, as the parent company, and it is written in accordance with the requirements of Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - the "**Separate Financial Information**").

The accounting policies applied to the Separate Financial Information is the same as the accounting policy described in Note 3 to the Company's consolidated financial statements for December 31, 2022 (hereinafter - the "**Financial Statements**"), subject to that said above and below in this note.

B. Treatment of Inter-Company Transactions

In the Separate Financial Information, transactions between the Company and consolidated entities that are canceled in the consolidated financial statements are recognized and measured. The recognition and measurement are according to the recognition and measurement principles set out in the International Financial Reporting Standards, so these transactions were treated as transactions vis-à-vis third parties.

The reports included in the Separate Financial Information present the inter-company balances and revenue and expenses for inter-company transactions, that are canceled in the consolidated financial statements, separately from the "net balance due to investees", the "net profit (loss) due to investees", and the "net other comprehensive income (loss) in respect of investees", so that the capital attributed to the Company owners, the profit (loss) for the period attributed to the Company's owners, and the total comprehensive income (loss) for the period attributed to the Company's owners, based on the Company's consolidated financial statements are the same as the equity attributable to the Company itself as the parent company, to the profit (loss) for the period attributed to the Company itself as the parent company, and to the total comprehensive income (loss) for the period attributed to the Company itself as the parent company, respectively, based on the Company's Separate Financial Information.

Under the cash flows amounts attributable to the Company itself as the parent company, the net cash flows due to transactions with consolidated entities are presented under operating activity, investing activities, or financing activities, as applicable.

The foregoing does not apply to Company transactions with third parties in connection with consolidated companies.

C. The terms used in the Separate Financial Information have the meaning according to the definition in Note 1.C to the Financial Statements.

NOTE 2 - BALANCES AND TRANSACTIONS WITH INVESTEE ENTITIES:

Most of the Company's activities are conducted through investee corporations (hereinafter - the "**Entities**"), which invest in different projects. The Company normally provides services to those entities, and when necessary even funds the initiation processes and the projects' working capital and equity requirements; such funding is extended as interest-bearing loans.

Additional material information relating to the Company itself as a parent company

A. Balance sheet balances with investees:

	December 31, 2022	December 31, 2021
1. Balance sheet balances with consolidated entities		
Loans to consolidated entities (*)	402,905	192,071
Current maturities of long-term loans received	(3,744)	(3,296)
Non-current loans received	(112,330)	(110,969)
2. Balance sheet balances with associates		
Loans granted to associates (**)	35,939	34,434

(*) Some of these balances are CPI-linked or linked to the dollar, and they bear fixed/variable interest at rates of 2.42% to 8.74%.

(*) Some of these balances are CPI-linked, and they bear fixed interest at rates of 2.42% to 5.25%.

B. Transactions with investee entities

	For the year ended		
	December 31, 2022	December 31, 2021	December 31, 2020
1. Transactions with consolidated entities			
Income from management fees, overheads, consulting fees, and development fees	5,526*	6,425	7,152
Finance income	25,193	5,724	2,078
Finance expenses	(12,097)	(7,931)	(5,449)
2. Transactions with associates			
Income from management fees, overheads, consulting fees, and development fees	9,087*	3,468	6,386
Finance income	972	692	178

* Section 1 includes a total of NIS 1,004 thousand in respect of consulting fees from Doral LLC in the period through its deconsolidation on November 4, 2022, and Section 2 includes a total of NIS 209 thousand in respect of such consulting fees in the period from the deconsolidation date through December 31, 2022.

NOTE 3 - RECLASSIFICATION

In order to better reflect the projects' initiation and development activities, the following reclassifications were made: payroll expenses of system maintenance employees were classified from the general and administrative expenses line item to the cost of revenues line item; costs of employees and advisors engaged in the development and promotion of projects were classified from the general and administrative expenses line item to the projects' marketing, advertising and promotion expenses line item; costs of projects that in the opinion of the Company the probability that they will be built is lower than the probability that they will not be built were classified from the cost of revenues line item to the projects' marketing, advertising and promotion expenses line item. Set forth below are the amounts of the costs that were reclassified:

	For the year ended December 31	
	2021	**2020**
Decrease (increase) in costs:		
Cost of revenues	118	-
Projects marketing, advertising and promotion expenses	1,054	365
General and administrative expenses	(1,172)	(365)

NOTE 4 – FINANCIAL INSTRUMENTS:

A. Linkage bases:

	As at December 31, 2022					
	Index	**Unlinked**	**USD (1)**	**Other currencies**	**Non-monetary items**	**Total**
Assets:						
Cash and cash equivalents	-	365,905	895	237	-	367,037
Restricted deposits and cash	-	10,250	-	-	-	10,250
Financial assets measured at fair value through profit and loss	52,643	63,445	3,260	- -	63,154	182,502
Customers	-	1,914	-	-	-	1,914
Receivables and debit balances	-	59,809	-	-	824	60,633
Projects under development	-	-	-	-	243,003	243,003
Investments in investees	-	-	-	-	1,805,708	1,805,708
Property, plant & equipment	-	-	-	-	881	881
Right-of-use assets	-	-	-	-	5,495	5,495
Deferred taxes	-	-	-	-	5,710	5,710
	52,643	501,323	4,155	237	2,124,775	2,683,133
Liabilities:						
Debentures (2)	587,652	-	-	-	-	587,652
Loans from a consolidated entity (2)	116,074	-	-	-	-	116,074
Lease liabilities (2)	3,621	1,878	-	-	-	5,499
Trade payables	-	1,093	-	-	-	1,093
Payables and credit balances	4,665	5,930	-	-	-	10,595
Derivatives	-	3,304	425	-	-	3,729
	712,012	12,205	425	-	-	724,642
Total exposure in the separate statement of financial position, net	(659,369)	489,118	3,730	237	2,124,775	1,958,491

(1) (*) Including USD derivatives, as stated in Note 4.D. below.

(2) Including current maturities.

NOTE 4 - FINANCIAL INSTRUMENTS: (cont.)

A. Linkage bases (cont.):

	As at December 31, 2021					
	Index	Unlinked	USD (1)	Other currencies (2)	Non-monetary items	Total
Assets:						
Cash and cash equivalents	-	441,330	9,962	31,720	-	483,012
Restricted deposits and cash	-	4,255	-	-	-	4,255
Financial assets measured at fair value through profit and loss	47,302	50,989	12,025	-	67,362	177,678
Customers	-	4,994	-	-	-	4,994
Receivables and debit balances	-	2,562	-	-	583	3,145
Projects under development	-	-	-	-	43,084	43,084
Investments in investees	-	-	-	-	493,745	493,745
Property, plant & equipment	-	-	-	-	727	727
Right-of-use assets	-	-	-	-	4,951	4,951
	47,302	504,130	21,987	31,720	610,452	1,215,591
Liabilities:						
Debentures	557,542	-	-	-	-	557,542
Loans from a consolidated entity (3)	114,265	-	-	-	-	114,265
Lease liabilities (3)	5,007	-	-	-	-	5,007
Trade payables	-	3,158	-	-	-	3,158
Payables and credit balances	3,517	2,695	-	-	23,319	29,531
Derivatives	-	-	6,238	-	-	6,238
Deferred taxes	-	-	-	-	365	365
	680,331	5,853	6,238	-	23,684	716,106
Total exposure in the separate statement of financial position, net	(633,029)	498,277	15,749	31,720	586,768	499,485

(1) (*) Including USD derivatives, as stated in Note 4.D. below.

(2) - mostly euro.

(3) Including current maturities.

NOTE 4 - FINANCIAL INSTRUMENTS: (cont.)

B. Liquidity risk:

Set forth below is an analysis of the contractual repayment dates of non-discounted financial liabilities, based, where relevant, on the CPI, interest rates and exchange rates as of the end of the reporting period:

	Repayment dates						
December 31, 2022	**First year**	**Second year**	**Third year**	**Fourth year**	**Fifth year**	**Over 5 year**	**Total**
Non-derivatives:							
Trade payables	(1,093)	-	-	-	-	-	(1,093)
Payables and credit balances	(5,930)	-	-	-	-	-	(5,930)
Debentures	(101,768)	(81,079)	(79,914)	(64,117)	(63,185)	(237,828)	(627,891)
Loans from a consolidated entity	(9,332)	(10,573)	(10,876)	(11,395)	(11,226)	(125,540)	(178,942)
Lease liabilities	(1,820)	(1,562)	(1,049)	(755)	(441)	-	(5,627)
Total	(119,943)	(93,214)	(91,839)	(76,267)	(74,852)	(363,368)	(819,483)

Set forth below is an analysis of the contractual repayment dates of non-discounted financial liabilities, based, where relevant, on the CPI, interest rates and exchange rates as of the end of the reporting period:

	Repayment dates						
December 31, 2021	**First year**	**Second year**	**Third year**	**Fourth year**	**Fifth year**	**Over 5 year**	**Total**
Non-derivatives:							
Trade payables	(3,158)	-	-	-	-	-	(3,158)
Payables and credit balances	(6,212)	-	-	-	-	-	(6,212)
Debentures	(12,285)	(92,239)	(77,013)	(75,906)	(60,903)	(285,921)	(604,267)
Loans from a consolidated entity	(7,154)	(8,997)	(10,184)	(10,485)	(10,996)	(133,322)	(181,138)
Lease liabilities	(1,302)	(1,169)	(913)	(736)	(736)	(429)	(5,285)
Total	(30,111)	(102,405)	(88,110)	(87,127)	(72,635)	(419,672)	(800,060)

C. Financial instruments whose carrying amount does not approximate their fair value

The carrying amount of certain financial assets and liabilities, including cash and cash equivalents, restricted deposits and cash, trade receivable, other receivables, long-term loans from related parties and others, trade and other payables, is identical to or a close approximation of their fair value.

The following table lists the balance of the Company's debentures as per the financial statements (including interest payable), which are not presented in the financial statements in accordance with their fair value:

NOTE 4 - FINANCIAL INSTRUMENTS: (cont.)

C. Financial instruments whose carrying amount does not approximate their fair value (cont.)

	December 31, 2022		December 31, 2021	
	Balance	Fair value	Balance	Fair value
Debentures	357,504	369,668	561,010	586,950

D. Fair value hierarchy of financial instruments measured at fair value through profit or loss

For information on the different fair value levels, see Note 3.A.2. to the Financial Statements.

Financial instruments recognized in the statement of financial position

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Current financial assets:				
Marketable securities	157,925	-	-	157,925
Derivatives (*)	-	4,732	-	4,732
	157,925	4,732	-	162,657
Non-derivative financial assets:				
Marketable security	17,117	-	-	17,117
Investment funds	-	2,726	-	2,726
Share option	-	-	2	2
	17,117	2,726	2	19,845
Current financial liabilities:				
At fair value through profit or loss:				
Derivatives (*)	-	(3,729)	-	(3,729)
	-	(3,729)	-	(3,729)

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Current financial assets:				
Marketable securities	140,218	-	-	140,218
Investment funds	-	3,000	-	3,000
	140,218	3,000	-	143,218
Non-derivative financial assets:				
Derivatives	-	11,505	-	11,505
Share options	-	-	3,190	3,190
	-	11,505	3,190	14,695
Current financial liabilities:				
At fair value through profit or loss:				
Derivatives	-	(6,238)	-	(6,238)
	-	(6,238)	-	(6,238)

NOTE 4 - FINANCIAL INSTRUMENTS: (cont.)

D. Fair value hierarchy of financial instruments measured at fair value through profit or loss (cont.)

(*) For details on the Company's risk management policy, see Note 31.A to the Financial Statements.

The Company entered into several USD-NIS transactions for hedge purposes (which do not qualify for accounting purposes); as of December 31, 2022, those transactions amount to a positive NIS 2,770 thousand. The transactions are for a term of up to one year (with minor deviations beyond one year), and they mostly comprise of writing and buying call and put options, and some forwards on the USD exchange rate.

The Company also entered into interest rate hedges (10-year swaptions), whose fair value as of December 31, 2022, is a negative amount of NIS 1,766 thousand.

For additional information about the foreign currency and interest transactions, see Note 31.B.3 to the financial statements.

NOTE 5 - EVENTS DURING THE REPORTING PERIOD AND SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

A. For details about the issue of capital executed by the Company during September 2022, totaling NIS 347,466 thousand net, see Note 19.C to the Financial Statements.
B. For information about a transaction for the raising of capital against convertible notes in Doral LLC and its deconsolidation as from November 4, 2022, see Note 11 to the financial statements.
C. For information about additional material events during the reporting period, see Note 13 to the Financial Statements.
D. For information about material events subsequent to the statement of financial position date, see Note 33 to the Financial Statements.

Doral Renewables LLC

Consolidated Financial Statements

As of and for the year ended December 31, 2022

Table of Contents

	Page
Report of Independent Auditors	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Loss	4
Consolidated Statements of Changes in Members' Equity	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	8

Report of Independent Auditors

To the Management of Doral Renewables LLC

Opinion

We have audited the accompanying consolidated financial statements of Doral Renewables LLC and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of loss, changes in members' equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



March 28, 2023

Doral Renewables LLC

Consolidated Statements of Financial Position

USD in thousands	*Note*	December 31, 2022	December 31, 2021
Assets			
Current Assets			
Cash and cash equivalents		$ 32,823	$ 33,109
Restricted cash, current		123	—
Receivables in respect of equity issuance to owners	*3B1,6,8A*	—	19,911
Derivative assets, current	*8A*	1,227	—
Prepaid expenses		2,474	232
Other current assets		—	1
Total Current Assets		36,647	53,253
Non-Current Assets			
Construction in progress	*4A*	271,089	44,479
Facilities and equipment, net	*4A*	48	25
Restricted cash, non-current	*3D2*	—	15,000
Derivative assets, non-current	*8A*	1,170	—
Other investments	*2C,8A*	4,838	2,500
Receivables in respect of equity issuance to owners, non-current	*3B1,8A*	2,733	2,451
Right-of-use assets	*5A*	289	355
Other non-current assets	*3B2*	16,185	62
Total Non-Current Assets		296,352	64,872
Total Assets		$ 332,999	$ 118,125
Liabilities and Members' Equity			
Current Liabilities			
Financial liabilities measured at fair value through profit and loss	*3B2,6,8A*	$ 11,789	$ 11,800
Trade payables		14,732	207
Lease liability	*5A*	85	44
Interest payable		1,331	—
Accounts payable to related parties	*6*	30	269
Other current liabilities	*11*	74	—
Total Current Liabilities		28,041	12,320
Non-Current Liabilities			
Asset retirement obligations	*4B*	6,808	—
Derivative liabilities, non-current	*6,8A*	20,663	—
Accounts payable to related parties, non-current	*6*	5,320	—
Long-term loans payable	*3A,3B2*	139,937	—
Long-term loans from related parties	*6*	—	3,901
Long-term lease liability	*5A*	247	318
Total Non-Current Liabilities		172,975	4,219
Members' Equity			
Capital reserves		104,433	91,475
Accumulated losses		(24,474)	(6,059)
Non-controlling interests	*10*	52,024	16,170
Total Members' Equity		131,983	101,586
Total Liabilities and Members' Equity		$ 332,999	$ 118,125

The accompanying notes are an integral part of the Financial Statements.

Doral Renewables LLC

Consolidated Statements of Loss

USD in thousands	*Note*	Year ended December 31, 2022	2021
Operating Revenues		$ —	$ —
Operating Costs and Expenses			
General and administrative expenses	*6*	20,009	3,515
Impairment loss	*4D*	342	66
Development costs		699	485
Total Operating Costs and Expenses		21,050	4,066
Operating Loss		(21,050)	(4,066)
Finance Income and Expense			
Finance income	*7*	12,951	2,558
Finance expense	*6,7*	(10,227)	(2,222)
Net Finance Income	*3A,8A*	2,724	336
Net Loss		(18,326)	(3,730)
Less: Net income (loss) attributable to non-controlling interests	*10*	89	(191)
Net Loss Attributable to Owners		$ (18,415)	$ (3,539)

The accompanying notes are an integral part of the Financial Statements.

Doral Renewables LLC

Consolidated Statements of Changes in Members' Equity

USD in thousands	*Note*	Attributable to owners of the Company			Non-controlling interests	Total capital
		Capital reserve in respect of owners	Capital reserve in respect of non-controlling interests	Accumulated losses		
Balance as of December 31, 2020		$ —	$ —	$ (2,520)	$ —	$ (2,520)
Net loss		—	—	(3,539)	(191)	(3,730)
Transactions Carried Directly to Equity						
Capital contributions		86,034	—	—	—	86,034
Capital contributions from non-controlling interests in consolidated entity		—	5,441	—	16,361	21,802
Balance as of December 31, 2021		$ 86,034	$ 5,441	$ (6,059)	$ 16,170	$ 101,586
Net (loss) income		—	—	(18,415)	89	(18,326)
Transactions Carried Directly to Equity						
Capital contributions		(275)	—	—	—	(275)
Capital contributions from non-controlling interests in consolidated entities		—	11,922	—	35,765	47,687
Equity-settled share-based compensation		1,311	—	—	—	1,311
Balance as of December 31, 2022		$ 87,070	$ 17,363	$ (24,474)	$ 52,024	$ 131,983

The accompanying notes are an integral part of the Financial Statements.

Doral Renewables LLC

Consolidated Statements of Cash Flows

USD in thousands	*Note*	Year ended December 31, 2022	2021
Cash Flows from Operating Activities			
Net loss		$ (18,326)	$ (3,730)
Adjustments for:			
Finance income, net	*7*	(4,396)	(805)
Impairment loss	*4D*	342	66
Lease expense	*5A*	82	7
Share-based compensation and other employee benefits	*11*	9,095	—
Depreciation and amortization		923	3
		6,046	(729)
Changes in:			
Prepaid expenses and other current assets		(4,906)	(105)
Right-of-use assets	*5A*	(46)	—
Trade payables		301	(476)
Related-party and other accounts payable	*6*	(225)	30
Other non-current assets		(10,068)	(61)
Cash used in Operating Activities		(14,944)	(612)
Interest paid		(80)	—
Net Cash used in Operating Activities		(27,304)	(5,071)
Cash Flows from Investing Activities			
Increase in construction in progress	*4A*	(199,197)	(39,590)
Decrease (increase) in restricted cash	*3D2*	14,877	(15,000)
Increase in other investments	*8A*	—	(2,500)
Increase in facilities and equipment, net	*4A*	(37)	(22)
Net Cash used in Investing Activities		(184,357)	(57,112)
Cash Flows from Financing Activities			
Equity contributions		67,412	95,905
Payment of debt issuance costs	*3D1*	(24,273)	—
Payment of tax equity issuance costs	*3D1*	(5,923)	—
Proceeds from debt financing	*3A,3D1*	178,750	—
Proceeds from loans provided by related parties	*6*	10,000	—
Repayment of loans to related parties	*6*	(14,591)	(910)
Net Cash from Financing Activities		211,375	94,995
Change in Cash and Cash Equivalents		(286)	32,812
Balance of Cash and Cash Equivalents at Beginning of Period		33,109	297
Balance of Cash and Cash Equivalents at End of Period		$ 32,823	$ 33,109

The accompanying notes are an integral part of the Financial Statements.

Doral Renewables LLC

Consolidated Statements of Cash Flows (continued)

Non-Cash Investing and Financing Activities

USD in thousands	*Note*	Year ended December 31, 2022	2021
Increase in construction in progress from accrued capital expenditures		$ (13,974)	$ (17)
Increase in construction in progress from establishment of asset retirement obligations		(6,808)	—
Increase in construction in progress from capitalized interest and fees[1]		(3,376)	—
Increase in construction in progress from amortization of capitalizable prepaid expenditures and deferred financing costs		(3,597)	—
Increase in loans payable from fees capitalized to loan balance		3,222	—
Decrease in loans payable from non-cash additions to deferred financing costs		19,776	—
Increase in equity for receivables in respect of equity issuance to owners		—	20,185
Decrease in equity for financial liability measured at fair value through profit and loss	*3B2*	—	(12,181)
Decrease in loans from related parties - conversion to equity		—	3,927

[1] The capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 17.13%.

The accompanying notes are an integral part of the Financial Statements.

Note 1 — General

A. Reporting Entity

Doral Renewables LLC, formerly Global Energy Generation LLC (together with its consolidated subsidiaries, the "Company"), whose registered office address is 2 Logan Square, Suite 1830, Philadelphia, PA 19103, was formed on August 28, 2019. The Company is engaged in the initiation, development and construction of renewable energy projects in the United States of America ("US").

The Company's interest holders are:

- Doral USA LLC – 41.78% ("Doral USA"), a member of Doral Renewable Energy Resources Group Ltd.
- Clean Air Generation LLC – 38.22% ("CAG")
- Migdal GEG Investment L.P. – 20% ("Migdal"), a member of Migdal Insurance Company Ltd.

B. Basis of Accounting

These consolidated financial statements were prepared as of and for the year ended December 31, 2022, (the "Financial Statements") in accordance with IFRS Standards.

C. Functional and Presentation Currency

The Financial Statements are presented in US Dollars ("USD"), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

D. Impact of the COVID-19 Pandemic

The COVID-19 pandemic began in early 2020. The pandemic's consequences have included a decline of business activity around the world. Until now, the pandemic has not had a significantly negative impact on the Company's activities, and the Company does not expect any significant negative impact in the short term. However, a new wave of infections, particularly in the markets where the Company is active, could cause delays in the development of projects due to delays in the supply of equipment and/or in the rate of progress of the projects.

E. Reclassifications

Certain reclassifications have been made to the comparative information in the Financial Statements and Notes thereto to conform to the current period presentation.

Note 2 — Significant Accounting Policies

A. Use of Estimates and Judgments

In preparing the Financial Statements, management has made estimates and judgments that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

B. Property, Plant and Equipment

Property, plant and equipment consists of construction in progress and facilities and equipment, net, which are presented as non-current assets in the Consolidated Statements of Financial Position. It is measured at cost less accumulated depreciation and accumulated impairment losses. Construction in progress is comprised of cumulative costs incurred which are directly attributable to bringing a renewable generation facility to the condition necessary for its intended use. Amounts in construction in progress are reclassified to facilities and equipment once the related project achieves commercial operation.

Note 2 — Significant Accounting Policies (continued)

The Company tests for impairment when it becomes aware of conditions which indicate that the carrying amount of property, plant and equipment is no longer recoverable. An impairment loss is measured as the excess of the impaired asset's carrying amount over the greater of its fair value less disposal costs and its value in use. Impairments are evaluated at the level of individual projects, which is the lowest identifiable level where cash flows are independent from other assets or groups of assets. Previously impaired assets are reviewed for possible reversal of the impairment at the end of each reporting period.

Asset retirement obligations are recorded by the Company when an obligation in underlying land agreements is triggered by the start of construction on an applicable project. Because the obligation is estimated by the Company with respect to removing the entirety of the completed project, asset retirement obligations are established on in-construction projects based on the percentage of completion of such project, where a liability is recognized for the present value of such estimate with a corresponding increase in construction in progress. Upon the commencement of operations for the related asset, the Company will begin accreting the asset retirement obligation to its undiscounted value through profit and loss.

C. Financial Instruments

The Company holds financial assets and liabilities which are measured at fair value through profit or loss ("FVTPL"). Financial assets and liabilities FVTPL are measured initially at fair value, with subsequent changes in fair value recognized as Net Finance Income in the Consolidated Statements of Loss.

Financial assets FVTPL comprise contingent payments receivable in respect of the issuance of equity to owners of the Company, which payments are conditioned upon the achievement of certain contractual milestones as described in Note 3B1, and other investments, comprising investments in unaffiliated entities. The most significant input regarding the measurement of contingent payments receivable in respect of the issuance of equity to owners of the Company is the assessed probability that each milestone will be met. Other investments are fair valued using the most recently available market data for the private investee entity, which has historically been informed by the investee's rounds of equity capital raising.

Financial liabilities FVTPL include an embedded derivative bifurcated from its host contract, representing written call options to one of the Company's members permitting it to invest separately in each of a number of prospective projects, expiring following the execution of a power purchase agreement ("PPA") for each project. The derivative liability is measured as the extent to which the modeled discounted cash flows for any of the projects exceed the option holder's anticipated capital commitment. See Note 3B2. Financial liabilities FVTPL also include compensation due to one of the Company's directors representing an obligation to provide certain share-based option awards for which cash settlement is assumed. See Note 11 for further discussion.

The Company has also provided Migdal and Doral USA with separate options to convert unpaid Member Support Fees (see Note 6) into equity of the Company at a 20% discounted price upon the occurrence of certain events, such as equity investment from a third party at a specified minimum amount. The balance of the accrued, but unpaid, Member Support Fees is the most significant input to the valuation. The valuation includes an adjustment for the Company's estimates of the probability that: 1) an exercise event will occur; and 2) the members will exercise the option. The Company closed on a convertible debt financing as discussed in Note 3A, for which the Company has bifurcated embedded conversion and prepayment options and measures the combined financial instrument at fair value. The Member Support Fee conversion options and bifurcated convertible debt features are presented as derivative liabilities in the Consolidated Statements of Financial Position. The Company also has interest rate swaps, which fluctuate in value between derivative assets and liabilities, and are in a net asset position in the Consolidated Statements of Financial Position as of December 31, 2022.

See Note 8 for additional disclosures regarding these fair value measurements.

Note 2 — Significant Accounting Policies (continued)

D. Members' Equity

Incremental costs directly attributable to the issuance of membership interests are recognized as a deduction from members' equity and non-controlling interests, as applicable. Portions of cash contributions made by non-controlling interest holders may be adjusted through capital reserves to the extent the agreement under which such contributions are made indicates the non-controlling interest holder's interest in the underlying entity's economics is disproportionate to its contractual capital commitment.

E. Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. Such assessment is premised on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company establishes a right-of-use asset and a lease liability as of the lease commencement date.

Right-of-use assets are initially measured at cost, which is generally the amount of the initial lease liability adjusted for any initial direct costs incurred, among other adjustments as applicable. Right-of-use assets are subsequently depreciated using the straight-line method through the end of the lease term. Lease liabilities are initially measured at the present value of all lease payments discounted using the Company's incremental borrowing rate, as the rate implicit in the lease is typically not readily determinable to the Company as lessee. The lease liability is subsequently accreted for the remeasurement of the present value of the remaining lease payments and reduced for lease payments made.

F. Fair Value Measurement

The Company holds certain financial instruments which are measured at fair value, as discussed in Note 2C. The Company employs observable inputs in its fair value measurements to the extent possible. Fair valued items are categorized into different levels under the IFRS 13 fair value hierarchy based on the significant inputs to the valuation as follows.

- *Level 1* — quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2* — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- *Level 3* — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

G. Asset Acquisitions

For acquisitions not meeting the definition of a business combination, the Company does not recognize any contingent consideration payable under the applicable agreement until the contingency has been settled and the previously contingent amounts become due. At such time, the contingent consideration is allocated among the assets acquired and liabilities assumed on the basis of relative fair value.

H. Share-Based Payment Arrangements and Other Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present obligation to pay such an amount, based on past service of the employee and whether an estimate can by reliably made.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards granted. The awards have vesting conditions, such that the ultimate amount recognized over the vesting period shall be based only on those awards where the vesting conditions were met, regardless of whether vested awards were subsequently forfeited or expired prior to exercise.

Note 3 — Events During the Reporting Period

A. Convertible Notes Issuance

On October 14, 2022, the Company, through a wholly-owned company (the "HoldCo") that holds all of the Company's subsidiaries, signed a Note Purchase Agreement (the "NPA") to sell up to $500 million in convertible senior, unsecured notes ("Convertible Notes") to AIOF II Woolly Holdings, L.P. ("Apollo"). Though the HoldCo is transacting with Apollo directly with respect to the Convertible Notes, to the Company's knowledge, Migdal and Apollo have arranged separately for Migdal's participation in the Convertible Notes at 20% of the total commitment. All interest is capitalized to the principal balance ("PIK Interest") for the first three years, 75% of such interest is payable in cash with the remainder being capitalized to the loan balance for the fourth year, and all interest is payable in cash thereafter. The Convertible Notes mature on November 4, 2029. Borrowings under the Convertible Notes are contemplated as follows: $90 million paid at initial closing, and the remainder subject to meeting certain milestones and as the Company meets certain criteria for the construction of specific projects in its development pipeline. The Convertible Notes are prepayable at the option of the HoldCo, at any time, for the greater of: (a) the principal amount being repaid and accrued interest thereon; or (b) the principal amount being repaid, plus the extent to which a multiplier on the principal amount being repaid exceeds the aggregate PIK Interest capitalized and cash interest paid with respect to the principal amount being repaid (the "Redemption Amount"), subject to the terms set forth under the NPA.

In the event that the Company effects a Public Listing (as defined in the NPA), such as an initial public offering, or commencing two years after the closing date of the NPA, the holder of the Convertible Notes may convert the outstanding principal amount and accrued interest thereunder (the "Outstanding Amount") to shares in the Company, according to a $1.5 billion valuation (pre-money), in accordance with the terms set forth in the NPA. Also, if the Company effects a Qualified Listing (a Public Listing subject to more stringent criteria, as defined in the NPA), the HoldCo may force the holders of Convertible Notes to convert the Redemption Amount under the Convertible Notes into Company shares, at a share price reflecting 85% of the Qualified Listing price and up to a holding threshold of 9.9%, whereby the balance shall be repaid in cash, in accordance with the terms set forth in the NPA. In addition, in the event of a Company Sale (as defined in the NPA), the holders of the Convertible Notes shall be entitled to elect, at their sole discretion, one of the following alternatives: 1) convert the Outstanding Amount into shares of the Company in accordance with the above valuation; or 2) be repaid the Redemption Amount.

Upon maturity, if no Public Listing has occurred, the HoldCo may force the conversion of the Convertible Notes into 90% of all outstanding common shares of the HoldCo or repay the Outstanding Amount under the Convertible Notes. All conversion scenarios are subject to additional terms and conditions under the NPA.

On November 4, 2022, the initial $90 million of Convertible Notes was paid to the Company, net of $2 million in transaction costs. Immediately upon receipt of the proceeds, the Company paid $11.8 million in transaction costs to additional third parties, $10.2 million to Migdal as repayment of the outstanding principal and interest under the Migdal Revolver, and $4.6 million in promissory notes to Doral USA and Migdal in satisfaction of principal and accrued interest thereon.

The Convertible Notes constitute a hybrid contract under IFRS 9. The Company measures the Convertible Notes at amortized cost due to the absence of any conversion feature requiring the delivery of a fixed number of shares. The NPA contains embedded conversion and redemption features, which the Company accounts for as a single, complex bifurcated derivative measured separately at FVTPL.

Note 3 — Events During the Reporting Period (continued)

B. Migdal Transaction

Effective June 4, 2021, Migdal was admitted as a member of the Company and entered into a series of other transactions with the Company as contemplated in the following series of agreements (collectively, the "Migdal Transaction"):

- A purchase agreement in connection with Migdal's investment in the Company and the acquisition of shares from CAG (the "Investment Agreement");
- A restated limited liability company agreement in respect of the Company's members (the "LLCA");
- In respect of the Company's consolidated subsidiary, Mammoth North LP, which indirectly owns the 400-MW[2] construction-stage Mammoth North solar project in Indiana ("Mammoth North"), a limited partnership agreement (the "Mammoth North LPA"); and
- A credit facility agreement for the provision of credit from Migdal to the Company (the "Migdal Credit Facility") and a separate loan to the Company. See Note 6.

1. The Investment Agreement

Within the framework of the Investment Agreement, Migdal acquired a 20% interest in the Company (fully diluted) and was admitted as a member of the Company under the LLCA. A portion of its interest was acquired directly from CAG, and the rest, constituting 16.77% of the interests in the Company, from the Company. Only the consideration directly attributable to the Company is discussed below.

As of December 31, 2022, the Company has received approximately $94 million in contributions from Migdal in respect of the LLCA, including $40 million of contingent consideration. An additional $15 to $20 million in consideration is conditioned on the achievement of a public offering by the Company with a minimum valuation of $1.5 billion within a specified timeline under the Investment Agreement.

The Company accounts for the contingent investment receivable as a financial asset measured at FVTPL. The initial fair value of the asset upon closing of the Migdal Transaction, which was recorded within equity, was $40.2 million. This amount is subsequently remeasured for receipts of related cash amounts and changes in fair value of the remaining contingent amounts. The fair value of the amount contingent upon the satisfaction of additional milestones was $2.7 million and $22.4 million as of December 31, 2022, and 2021, respectively.

2. The LLCA

Under the LLCA, Migdal was granted an option to invest in a pre-defined list of future projects of the Company, such that, subject to various conditions, it will be entitled to 22.5% of the economic returns from the project in exchange for a capital commitment of 30% of the project's equity needs (net of financing from tax equity and senior debt) upon exercise. This written call option constitutes a derivative liability which is measured periodically at FVTPL.

The liability is measured as the extent to which the modeled discounted cash flows for any of the projects exceed Migdal's anticipated capital commitment. As of the closing date of the Migdal Transaction, the fair value of the option liability was $12.2 million, which amount was recorded within equity. The fair value of the option liability was $4.1 million and $11.8 million as of December 31, 2022, and 2021, respectively.

The Company also has the right to cause in advance, insofar as Migdal decides to exercise its option to invest in a given project, Migdal to invest 50% of the equity needs which are required for the project, in return for 37.5% of the economic interests in that project. Due to the fact that the Company's decision precedes the date of Migdal's decision, a value was not assigned to that right of the Company.

3. The Mammoth North LPA

Under the Mammoth North LPA, 37.5% of the equity interests in the partnership which holds (indirectly) 100% of the interests in the Mammoth North project, were allocated to Migdal in consideration of the investment of 50% of the equity capital needs for the project, up to a total of $100 million. See Note 10.

[2] MW (megawatts) are presented on the basis of alternating current.

Note 3 — Events During the Reporting Period (continued)

C. *Acquisitions*

1. *Brenneman Solar Acquisition*

On December 10, 2021, the Company acquired certain contracts and other rights with respect to a photovoltaic project in Georgia which is in advanced stages of development, with a capacity of approximately 150 MW. Pursuant to the purchase agreement, the Company paid $630 thousand at closing, which is recorded as an asset within construction in progress. Also contemplated in the purchase agreement is an additional $5.9 million in contingent consideration conditioned upon the achievement of certain project milestones, none of which have been achieved as of December 31, 2022. The contingent consideration will be recognized as the related contingencies are settled as described in Note 2G.

D. *Other Events*

1. *Mammoth North Developments*

On June 13, 2022, the Company closed on a $392 million construction financing agreement for the Mammoth North project, which consisted of a $157 million construction-to-term loan facility, a $170 million tax equity bridge loan, and a $65 million letter of credit facility. The construction facility accrues commitment fees on the average daily unutilized portion of the total commitment for all three parts of the financing, payable quarterly. Interest on construction borrowings accrues quarterly at the Secured Overnight Financing Rate plus an applicable margin. Concurrently, the Company also closed on a tax equity commitment for the Mammoth North project, which was subsequently increased via amendment to the related agreements for a total tax equity commitment of $201 million. As of December 31, 2022, the Company has drawn $43.5 million on the construction-to-term loan facility and $46.8 million on the tax equity bridge loan, which amounts include interest and fees capitalized to the principal balance of each loan. The closing of the construction financing agreement represented the fulfillment of one of the contingencies under the Investment Agreement, after which Migdal contributed an additional $20 million to the Company as discussed in Note 3B1 above.

In conjunction with the closing of the financing arrangements, the Company incurred $10.4 million in debt-related transaction costs, which is recorded as an offset to the debt liability (deferred financing costs), and $5.9 million in tax equity-related costs, which is recorded within other non-current assets, on the Consolidated Statements of Financial Position. The Company is amortizing the deferred financing costs over the expected term of the borrowing. The tax equity-related costs will be amortized over the expected life of the tax-equity arrangement, commencing when the tax-equity investment is funded.

The Company uses interest rate swap derivatives to offset its exposure to variable rates on the underlying debt. The swaps are classified as Level 2 under the fair value hierarchy. As of December 31, 2022, the swaps have a fair value of $2.4 million, and are presented as derivative assets on the Consolidated Statements of Financial Position. The entire fair value pertains to mark-to-market adjustments since inception of the swaps and is reflected in finance income and expense in the Consolidated Statements of Loss.

On March 19, 2021, the Mammoth North project company entered into a fixed-price PPA with one of the largest electric utilities in the US. The PPA contemplates the sale of electricity and renewable energy credits ("RECs") over a period of 15 years from the commercial operations date ("COD"). The PPA will be accounted for as a revenue contract.

2. *Mammoth South Developments*

On January 5, 2022, Migdal was admitted as a partner of Mammoth South LP, pursuant to the exercise of its option to invest as described in Note 3B2 and its execution of the Mammoth South LP limited partnership agreement (the "Mammoth South LPA"). Under the Mammoth South LPA, 22.5% of the equity interests in the partnership, which holds (indirectly) 100% of the interests in the Mammoth South project, were allocated to Migdal, in consideration of the investment of 30% of the equity capital needs for the project, up to a total of $75 million. See Note 10.

Note 3 — Events During the Reporting Period (continued)

On July 28, 2021, the Company entered into a PPA for the sale of electricity and RECs at a fixed price over a period of 15 years from COD, for the 300-MW Mammoth South project in Indiana. The PPA will be accounted for as a revenue contract.

The signing of this PPA represented the fulfillment of one of the contingencies under the Investment Agreement, after which Migdal contributed an additional $20 million to the Company as discussed in Note 3B1 above.

The Company had $15 million in cash collateral on deposit with the issuer of a standby letter of credit for the benefit of the PPA counterparty, which was presented within the Consolidated Statements of Financial Position as restricted cash, non-current as of December 31, 2021. During 2022, the cash-collateralized letter of credit was replaced by a letter of credit requiring no cash collateral, after which this amount was released and made available for the Company's general use. No balance remained on deposit with the issuer as of December 31, 2022.

3. Mammoth Central PPAs

On March 15, 2022, the Company entered into a fixed-price PPA with one of the largest electric utilities in the US for a 300-MW portion of its 600-MW Mammoth Central project. The PPA contemplates the sale of electricity and RECs for a term of 15 years from COD. The PPA will be accounted for as a revenue contract.

On March 16, 2022, the Company entered into a series of fixed-price PPAs with a large utility offtaker with respect to the remaining 300 MW of its 600-MW Mammoth Central project at substantially the same terms (except that each is for a different capacity portion of the project). The PPAs contemplate the sale of electricity and RECs for a term of 15 years from COD. The PPAs are each assignable by the offtaker to separate commercial offtakers. The PPAs will be accounted for as revenue contracts.

4. Goonies PPA

On March 15, 2022, the Company entered into a fixed-price PPA with one of the largest electric utilities in the US for all power and RECs from the Company's estimated 143-MW Goonies solar project in Pennsylvania. The PPA contemplates the sale of electricity and RECs for a term of 15 years from COD. The Company is also pursuing an additional interconnection queue position which would enable it to expand the capacity of the project by up to 51 MW, and the offtaker has an option under the PPA to contract for the additional project capacity. The PPA will be accounted for as a revenue contract.

Note 4 — Property, Plant and Equipment

A. Reconciliation of Carrying Amount

USD in thousands	2022	2021
Balance as of January 1,	$ 44,504	$ 4,944
Additions	226,989	39,627
Depreciation	(14)	(1)
Impairments	(342)	(66)
Balance as of December 31,	$ 271,137	$ 44,504

Note 4 — Property, Plant and Equipment (continued)

B. Reconciliation of Related Asset Retirement Obligations

The below table contains a reconciliation of asset retirement obligations, which originate from the Company's commitments to remove all equipment and restore the associated land to its original condition at the end of the final term of the related land contracts. Generally, cash outflows for these items would occur at the end of the economic life of the related project, which is approximately 35 years from the commencement of commercial operations. The estimated cost of satisfying such obligations is estimated prior to each project's construction and may differ from the actual timing and cost of retiring the related assets.

USD in thousands	2022	2021
Balance as of January 1,	$ —	$ —
Additions	6,808	—
Balance as of December 31,	$ 6,808	$ —

C. Construction Commitments

The Company has entered into agreements to acquire assets to be used in the construction of certain of its projects. As of December 31, 2022, these agreements embody a total commitment to purchase $410 million of equipment.

D. Impairment Losses

The Company recorded impairment losses in the amount of $342 thousand and $66 thousand with respect to early-stage photovoltaic solar projects during 2022 and 2021, respectively. The decision to impair the assets was made upon the Company's determination of an unfavorable transmission outlook surrounding the projects. The impairment loss represents all of the carrying amount previously capitalized within construction in progress for the projects.

Note 5 — Leases

A. Leases as Lessee

The Company leases space within an office building as its main headquarters location[3]. The lease was entered into on November 1, 2021, and has an initial term of 5.5 years with an extension option for an additional term of five years with rates renegotiated according to market terms.

The Company also rents land for development of its renewable energy projects under lease and easement agreements. Generally, the terms of these contracts do not permit exclusive use of all land under contract for any purpose and thus do not constitute leases.

Information about leases under which the Company is a lessee is presented below. All leases are categorized as leases of buildings.

Right-of-Use Assets

USD in thousands	2022	2021
Balance as of January 1,	$ 355	$ —
Additions to right-of-use assets	—	366
Right-of-use asset depreciation	(66)	(11)
Balance as of December 31,	$ 289	$ 355

Other Information

USD in thousands	2022	2021
Interest on lease liabilities	$ 15	$ 2
Total cash outflow for leases	(46)	(6)

[3] No employees are required to work at this office.

Note 5 — Leases (continued)

Lease Liability Maturity Schedule

USD in thousands	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
As of December 31, 2022	$75	$73	$78	$84	$22	$—	$332

Note 6 — Related Parties

The Financial Statements include various transactions between the Company and its related parties, all of which are owners of the Company. Prior to the Migdal Transaction, these transactions were limited to management fees, long-term loans, and interest accrued thereon. Following the Migdal Transaction, certain related party long-term loan balances were repaid and/or converted to equity of the Company, and an additional related-party loan was initiated with Migdal.

Also in conjunction with the Migdal Transaction, Migdal provided the Company with the $130 million-Migdal Credit Facility. The interest rate on borrowings under the Migdal Credit Facility was LIBOR plus a margin of 6% to 7%. The Company paid an annual fee of 0.3% on the committed, but unutilized portion of the credit facility.

As discussed in Note 3A, on November 4, 2022, using the proceeds of the initial borrowing under the NPA, the Company repaid in full all outstanding loans from related parties with accrued interest thereon, culminating in the termination of the Migdal Credit Facility and the other related-party loans.

On March 29, 2022, the Company established an arrangement with Doral USA and Migdal to provide the Company with credit support and guarantees in exchange for a fee (the "Member Support Fee"). With respect to any given item of support, the Member Support Fee is charged at a rate of 4% per year, dating back to the commencement date of the related item of support. Except for certain items of support provided exclusively by Doral Group, the Member Support Fee is generally deemed to accrue in the proportion of two-thirds to Doral Group and one-third to Migdal with respect to individual items of support.

As discussed in Note 2C, the Company has also provided Migdal and Doral USA with separate options to convert unpaid Member Support Fees into equity of the Company at a 20% discounted price upon the occurrence of certain events, such as equity investment from a third party at a specified minimum amount. The balance of the accrued, but unpaid, Member Support Fees is the most significant input to the valuation. The valuation includes an adjustment for the Company's estimates of the probability that: 1) an exercise event will occur; and 2) the members will exercise the option. The Member Support Fee conversion options are presented as derivative liabilities in the Consolidated Statements of Financial Position.

The amounts and presentation of the Company's transactions with related parties within the Financial Statements are summarized below.

Related-Party Balances included in the Consolidated Statements of Financial Position

USD in thousands	December 31, 2022	December 31, 2021
Related party financial instruments		
Receivables in respect of equity issuance to owners	$ 2,733	$ 22,362
Financial liabilities measured at fair value through profit and loss	(4,079)	(11,800)
Derivative liabilities, current	(1,137)	—
Accounts payable to related parties	(5,350)	(269)
Long-term loans from related parties	—	(3,901)

Note 6 — Related Parties (continued)

Related-Party Transactions included in the Consolidated Statements of Loss

USD in thousands	Year ended December 31, 2022	2021
Interest on long-term loans from related parties[(a)]	$ 847	$ 1,529
Consulting expenses[(b)]	360	567
Commitment fees and Member Support Fees[(a)]	5,642	225
Gain (loss) on changes in fair value of financial instruments, net[(a)]	6,955	2,558

[(a)] Included within Net Finance Income in the Consolidated Statements of Loss
[(b)] Included within General and administrative expenses in the Consolidated Statements of Loss

Note 7 — Finance Income and Expense

The gross amounts of income and expense comprising Net Finance Income presented in the Consolidated Statements of Loss are presented below.

Gross Amounts Comprising Net Finance Income

USD in thousands	Year ended December 31, 2022	2021
Finance Income		
Net change in fair value of:		
Receivables in respect of equity issuance to owners	$ 371	$ 2,177
Financial liabilities measured at FVTPL	7,721	381
Derivative assets	2,397	—
Other investments	2,338	—
Interest income	124	—
Total Finance Income	12,951	2,558
Finance Expense		
Net change in fair value of:		
Related-party derivative liabilities	1,137	—
Interest expense	853	1,532
Derivative settlements	1	—
Credit support fees	2,508	465
Related-party credit support fees	5,320	—
Credit facility commitment fees	85	—
Related-party credit facility commitment fees	323	225
Total Finance Expense	10,227	2,222
Net Finance Income	$ 2,724	$ 336

Note 8 — Financial Instruments and Risk Management

A. Fair Value of Financial Instruments

The following table provides the amount, financial statement location, and fair value hierarchy level of all financial instruments measured at fair value, all of which are measured at FVTPL as described in Note 2C. There were no transfers between levels within the fair value hierarchy during any of the periods presented herein.

Fair Value Measurements

	As of December 31, 2022		As of December 31, 2021	
USD in thousands	**Level 2**	**Level 3**	**Level 2**	**Level 3**
Financial Assets Measured at Fair Value				
Receivables in respect of equity issuance to owners	$ —	$ 2,733	$ —	$ 22,362
Derivative assets, current	1,227	—	—	—
Derivative assets, non-current	1,170	—	—	—
Other investments	—	4,838	—	2,500
	2,397	7,571	—	24,862
Financial Liabilities Measured at Fair Value				
Financial liabilities measured at fair value through profit and loss	—	11,789	—	11,800
Derivative liabilities, non-current	1,137	19,526	—	—
	$ 1,137	$ 31,315	$ —	$ 11,800

The table below provides a reconciliation of the activity for all financial instruments measured at fair value which are classified as Level 3 under the fair value hierarchy.

Reconciliation of Level 3 Fair Values

	Year ended December 31,	
USD in thousands	**2022**	**2021**
Beginning balance	$ 13,062	$ —
Issues	(19,526)	28,004
Purchases	—	2,500
Gains in net finance income	2,720	2,558
Settlements	(20,000)	(20,000)
Ending balance	$ (23,744)	$ 13,062

B. Risk Management

1. Market Risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. The Company's only significant exposure to market risk is related to interest rates on its borrowings. The Company enters into interest rate swaps to reduce its exposure to fluctuations in variable interest rates on related debt, or forecasted issuances thereof. The Company also enters into fixed-rate financing arrangements as market conditions allow.

Finance income or expense in the Consolidated Statements of Loss is sensitive to mark-to-market fluctuations and related interest rate swap settlements resulting from changes in interest rates. For the year ended December 31, 2022, an increase in interest rates of 100 basis points would have resulted in an additional $15.6 million in finance income and a decrease in interest rates of 100 basis points would have resulted in an additional $14.8 million in finance expense. No impact applies to the year ended December 31, 2021.

Note 8 — Financial Instruments and Risk Management (continued)

2. *Liquidity Risk*

The Company seeks to mitigate liquidity risk — the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset — through prudent capital management (see Note 9). The Company performs cash flow forecasting as a tool to manage liquidity risk to ensure that it has sufficient cash to meet its needs while capital is deployed in the development and construction of multiple projects. The Company's activities are financed by a mix of corporate and project-level capital infusions and borrowings. Tools used to mitigate liquidity risk during the Company's pre-revenue stage include interest rate swaps to reduce exposure to variable-rate debt (as discussed in the preceding paragraph) and the use of borrowing facilities to capitalize to the principal balance current interest and fees accrued on debt financing arrangements.

The following tables provide a schedule of the remaining contractual maturities of financial liabilities. All amounts are presented gross, undiscounted, and inclusive of contractual interest.

As of December 31, 2022		Contractual Cash Flows						
USD in thousands	Carrying Amount	Less than 6 months	6 months - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
Non-derivative Financial Liabilities								
Long-term loans[(a)]	$ 80,506	$ —	$ —	$ (96,268)	$ —	$ —	$ —	$ (96,268)
Convertible notes[(b)]	59,431	—	—	—	(10,549)	(15,488)	(165,478)	(191,515)
Accounts payable	14,762	(14,762)	—	—	—	—	—	(14,762)
Member support fees[(b)]	5,320	—	(5,320)	—	—	—	—	(5,320)
	$160,019	$ (14,762)	$ (5,320)	$ (96,268)	$ (10,549)	$ (15,488)	$(165,478)	$(307,865)

[(a)] The timing and amount of cash flows could vary significantly. The Company expects that a portion of this debt repayment will be at least partially funded via proceeds from a tax equity investor, with most of the remaining debt outstanding converted to term debt.
[(b)] The timing and amount of cash flows could vary significantly based on the occurrence of certain specified events triggering either cash repayment or equity conversion upon settlement of the instrument at the option of the instrument holder.

As of December 31, 2021		Contractual Cash Flows						
USD in thousands	Carrying Amount	Less than 6 months	6 months - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
Non-derivative Financial Liabilities								
Long-term loans[(a)]	$ 3,901	$ —	$ —	$ —	$ (8,516)	$ —	$ —	$ (8,516)
Accounts payable	476	(476)	—	—	—	—	—	(476)
	$ 4,377	$ (476)	$ —	$ —	$ (8,516)	$ —	$ —	$ (8,992)

[(a)] The timing and amount of cash flows could vary significantly. These related-party loans may only be repaid from cash flow generated by operating projects and are otherwise convertible to shares of the company based on the occurrence of certain specified events, with any combination of cash or equity settlement available at the option of the instrument holder.

3. *Credit Risk*

Credit risk is the risk of loss to the Company presented by the counterparty to a financial instrument failing to meet its contractual obligations. The risk to the Company is primarily comprised of receivables in respect of equity issuance to owners and derivative assets. The Company's maximum exposure to credit risk is represented by the carrying amounts of these items, which was $5.13 million and $22.36 million as of December 31, 2022, and 2021, respectively.

Note 9 — Capital Management

The Company's current objectives when managing capital are to minimize costs and maximize prudent usage of leverage for optimization of returns while also maximizing the tax value of the assets under construction to attract prospective tax-equity investment, and to safeguard the Company's ability to continue as a going concern. The Company manages the capital structure according to prevalent economic conditions and risk characteristics of the Company's assets, as well as to maintain compliance under its financing agreements. In the future, the Company's capital management objectives will include an additional focus on the efficiency of costs to manage its renewable energy projects as the projects currently under construction are completed and commence commercial operations.

Note 10 — Non-controlling Interests

The following table provides summarized financial information regarding the Company's consolidated subsidiaries with material non-controlling interests ("NCI"). See Note 2D for accounting policies pertaining to the recognition of NCI.

	Year ended December 31, 2022		Year ended December 31, 2021	
USD in thousands	Mammoth North LP	Mammoth South LP	Mammoth North LP	Mammoth South LP
NCI Percentage	37.5 %	22.5 %	37.5 %	— %
Current assets	$ 28,014	$ 97	$ 14,023	$ —
Non-current assets	231,902	20,019	24,321	—
Current liabilities	(11,440)	(3,387)	(75)	—
Non-current liabilities	(87,315)	—	—	—
Net assets	161,161	16,729	38,269	—
NCI	48,586	3,438	16,170	—
Net income (loss)	418	(303)	(510)	—
Net income (loss) allocated to NCI	$ 157	$ (68)	$ (191)	$ —

Note 11 — Share-Based Payment Arrangements

As described in Note 2H, the Company provides share-based payment arrangements to certain employees as part of their total compensation. The Company issued an initial grant of options to employees under its Employee Share Option Plan ("ESOP") on February 24, 2022. The ESOP options are equity-settled instruments with a maximum contractual life of 10 years. For all arrangements, either the options are not exercisable, or the shares delivered upon exercise are not salable, until an initial public offering of the Company. Vesting occurs ratably each year on the anniversary of the grant date over a period of three years, and continuous service for the entire term is generally required to retain the right to exercise vested options, with limited exceptions.

The following table provides a reconciliation of the Company's outstanding share options.

Reconciliation of Outstanding Share Options

	2022		2021	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Balance as of January 1,	—	—	—	—
Grants	14,911	$ 567	—	—
Forfeitures	(160)	$ 567	—	—
Balance as of December 31,	14,751	$ 567	—	—
Options exercisable at end of period	—	—	—	—

The Company also has an obligation to grant one of its directors cash-settled options for shares of the Company. Although the grant has not yet been made, the agreement underlying the obligation contains specific terms which, when viewed in respect of certain developments of the Company surrounding the ESOP, constitute a liability in the judgment of the Company. The obligation is for the grant of 37,412 options, deemed to have occurred (for valuation purposes) as of February 24, 2022, with a weighted-average exercise price of $802 and a maximum term assumption of 6.5 years. The options vest immediately upon the occurrence of an initial public offering or other similar sale event of the Company, or upon the termination of the underlying agreement by the Company (other than for cause). Because these options were not yet formally granted, they are not included in the table above. As of December 31, 2022, the fair value of these options, which is presented within financial liabilities FVTPL in the Consolidated Statements of Financial Position, was $7.71 million.

Note 12 — Income Taxes

The Company is a pass-through entity of a partnership and therefore is not a taxpayer. All tax items generated by the Company's activities are passed on to its owners.

Note 13 — Subsequent Events

A. Great Bend Solar Acquisition

On March 13, 2023, the Company acquired 100% of the membership interests in Great Bend Solar, LLC, which owns a development-stage photovoltaic project in Ohio with a capacity of approximately 48 MW. Pursuant to the purchase agreement, the Company paid $5.4 million at closing, which will be recorded as an asset within construction in progress. Also contemplated in the purchase agreement is an additional $1.3 million in contingent consideration conditioned upon the achievement of certain project milestones. The Company is currently evaluating whether the acquisition will be treated as an acquisition of assets or a business combination.

B. Authorization for Issuance

The Financial Statements were authorized for issuance by the Company's board of directors as of March 28, 2023.

Chapter D

Additional Information about the Company

For the year ended December 31, 2022

Name of corporation:	Doral Group Renewable Energy Resources Ltd.		
Company number at the Registrar of Companies:	515364891		
Address:	6 Hachilazon St., Ramat Gan 5252270		
Tel:	074-7876888	**Fax**:	03-6111887
Balance sheet date:	December 31, 2022	**Report date**:	March 29, 2023

Regulation 8B: Valuations

Attached to this report is the purchase price allocation (PPA) work, within the relinquishment of control and the transition to having significant influence over Doral Renewables LLC, dated November 4, 2022.

Below are details regarding the valuation:

Identifying the valuation subject:	The valuation of Doral Renewables LLC as of November 4, 2022, and the purchase price allocation (PPA) within the relinquishment of control and the transition to having significant influence over Doral Renewables LLC, as of November 4, 2022
The timing of the valuation:	November 4, 2022.
The valuation subject's value before the valuation date, had the generally accepted accounting principles, including regarding depreciation and amortization, not required the change to its value in accordance with the valuation:	USD 34,885 thousand (NIS 123,145 thousand, at an NIS 3.53 exchange rate, as of October 31, 2022)
The value set for the valuation subject in accordance with the valuation:	USD 434,945 thousand (NIS 1,535,356 thousand, at an NIS 3.53 exchange rate, as of October 31, 2022)
Identification of the appraiser and their characteristics, including education, experience in performing valuations for accounting purposes for reporting corporations at similar or larger scopes to those of the reported valuation, and their dependence on the valuation client, including addressing indemnity agreements with the appraiser:	The work was carried out by Mr. Yaniv Abadi, CPA, who is a founding partner in Beta Finance T.Y.S Ltd. (hereinafter: the "**Appraiser**" or "**Mr. Abadi**") and an expert in financing and valuations. Mr. Abadi has a bachelor's degree in accounting and economics, summa cum laude, and he is a certified public accountant (CPA), and has an MBA, specializing in financing and accounting, cum laude. Mr. Abadi has over 13 years of experience in consulting and management, as well as teaching experience in academic institutions (in the field of accounting and financing), including extensive experience in business, strategy, and economic consulting. Prior to joining Beta Finance, Mr. Abadi was a chief economist for an international holding company. Mr. Abadi is experienced in valuating public and private companies alike, transaction fairness opinions, share valuations (A409), purchase price allocations (PPA), ESOP and valuations of compound financial instruments, economic feasibility studies, cost analyses for projects, and more Mr. Abadi has no dependence on and/or any vested interest in the Company, and he is independent of the Company or any of the Group companies. The fee is not contingent on the results of the valuation. The Company shall indemnify the appraiser for any amount he might pay to any third party, as he might be charged in a court case or any other binding proceeding in connection with performing the valuation, for any such amount exceeding three times the fee, unless the appraiser acted maliciously. Without detracting from the foregoing, Beta Finance's liability is limited to providing the services, in accordance with Staff Legal Position 105-30 by the Israel Securities Authority.

The valuation model the appraiser followed:	The discounted cash flows method.
The assumptions under which the valuation was performed:	For the purpose of calculating the projects' fair value, their projected cash flows were discounted at an 11.04% discount rate for the equity holders (Ke), which was estimated on the basis of the CAPM model. The projected cash flows from the projects are nominal, and the discount rate reflects a 2.5% inflation discount. The above discount rate was used to discount the cash flows up to the projects' operation date, and a risk-free interest rate was applied from the commercial operation date to the valuation date. The discount rate was reduced by 1% during each project's power purchase agreement (PPA) term, in light of the lower risk during this period, in which the revenue stream from electricity and green certificate sales is at a feed-in tariff. The estimated probability that projects under construction and projects in pre-construction will materialize was set at 100%. The estimated probability that projects under advanced development will materialize was set at 90% to 95%. The estimated probability that projects under development will materialize was set at 55%.

Regulation 10A - Summary of the Company's Comprehensive Profit (Loss) Statements for Each Quarter of 2022 and the Entire 2022 (in NIS thousand)

	1-3/2022	4-6/2022	7-9/2022	10-12/2022	Classification of finance income and expenses annually, in the aggregate(*)	2022
Revenues:						
Income from provision of services and other	11,531	6,508	11,415	17,540	---	46,994
Total revenue	**11,531**	**6,508**	**11,415**	**17,540**	**---**	**46,994**
Expenses:						
Cost of revenues	3,943	3,890	6,920	15,273	---	30,026
Project marketing, advertising and promotion expenses	3,270	2,142	2,534	3,450	---	11,396
General and administrative expenses	9,513	10,317	10,320	12,357	---	42,507
Research and development expenses	2,240	105	617	40	---	3,002
Total expenses	**18,966**	**16,454**	**20,391**	**31,120**	**---**	**86,931**
Loss before financing	**(7,435)**	**(9,946)**	**(8,976)**	**(13,580)**	**---**	**(39,937)**
Finance income	12,247	40,377	13,781	21,567	(13,454)	74,518
Finance expenses	(20,607)	(25,222)	(10,749)	(26,399)	13,454	(69,523)
The Company's share in the results of entities accounted for by the equity method, net of its share in internal transactions, net	(2,024)	695	123	(14,677)	---	(15,883)
Other income	---	16,692	---	800	---	17,492
Other expenses	(49)	(254)	(60)	(818)	---	(1,181)
Profit (loss) before taxes on income	**(17,868)**	**23,242**	**(5,881)**	**(33,107)**	**---**	**(34,514)**
Income (expenses) for income taxes	2,837	(6,163)	(800)	6,596	---	2,470
Profit (loss) before effect of deconsolidated operation	**(15,031)**	**16,179**	**(6,681)**	**(26,511)**	**---**	**(32,044)**
Profit due to deconsolidation of Doral LLC, net of tax	---	---	---	1,113,199	---	**1,113,199**
Profit (loss) from Doral LLC operation, after tax	9,762	(11,669)	21,484	(34,414)	---	(14,837)
Profit (loss) for the period	**(5,269)**	**4,510**	**14,803**	**1,052,274**	**---**	**1,066,318**
Profit (loss) for the period attributed to owners	**(7,378)**	**22,227**	**1,936**	**1,069,801**	**---**	**1,086,586**
Profit (loss) for the period attributed to non-controlling interests	**2,109**	**(17,717)**	**12,867**	**(17,527)**	**---**	**(20,268)**
Other comprehensive income (loss) after tax:						
Foreign currency translation differences in respect of foreign operations	6,482	40,342	(4,279)	12,158	---	54,703
Revaluation of property, plant and equipment	134	(151)	(1)	(304)	---	(322)
Company's share in revaluation reserve of entities accounted for by the equity method	2,629	(5,758)	3,745	(6,091)	---	(5,475)
Total other comprehensive income (loss), net of tax	**9,245**	**34,433**	**(535)**	**5,763**	**---**	**48,906**
Total comprehensive income for the period	**3,976**	**38,943**	**14,268**	**1,058,037**	**---**	**1,115,224**
Total comprehensive income (loss) for the period attributed to shareholders	**(2,469)**	**32,046**	**3,335**	**1,069,746**	**---**	**1,102,658**
Total comprehensive income (loss) for the period, attributed to non-controlling interests	**6,445**	**6,897**	**17,471**	**(18,247)**	**---**	**12,566**

(*) In accordance with the GAAP, the finance income and expenses were included in the interim statements by quarter, hence the inclusion of classifications between finance income and finance expenses.

Regulation 10C - Use of Proceeds from Securities, Noting the Designated Objectives According to the Prospectus

Below is a description of how the Company has used the proceeds from the issuance of securities under a prospectus in the reporting year and thereafter, up to the report signature date, noting the proceeds' objectives described in the prospectus/shelf offering report:

Description of the issuance	Gross offering volume (NIS thousands)	Actual designation of the proceeds
An extraordinary private placement of 30,755,867 ordinary shares in the Company, with no par value, to the investors named in Schedule One to the Securities Law.	353,692	The issuance proceeds are used to finance the Company's business activity, as the Company's management decides.

Regulation 11 - List of Investments in Material Subsidiaries and Associates as of the Balance Sheet Date

No.	Entity	Consolidated entity/associate	State of incorporation	Number of shares/participation units	Type of security	Company's interests in the entity (indirectly)	Company's voting rights in the entity (indirectly)	Company's power to appoint the entity's directors/managers (indirectly)	Value in the separate financial report, as defined in Regulation 9C, as of December 31, 2022 (in NIS thousand)
1	Solarit Doral Ltd.	Consolidated	Israel	2,000	Ordinary Shares	100%	100%	100%	61,880
2	Solarit Doral Energetic Independence Ltd.	Consolidated	Israel	2,500	Ordinary Shares	100%	100%	100%	63,383
3	Doral Renewable Energy Farms 2018, Limited Partnership	Associate	Israel	998	Participation units	50%	50%	50%	35,720
4	Doral Green Solar Projects 2015 Ltd.	Consolidated	Israel	1,000	Ordinary Shares	100%	100%	100%	(1)
5	Doral PV Fields 2019, Limited Partnership	Consolidated	Israel	1,000	Participation units	100%	100%	100%	25,611
6	Doral Environmental Infrastructures 2015 Ltd.	Consolidated	Israel	1,000	Ordinary Shares	80%	80%	80%	47,731
7	Doral Energy Tech Ventures, Limited Partnership	Consolidated	Israel	1,000	Ordinary Shares	100%	100%	100%	97,644
8	Doral BeTefahot, Limited Partnership	Consolidated	Israel	1,000	Participation units	100%	100%	100%	13,110
9	Doral Ground-Mounted A.V 2020, Limited Partnership	Consolidated	Israel	1,000	Participation units	100%	100%	100%	15,375
10	Doral Financing 2019 Ltd.	Consolidated	Israel	1,000	Ordinary Shares	100%	100%	100%	1
11	Doral A.G.R Energies, Limited Partnership	Consolidated	Israel	1,000	Participation units	100%	100%	100%	27,955
12	DHA Empower Energy Ltd.	Associate	Israel	1,000	Ordinary Shares	50%	50%	50%	325
13	Doral Power From Nature Ltd.	Consolidated	Israel	100	Ordinary Shares	100%	100%	100%	827
14	Doral Renewables LLC	Associate	USA	---	Participation units	41.78%	41.78%	57.14%*	18,262
15	DORAL ENERGY POLAND SP. Z O.O	Consolidated	Poland	---	Participation units	73%	73%	73%	67,620
16	Doral Europe Renewable Energy Limited Partnership	Consolidated	Italy	---	Participation units	80%	80%	80%	32,766
17	Spartacus S.r.l LLC	Consolidated	Italy	---	Participation units	100%	100%	100%	---
18	DORAL RENEWABLES RO S.R.L	Consolidated	Romania	---	Participation units	100%	100%	100%	6,511
19	Doral Renewable Energy Resources Denmark ApS.	Consolidated	Denmark	---	Participation units	100%	100%	100%	15,785

* For more details, see the Doral LLC Shareholders' Agreement, as described in Section 1.18.6.3 in Chapter A of the Periodic Report.

Regulation 12 - Changes in Investments in Material Subsidiaries and Associates in the Reporting Period

Below is information on the loans the Company has made to or received from the main subsidiaries or associates in 2022 (in NIS thousand):

Company's name	Date of change	Nature of change	Change in NIS thousand
Solarit Doral Ltd.	During 2022	Loan repayment	(8)
Solarit Doral Energetic Independence Ltd.	During 2022	Grant of loan	4,539
Doral Renewable Energy Farms 2018, Limited Partnership	During 2022	Grant of loan	792
Doral PV Fields 2019, Limited Partnership	During 2022	Grant of loan	1,618
Doral Environmental Infrastructures 2015 Ltd.	During 2022	Grant of loan	39,392
Doral Energy Tech Ventures, Limited Partnership	During 2022	Grant of loan	31,114
Doral BeTefahot, Limited Partnership	During 2022	Grant of loan	8
Warburg Doral Renewable Energy, Limited Partnership	During 2022	Grant of loan	144
Evron Doral Solar Facility, Limited Partnership	During 2022	Grant of loan	5,367
Doral A.G.R Energies, Limited Partnership	During 2022	Grant of loan	29,604
DHA Empower Energy Ltd.	During 2022	Grant of loan	504
Doral Power From Nature Ltd.	During 2022	Grant of loan	2,874
Doral USA LLC	During 2022	Grant of loan	6,694
DORAL ENERGY POLAND SP. Z O.O	During 2022	Grant of loan	53,044
Doral Europe Renewable Energy Limited Partnership	During 2022	Grant of loan	19,328
DORAL RENEWABLES RO S.R.L	During 2022	Grant of loan	4,162
Doral Renewable Energy Resources Denmark ApS.	During 2022	Grant of loan	6,515

Regulation 13 - Income of Material Subsidiaries and Associates and the Corporation's Income therefrom during the Reporting Period (in NIS thousand)

Company's name	Profit (loss) before tax for the year	Profit (loss) after tax	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends			Management fees, development fees, overhead, and others			Interest income		
					Received as of December 31, 2022	Received after December 31, 2022, and until the time before the report approval date.	Payment dates after December 31, 2022	Received as of December 31, 2022	Received after December 31, 2022, and until the time before the report approval date.	Payment dates after December 31, 2022	Received as of December 31, 2022	Received after December 31, 2022, and until the time before the report approval date.	Payment dates after December 31, 2022
Solarit Doral Ltd.	5,023	5,882	(403)	5,479	7,510	---	---	1,000	---	---	---	---	---
Solarit Doral Energetic Independence Ltd.	(816)	(519)	(2,861)	(3,380)	---	---	---	1,279	561	5.3.23	2,015	---	---
Doral Renewable Energy Farms 2018, Limited Partnership	(3,622)	(3,622)	(3,528)	(7,150)	---	---	---	1,902	145	19.1.23	---	---	---
Doral Green Solar Projects 2015 Ltd.	(3,118)	(2,652)	---	(2,652)	---	---	---	---	---	---	---	---	---
Doral PV Fields 2019, Limited Partnership	2,456	2,456	---	2,456	---	---	---	---	---	---	---	---	---
Doral Environmental Infrastructures 2015 Ltd.	(11,116)	(11,628)	149	(11,479)	---	---	---	1,238	45	8.3.23	1,219	---	---
Doral Energy Tech Ventures, Limited Partnership	1,773	1,773	---	1,773	---	---	---	---	---	---	---	---	---
Doral BeTefahot, Limited Partnership	(660)	(660)	(1,366)	(2,026)	---	---	---	652	---	---	203	---	---
Warburg Doral Renewable Energy, Limited Partnership	5,284	5,284	---	5,284	---	---	---	---	---	---	---	---	---
Doral Power From Nature Ltd.	(2,658)	(2,047)	---	(2,047)	---	---	---	---	---	---	---	---	---
Doral A.G.R Energies, Limited Partnership	(1,649)	(1,649)	---	(1,649)	---	---	---	---	---	---	2,443	---	---
Doral USA LLC*	1,379,981	1,119,192	59,162	1,178,353	---	---	---	1,213	216	January 3, 2023, February 28, 2023	1,597	---	---
DORAL ENERGY POLAND SP. Z O.O	(212)	(236)	364	128	---	---	---	---	---	---	---	---	---
Doral Europe Renewable Energy Limited Partnership	(2,529)	(2,256)	752	(1,504)	---	---	---	---	---	---	---	---	---
Doral Renewable Energy Resources Denmark ApS.	(724)	(724)	(81)	(805)	---	---	---	---	---	---	---	---	---

*The above data show the Doral USA LLC data while disregarding the presentation of the outcomes achieved by Doral LLC, of which the former holds 41.78%, as a separate operation in accordance with IFRS 5. For details of Doral LLC's outcomes up to its deconsolidation on November 4, 2022, see Note 11 to the financial statements.

Regulation 20 - Securities listed for trading

In 2022, and until the report publication date, Company securities were listed on the Tel Aviv Stock Exchange as follows:

Date of listing for trading	Type and number of securities
September 14, 2022	30,755,867 ordinary shares in the Company, without par value

To the best of the Company's knowledge, in 2022, the trade in Company securities was never halted, except for a limited halt on trade due to notices published by the Company.

Regulation 21 - Compensation to Interested Parties and Senior Officers

Below are details of the compensation paid in the reporting year, as recognized in the financial statements for 2022: (a) to each of the five most highly-compensated senior officers in the Company or corporations it controls, given in connection with their office in the Company or the corporation it controls; (b) to each of the top three most highly-compensated senior officers in the Company, compensated in connection with their office in the Company itself (if they are not listed above in Subsection (a)); and (c) to all stakeholders in the Company (presented at cost to the Company, in NIS thousand):

Compensation recipient				Benefits in lieu of services							Other Benefits			Total (in NIS thousands)
Name	Position	Employment basis	Holding rate of the Company's equity	Wages	Bonus	Imputation of the benefit in respect of share-based payment	Management fees	Consulting fees	Fees and commissions	Other	Interest	Lease fees	Other	
Yossi Cohen	Director of Doral LLC	-	-	-	-	23,031[(1)]	906[(1)]	-	-	-	-	-	-	23,937
Evan Speece	CFO of Doral LLC	100%	-	1,060[(1)]	252[(1)]	679[(1)]	-	-	-	-	-	-	-	1,991
Dani Rinot	Head of Business Development, USA	100%		688	38	679[(1)]	-	-	-	-	-	-	34	1,422
Yaki Neumann	CEO of the company	100%	1.26%	949	135	-	-	-	-	-	-	-	43	1,127
Dori Davidovitz	Chairman of the Board of Directors	60%	18.82%	-	180	-	960	-	-	-	-	-	-	1,140
Directors		-	[(2)]	987	-	-	-	-	-	-	-	-	-	987

(1) Attributed to amounts recognized by Doral LLC, a corporation of which the Company indirectly holds 41.78%. Until November 4, 2022, Doral LLC was consolidated in the Company's books, and from that date on, it was accounted for in the equity method. Accordingly, the amounts specified in the table reflect the full expenses recognized in Doral LLC's books until November 4, 2022, and 41.78% of the expenses recognized in Doral LLC's books from that date and until the end of 2022. The different amounts were translated into NIS.

(2) For information on interested party and senior officer holdings, see Regulation 24 below.

(A) Compensation policy

On May 26, 2020, before the Company became a publicly-traded company, the Company's Board of Directors and general meeting authorized the Company's officer compensation policy, effective for five years of the day the Company becomes a publicly-traded company, as amended from time to time, and that is effective as of today (hereinafter: the "Compensation Policy"). For more information, see Appendix A of Chapter 8 of the prospectus and the Company's immediate reports dated May 25, 2021; July 6, 2021; March 8, 2022; and March 16, 2022 (Ref. No.: 2021-01-030322; 2021-01-049036; 2022-01-023166; and 2022-01-030505, respectively), of gathering meetings and the outcomes of meetings whose agenda included a revision to the compensation policy on director and officer liability insurance and its outcomes, the information included therein is incorporated into this report by way of reference.

(B) Doron (Dori) Davidovitz, Chairman of the Company's Board of Directors

In accordance with the agreement between the Company and Mr. Davidovitz, to provide the Company with Executive Chairperson of the Board services (at a part-time appointment percentage), Mr. Davidovitz is entitled to an NIS 80 thousand (plus VAT) monthly management fee starting from January 2022, in exchange for providing the Company with Executive Chairperson of the Board services (at an appointment percentage no lower than 60%), against a tax invoice. On March 23 and 29, 2023, the Compensation Committee and the Board of Directors, respectively, authorized a revision to the terms of Mr. Davidovitz's tenure, subject to the approval of the Company's General Meeting,[1] so that effective as of January 1, 2023, Mr. Davidovitz is entitled to an NIS 82,240 monthly management fee (plus VAT) (at an appointment percentage no lower than 75%). For further details, see the meeting summons report that will be published close to the publication of this report. The services shall be provided by Mr. Davidovitz as an independent contractor. There shall be no employee-employer relationship between the Company and Mr. Davidovitz, and the Company shall not be required to pay any benefit and/or additional terms. Inasmuch as the Company is required to pay sums in addition to those stated above, Mr. Davidovitz shall indemnify the Company in respect of the surplus payments. In addition, Mr. Davidovitz is entitled to officers' liability insurance (inclusion in the present insurance policy and in future insurance policies), a letter of indemnity, and a letter of exemption, according to the prevailing practice at the Company for all of its officers. Mr. Davidovitz may be entitled to a variable bonus, based on measurable targets, in the amount of up to nine months' management fees, in accordance with the principles set forth in the compensation policy of the Company, subject to the approvals required by law (bonus totaling up to three months' management fees shall be approved by the Compensation Committee and the Board of Directors). Mr. Davidovitz is entitled to an NIS 205,920 bonus for 2022 (reflecting 2.5 months' worth of management fees), plus VAT, for meeting the measurable targets set for the Company, mainly an increase in each of the following parameters, compared with the data in the 2021 annual report:

[1] The Company shall convene a general meeting of Company shareholders immediately prior to the publication of this report.

The measured area	KPIs	Rate of the total bonus	Rate of meeting the target
Facilities in commercial operation / ready to connect	Increase in capacity	0-15%	10.30%
Facilities in commercial operation / ready to connect	Increase in the project revenues rate	0-15%	10.51%
Facilities in commercial operation / ready to connect	Increase in the project EBITDA rate	0-15%	9.95%
Facilities under construction	Increase in capacity	0-15%	12.50%
Pre-construction facilities	Increase in capacity	0-15%	15.00%
Facilities under advanced development	Increase in capacity	0-15%	12.50%
Facilities in development	Increase in capacity	0-15%	15.00%
Facilities in commercial operation	Increase in outputs[2]	0-15%	0.00%
Total		**100%[3]**	**85.8%**

(C) <u>Yaakov (Yaki) Neumann, CEO of the Company</u>

In accordance with the agreement between the Company and Mr. Yaki Neumann, in exchange for his service as CEO of the Company, Mr. Neumann is entitled to a gross monthly salary of NIS 60 thousand for his service as the Company's full-time CEO. On March 13, 2023, and March 29, 2023, the Company's Compensation Committee and Board of Directors, respectively, authorized a revision to Mr. Neumann's terms, so that from January 1, 2023, Mr. Neumann would be entitled to a gross monthly salary of NIS 63,180 thousand (plus VAT), subject to authorization by the Company's general meeting.[4] For further details, see the meeting summons report that will be published close to the publication of this report. In addition, Mr. Neumann is entitled to the following terms: (a) officer liability insurance (inclusion in the current insurance policy and in future insurance policies), a letter of indemnity and a letter of exemption, in accordance with the Company's standard procedure for all officers; (b) annual leave, as determined in the Annual Leave Law; (c) convalescence pay and sick days, as determined by law; (d) a company car, maintenance costs of which, including part of the tax costs derived from the value of use of the vehicle, are borne by the Company (except as specified in the agreement); (e) a laptop computer and cell phone, costs of which are borne by the Company; (f) employer contribution to a study fund at a rate of 7.5% of Mr. Neumann's wages; (f) monthly employer contributions at rates of 6.5% (for a compensation account), 8.33% (for a severance pay account), and 1.67% (for a disability component) of Mr. Neumann's wages for executive insurance or a pension fund or a provident fund; (g) an advance notice period, as determined in the Prior Notice for Dismissal

[2] A higher kWh/KWp ratio for the facilities in commercial operation in 2021 (after controlling for the 0.4% natural degradation).

[3] The maximum score for each individual target may not exceed 120%, and the aggregate score for all target may not exceed 100% (3 months' worth of management fees).

[4] The Company shall convene a general meeting of Company shareholders immediately prior to the publication of this report.

and Resignation Law, 2001. The agreement also includes a nondisclosure and non-compete clause for a period of 12 months starting on the termination of Mr. Neumann's employment. Mr. Neumann may be entitled to a variable bonus, based on measurable targets, in the amount of up to nine monthly salaries, and a discretionary bonus in the amount of up to three monthly salaries, in accordance with the principles set forth in the compensation policy of the Company, subject to the approvals required by law (by the Compensation Committee and the Board of Directors). Mr. Neumann is entitled to an NIS 152,700 bonus for 2022 (reflecting 2.5 salaries) for meeting measurable targets, as well as further to the NIS 100,000 discretionary bonus to Mr. Neumann due to 2022, authorized by the Compensation Committee and the Board of Directors on March 13, 2023, and March 29, 2023 (reflecting 1.7 salaries).

(D) Yossi Cohen, Director of Doral LLC

In accordance with the agreement between Doral LLC and Mr. Cohen, in exchange for Mr. Cohen's service as a director of Doral LLC, Mr. Cohen is entitled to a monthly salary of USD 25 thousand. In addition, Mr. Cohen may be eligible for a special valuations of USD 2,000 thousand upon an initial public offering (IPO). Doral LLC has committed to allot 37,379 options to Mr. Cohen (3% of Doral LLC's share capital), at a USD 802 exercise price per share. The options will vest 24 months after the commencement of Mr. Cohen's term of office (starting on August 18, 2021), and expire 60 months after the vesting ends. The option terms include a cash redemption alternative, at either party's discretion. In addition, according to the agreement, Mr. Cohen is entitled to be included in Doral LLC's ongoing insurance policy and to reimbursement of expenses, as set forth in the agreement; furthermore, there is a duty of confidentiality and a non-compete clause which are effective for 6 months after Mr. Cohen's employment is terminated.

(E) Evan Speece, Chief Financial Officer of Doral LLC

In accordance with the agreement between Doral LLC and Mr. Speece, in exchange for Mr. Speece's service as a full-time CFO at Doral LLC, Mr. Speece is entitled to a USD 330 thousand annual salary. Under the agreement, either party may terminate the agreement for any reason whatsoever, without prior notice. Mr. Speece is, furthermore, entitled to the Doral LLC standard related benefits, health insurance and life insurance, and he might also be entitled to an annual bonus of up to USD 130 thousand. In February 2022, Mr. Speece was allotted 2,558 options, convertible into 2,558 ordinary shares in Doral LLC (subject to capital adjustments), at a USD 567 exercise price per share, and they will be exercisable on the following dates: one third – from the end of the first year after the allotment; one third – from the end of the second year after the allotment; and one third – from the end of the third year after the allotment. For more information about the Doral LLC options plan, see Section 1.14.4 of Chapter A.

(F) Mr. Dani Rinot, Head of Business Development, USA

In accordance with the agreement between the Company and Mr. Dani Rinot, in consideration for his service as Head of Business Development, USA, Mr. Rinot was entitled to a gross monthly salary of NIS 45 thousand. On March 13, 2023, and March 29, 2023, the Company's Compensation Committee and Board of Directors, respectively, authorized a revision to the terms of Mr. Rinot's tenure, so that effective as of March 1, 2023, Mr. Rinot is entitled to a monthly salary of NIS 50 thousand (gross). Within this, an NIS 45 thousand discretionary bonus was approved for Mr. Rinot for 2022. In addition, Mr. Rinot is entitled to a bonus based on meeting measurable targets for 2022, equal to NIS 73 thousand, and

to the following terms: (a) 18 days of annual leave; (b) convalescence pay and sick days, as stipulated in the law; (c) a Company car, whose maintenance costs are paid by the Company (except as set forth in the agreement); (d) a laptop and a mobile phone, whose costs are paid by the Company; (e) a contribution to an advanced education fund, equal to 7.5% of Mr. Rinot's salary; (f) monthly contributions equal to 6.5% (into a retirement benefits account), 8.33% (into a severance pay account), and 2.1% (as the disability insurance component) out of Mr. Rinot's salary, with an executive insurance policy, a pension fund, or a provident fund; (g) a prior notice period no shorter than 30 days. The agreement also includes a non-disclosure and non-compete clause.

In February 2022, a trustee for Mr. Rinot was allotted 2,558 options, convertible into 2,558 ordinary shares in Doral LLC (subject to capital adjustments), at a USD 567 exercise price per share. The options were allotted in the capital gain route under Section 102 (B)(2) of the Income Tax Ordinance, and they will be exercisable on these dates: one third – starting one year after the allotment date; one third – starting two years after the allotment date; and one third – starting three years after the allotment date.

(G) Directors

The comprehensive payment the Company recognized in the financial statements for December 31, 2022, due to director compensation, is NIS 987 thousand. Starting on the day Company shares are listed on the TASE, Company directors are entitled to an annual bonus and to a participation bonus, in the fixed amounts stipulated and detailed in the Second Addendum and the Third Addendum to the Companies Regulations (External Director Compensation and Expenses Rules), 2000, according to the Company's tier, as applicable from time to time.

Regulation 21A - Controlling Shareholders of the Company

As of the report publication date, the Company's controlling shareholders are Mr. Dori Davidovitz, Mr. Alon Kessel, and the Jewish Colonial Trust Ltd. (hereinafter: "**JCT**") who jointly hold shares comprising 45.42% of the Company's share capital,[5] under a shareholders' agreement, within which they agreed to vote unanimously on the subjects presented to the general meeting of Company shareholders, except for specific decisions, as set forth in the agreement. For further details about the agreement and the decisions on which the JCT may decide how to vote at the meeting at its discretion, see the Company's immediate report dated September 7, 2022 (Ref. No. 2022-01-114934), the information thereunder is included herein by way of reference.

Regulation 22 - Transactions with a Controlling Shareholder or in which the Controlling Shareholder has a Vested Interest

Below are details, to the best of the Company's knowledge, of controlling shareholder transactions or transactions that the controlling shareholders have a vested interest in authorizing, that the Company entered into in 2022, and until the publication date hereof, or that are still in effect as of the date hereof:

[5]Mr. Dori Davidovitz and Mr. Alon Kessel hold through Yuval Holdings and Kessel Holdings, respectively, which are both private companies that are wholly owned by these controlling shareholders.

#	Organs that authorized the engagement and the authorization date	Description of the transaction	The controlling shareholders' vested interest in the engagement	Additional details
Transactions according to Section 270(4) of the Companies Law				
1.	---	Within the founders' agreements to establish Doral Infrastructures-Pauli, Limited Partnership (hereinafter - "**Doral Infrastructures Pauli**"), the Company and the controlling shareholders (through wholly-owned private companies) agreed to invest the amounts as follows in Doral Infrastructures Pauli: R.D. Yuval Holdings Ltd. – NIS 1,250 thousand (of which, NIS 500 thousand was already paid), against which, it holds 5.625% of Doral Infrastructures Pauli; Alon Kessel Holdings Ltd. – NIS 1,250 thousand (of which, NIS 500 thousand was already paid), against which, it holds 5.625% of Doral Infrastructures Pauli; The limited partners' investment of the funds was carried out as a shareholder loan to Doral Infrastructures Pauli, bearing a fixed non-linked 5.5% annual interest. The shareholder loans will be paid off to all limited partners on a pro rata basis according to the balance of the loans they made, out of Doral Infrastructures Pauli's free cash flow. As long as the shareholder loans are not entirely paid off, the profits full not be distributed among the Doral Infrastructures Pauli partners.	The controlling shareholders', Mr. Dori Davidovitz's and Mr. Alon Kessel's, vested interest, is because they are party to the founders agreement to establish Doral Infrastructures Pauli.	Section 8.2.1 of Chapter 8 of the prospectus
2.	---	Guarantees made by Mr. Dori Davidovitz and by Mr. Alon Kessel, the Company's controlling shareholders, to guarantee repayment of the group companies' debts due to loans made to group companies. Nine guarantees secure long-term loans Group companies have borrowed from a banking corporation, whose balance as of December 31, 2022, is NIS 44 million.	The controlling shareholders', Mr. Dori Davidovitz's and Mr. Alon Kessel's, vested interest, is because they guarantee these debts.	---
3.	On May 26, 2020 the Company's Board of Directors and general meeting of shareholders authorized the engagement	Grant of letters of exemption and an undertaking to indemnify, and inclusion in the director and officer liability insurance and an issuance insurance policy for directors and officers.	The controlling shareholders', Mr. Dori Davidovitz's and Mr. Alon Kessel's, vested interest, is because they are the engagements' beneficiaries.	Section 8.3 of Chapter 8 of the prospectus
4.	---	Terms of office and employment of Mr. Dori Davidovitz, Chairman of the Company's board of directors	Mr. Dori Davidovitz, one of the controlling shareholders, has a vested interest because he stands to benefit from the engagement.	Regulation 21 above in this Chapter
5.	On June 24, 2020, the Board of Directors authorized the engagement, and the general meeting of Company shareholders authorized it on July 29, 2020	Grant of letters of exemption and an undertaking to indemnify to Mr. Peleg Davidovitz.	Mr. Dori Davidovitz has a vested interest because his son, Mr. Peleg Davidovitz, stands to benefit from the engagement.	An immediate report the Company published on June 24, 2020 (Ref. No. 2020-01-057961) and on July 31, 2020 (Ref. No. 2020-01-074794).
Other transactions				
1.	On June 24, 2020, the Company's board of directors authorized the engagement.	Engagement under Regulation 1B of the Companies Regulations (Reliefs In Interested Party Transactions), 2000 (hereinafter - the "**Relief Regulations**"), to award an annual bonus and a participation bonus at the fixed amount stipulated in the Companies Regulations (External Director Compensation and Expenses Rules), 2000, according to the Company's tier from time to time, and include him in the Company's director and officer liability insurance.	Mr. Dori Davidovitz has a vested interest because his son, Mr. Peleg Davidovitz, stands to benefit from the engagement.	An immediate report the Company has published on June 24, 2020 (Ref. No. 2020-01-057943).

Regulation 24 - Holdings of Interested Parties and Senior Officers

For information on interested parties' and senior officers' holdings in the Company as of December 31, 2022, see the Company's immediate report dated January 5, 2023 (Ref. No. 2023-01-003304), the information in which is incorporated in to this report by way of reference.

Regulation 24A - Registered Capital, Issued Capital and Convertible Securities

For information on the number of shares in the Company's registered, issued capital and the Company' is convertible securities, see the Company's immediate report dated September 15, 2022 (Ref. No. 2022-01-095331), the information therein is incorporated into this report by way of reference.

Regulation 24B - The Company's Shareholders

For information about the Company's shareholder register, see the Company's immediate report dated September 15, 2022 (Ref. No. 2022-01-095331), the information contained therein is incorporated into this report by way of reference.

Regulation 25A - Registered address

Address: 6 Hachilazon St., Ramat Gan 5252270

Telephone: +972-3-7876888

Fax: 03-6111887

Email: info@doral-energy.com

Regulation 26 - The Company's Directors

Name:	Doron (Dori) Davidovitz	Alon Kessel	Reuven Zvi Gerstel
Position in the Company:	Chairman of the Board of Directors	Director	Director
ID No.:	057436883	023582307	051301562
Date of birth:	February 22, 1962	December 15, 1967	February 4. 1952
Address for delivery of court documents:	6 Hachilazon St., Ramat Gan 5252270	6 Hachilazon St., Ramat Gan 5252270	99 Brenner St., Herzliya 4600513
Citizenship:	Israeli	Israeli	Israeli
Member of board of directors committees:	No	No	Financial Statements Review Committee
Is he/she an independent director:	No	No	No
Is he/she an external director:	No	No	No
1) If Yes, does he/she have accounting and financial expertise or professional qualifications:	-	-	-
2) If Yes, is he/she an expert external director:	-	-	-
Is he/she an employee of the Company, a subsidiary, affiliate or of interested party:	Controlling shareholder in the Company	Controlling shareholder in the Company	Chief Executive Officer and CFO of Jewish Colonial Trust; director in three Company subsidiaries
Commencement of office:	January 7, 2016	January 7, 2016	December 27, 2018
Education:	Bachelor's degree in economics, Tel Aviv University; certified real estate appraiser	Bachelor's degree and a master's degree in economics, Tel Aviv University	Bachelor's degree in economics and accounting, Tel Aviv University
Occupation during past five years:	Chairman of the Company's Board of Directors, Co-CEO and Chairman of the Board of Directors of DA Doral Real Estate Development 2005 Ltd.; Co-CEO and Chairman of DA Doral Real Estate Ltd.	A Company director; Co-CEO and Director of Doral Real Estate Development (2005) Ltd.; Co-CEO and Director of DA Doral Real Estate Ltd.	A Company director; CEO of the Jewish Colonial Trust; member of the Yoram Levinstein School of Dramatic Arts Executive Board
Companies in which serves as a director (other than the Company):	The Company and a Company subsidiary; Doral Real Estate Development (2005 Ltd.) and subsidiaries; DA Doral Real Estate Ltd. and subsidiaries	The Company and a Company subsidiary; Doral Real Estate Development (2005 Ltd.) and subsidiaries; DA Doral Real Estate Ltd. and subsidiaries	Three Company subsidiaries
Related to another interested party in the Company:	Yes, he is the father of Mr. Peleg Davidovitz, a Company director	No	No
Does the Company consider him as having accounting and financial expertise for compliance with the minimum number set for the board of directors under Section 92(A)(12) of the Companies Law:	Yes	No	Yes

Name:	Dov Goldman	Peleg Davidovitz	Erez Bezalel Levanon
Position in the Company:	Director	Director	Director
ID No.:	027758341	301441028	054002910
Date of birth:	March 31, 1971	October 26, 1988	July 19, 1956
Address for delivery of court documents:	Kibbutz Yotveta, 8882000	6 Hachilazon St., Ramat Gan 5252270	6 Hachilazon St., Ramat Gan 5252270
Citizenship:	Israeli	Israeli	Israeli
Member of board of directors committees:	No	No	Committee for reviewing the financial statements, audit committee and compensation committee
Is he/she an independent director:	No	No	No
Is he/she an external director:	No	No	No
1) If Yes, does he/she have accounting and financial expertise or professional qualifications:	-	-	-
2) If Yes, is he/she an expert external director:	-	-	-
Is he/she an employee of the Company, a subsidiary, affiliate or of interested party:	No	No	No
Commencement of office:	June 26, 2017	June 24, 2020	June 24, 2020
Education:	Bachelor's degree in the humanities, the Hebrew University; MBA, Ben Gurion University; senior directors course, Israeli Center of Management	LLB, with an academic focus on accounting, Tel Aviv University	LLB, Tel Aviv University; Business Mediation Course by the Israel Bar Association
Occupation during past five years:	A Company director; Business Development Manager at Kibbutz Yotvata; Economic Coordinator at Kibbutz Yotvata	A Company director; CEO and founding partner of Propdo; attorney at Herzog Fox Neeman; lecturer on real estate investing at the Herzliya Interdisciplinary Center	A Company director; working attorney in the civil-commercial area
Companies in which serves as a director (other than the Company):	V-Corals Ltd.; Frisimos Technologies Ltd.	-	-
Related to another interested party in the Company:	No	Some of one of the controlling shareholders, Mr. Doron (Dori) Davidovitz, Chairman of the Company Board of Directors	No
Does the Company consider him as having accounting and financial expertise for compliance with the minimum number set for the board of directors under Section 92(A)(12) of the Companies Law:	No	Yes	No

Name:	Orit Stav	Ayelet Nahmias Verbin	Moshe Mashiach
Position in the Company:	Independent director	External director	External director
ID No.:	028483824	027762921	069415693
Date of birth:	March 1, 1971	June 19, 1970	December 7, 1964
Address for delivery of court documents:	6 HaRimon St., Udim 4290500	10 Mazeh St., Tel Aviv 6521323	26 Katzenelson St., Kefar Sava 4440528
Citizenship:	Israeli	Israeli	Israeli
Member of board of directors committees:	Committee for reviewing the financial statements, audit committee and compensation committee	Committee for reviewing the financial statements, compensation committee and audit committee	Committee for reviewing the financial statements, compensation committee and audit committee
Is he/she an independent director:	Yes	Yes	Yes
Is he/she an external director:	No	Yes	Yes
1) If Yes, does he/she have accounting and financial expertise or professional qualifications:	Yes	-	Yes
2) If Yes, is he/she an expert external director:	No	-	Yes
Is he/she an employee of the Company, a subsidiary, affiliate or of interested party:	-	-	-
Commencement of office:	June 24, 2020	July 29, 2020	July 29, 2020
Education:	Bachelor's degree in economics and management, Tel Aviv University; MBA, Hertfordshire UN, UK	LLB, Hebrew University of Jerusalem; a master's degree in commercial law, Tel Aviv University; mediation course	Bachelor's degree in accounting and business management, College of Management; MBA, Ono Academic College
Occupation during past five years:	An independent director of the Company; a director in public companies; investment advisor at Kutay Investments Ltd.	An external director of the Company; Chair of the Export Institute; Vice President of the Manufacturers' Association of Israel; Knesset Member; Chair of Tavlit Plastic Ltd.	An external director of the Company; CFO of Delek the Israel Fuel Corporation Ltd.; CFO of Regavim Ltd.; CFO of Tal Hel Yasca Ltd.
Companies in which serves as a director (other than the Company):	Altshuler Shaham Properties Ltd.; Ya'acobi Brothers Group (YSB) Ltd.; HBL–Hadasit Bio-Holdings Ltd; Camtech Ltd.; Effi Capital Real Estate Ltd.; IBI–Underwriting and Issuing Ltd.; Innoviz Technologies Ltd.; DNA Group TR Ltd.; Home Biogas Ltd.	Megureit Israel Ltd.; Rafael Advanced Defense Systems Ltd.; Export Institute; Ani Holdings Ltd.; Tavlit Plastic Ltd.; HopOn mobility Ltd.; WAY 2 VAT LTD; Tel Aviv Museum	-
Related to another interested party in the Company:	No	No	No
Does the Company consider him as having accounting and financial expertise for compliance with the minimum number set for the board of directors under Section 92(A)(12) of the Companies Law:	Yes	No	Yes

Regulation 26A - The Company's Senior Officers

Name	Yaki Neumann	Matan Barzilai	Michal Weiss Navon	Amir Harush	Yonatan Hantis
Position in the Company:	Chief Executive Officer	Chief Financial Officer	VP Investor Relations and Corporate Secretary	Chief Controller	Deputy CEO
ID No.:	031411309	300379260	065962441	037654852	201548435
Date of birth:	November 21, 1978	April 30, 1987	September 2, 1984	October 28, 1975	13.12.1989
Commencement of office:	June 1, 2013	July 1, 2018	April 1, 2020	February 1, 2021	January 25, 2023
Position in a subsidiary, affiliate or interested party:	Director and CEO in subsidiaries	No	No	No	No
Is he/she an interested party in the Company:	Yes	No	No	No	No
Is he/she a family member of another senior officer or of an interested party in the Company:	No	No	No	No	No
Education:	Bachelor's degree in electric and electrical engineering, Afeka College and Tel Aviv University; MBA, Bar Ilan University	LLB, Tel Aviv University; a bachelor's degree in accounting, Tel Aviv University	LLB, Rishon LeZiyon College of Administration	Bachelor's degree in economics and accounting, Tel Aviv University; MBA, Tel Aviv University	LLB, Tel Aviv University; LLM in commercial law, Tel Aviv University
Experience during past five years:	CEO of the company	CFO of the Company; Head of Business Development at the Company	VP of Investor Relations and Corporate Secretary; VP of Business Development	Chief Controller of the Company: Senior Controller at Discount Investments Ltd.; Controller at IDB Development Company Ltd.	Head of the Company's Business Development and Electricity Trade Department; VP of Business Development at PROPIT; Attorney at S. Horowitz Law Firm

Name	Dani Rinot	Eran Pliskin	Avital Ofek	Roee Furman
Position in the Company:	Head of Business Development, USA	Head of Business Development, Europe	Head of Operations in Israel	Head of Doral-Tech Operations
ID No.:	052717550	028959229	301691697	201602463
Date of birth:	November 3, 1981	November 21, 1971	September 24, 1988	August 16, 1989
Commencement of office:[6]	March 30, 2022	March 30, 2022	March 30, 2022	March 30, 2022
Position in a subsidiary, affiliate or interested party:	No	No	No	CEO of Doral-Tech
Is he/she an interested party in the Company:	No	No	No	No
Is he/she a family member of another senior officer or of an interested party in the Company:	No	No	No	No
Education:	LLB, Bar Ilan University; LLM, MBA, Bar Ilan University	Dual bachelor's degree in law and economics, Tel Aviv University; MBA, Tel Aviv University	LLB, Netanya Academic College	Bachelor's degree in strategy and decision-making, Reichmann University
Experience during past five years:	Head of Business Development, USA, at the Company; Senior Legal Advisor at Hutchison Water	Head of Business Development, Europe, at the Company; Head of Business Development at Sun Power Corporation	Head of Operations in Israel; Head of Business Development at the Company; lawyer at Shlomo Cohen & Co.	Head of Doral-Tech Operations: VP of Business Development and Strategy at Maisha Labs Ltd., Secretary and Member of the WIZE Association Executive Board

[6]The date refers to the time the Company's restructuring, following which they started acting as Company officers, became effective.

Name	Neta Schuster	Yaakov Zemach	Yarden Yitzhaki	Shimon Mesika	Alon Amit
Position in the Company:	Controller, Company and subsidiaries	Founding Partner, CEO and Director of Doral Environmental Infrastructures 2015 Ltd., Director of its subsidiaries; CEO of Doral Infrastructures Pauli	VP, Engineering and Technologies	VP, Business Development and Entrepreneurship	Internal Auditor
ID No.:	200248847	057146318	042836668	040305963	025670647
Date of birth:	December 16, 1987	May 20, 1961	May 17, 1981	August 7, 1980	August 5, 1973
Commencement of office:	September 1, 2018	January 1, 2015	June 2, 2013	January 1, 2020	August 16, 2020
Position in a subsidiary, affiliate or interested party:	Controller for the subsidiaries	CEO and Director of Doral Environmental Infrastructures 2015 Ltd., CEO of Doral Infrastructures Pauli	No	No	No
Is he/she an interested party in the Company:	No	No	No	No	No
Is he/she a family member of another senior officer or of an interested party in the Company:	No	No	No	No	No
Education:	CPA; bachelor's degree in economics and accounting, Sapir College	Bachelor's degree in environmental sciences and geology, Ben Gurion University; master's degree specializing in hydrology, Ben Gurion University; master's degree in public administration and policy, University of Haifa	Bachelor's degree in electric engineering and computer engineering, Ben Gurion University; engineering electrician certificate from the Ministry of Labor and Welfare; Class 3 electric examiner certificate from the Ministry of Labor and Welfare	Bachelor's degree in business administration and economics; MBA (specializing in real estate financing)	Bachelor's degree in political sciences and communication, Bar Ilan University; master's degree in public administration, specializing in internal and public auditing; Bar Ilan University; Certified Information Systems Auditor (CISA), certified cyber auditor (CSX-A)
Experience during past five years:	Company Controller; Independent Auditor, BDO Ziv Haft Accountants	Founding Partner, CEO and Director of Doral Environmental Infrastructures 2015 Ltd., Director of its subsidiaries; CEO of Doral Infrastructure–Pauli; CEO and Chairman of Zohar Clean Tech Ltd.	VP Engineering and Technologies of the Company; VP of Engineering and Operation, Solarit Doral Energetic Independence Ltd., from 2010	VP Business Development and Entrepreneurship of the Company	Head of Internal Auditing, Raveh Ravid & Co., CEO, Raveh Ravid Internal Auditing Services Ltd.; Vice President, ISACA Israel; President, ISACA Israel Has expertise and experience in data and cyber protection[7]

[7] Has 15 years of expertise and experience in IT systems auditing, data and cyber protection; has international accreditation: CISA (Certified Information Systems Auditor), Cyber Security Auditor (Cyber Auditor) and CDPSE (Certified Data Privacy Solutions Engineer); successfully completed the Microsoft (MCSA) and CISCO (CCNA) network management courses; 10 years of experience as a speaker in a CISA-certification preparatory course; former president of ISACA Israel (Information Systems Audit and Control Association) in 2019 to 2022. Currently – an executive and the association's former president; lecturer on cyber issues at the Haifa University MA program in internal auditing; director courses by Hamil–The Israeli Management Center Ltd.; and training sessions on cyber security for organizations.

Regulation 26B - Independent Signatories

As of December 31, 2022, and as of the report approval date, the Company does not have independent authorized signatories.

Regulation 27 - The Company's Independent Auditors

Ziv Haft (BDO), Certified Public Accountants, 48 Menachem Begin Rd., Tel Aviv.

Regulation 29 - Recommendations and Resolutions of the Board of Directors and Extraordinary General Meetings

On March 15, 2022, the special general meeting of Company shareholders authorize the following items further to the authorization of the Company's Compensation Committee and Board of Directors: approval of a revision to Mr. Doron (Dori) Davidovitz's terms as the Executive Chairperson of the Board, from January 1, 2022 (Mr. Davidovitz is one of the Company's controlling shareholders); approval of a revision to the terms of service and employment of Mr. Yaakov (Yaki) Neumann as CEO of the Company, starting from January 1, 2022; and a revision to the Company's compensation policy. For more information, see the Company's immediate reports dated March 8, 2022 and March 16, 2022 (Ref. No. 2022-01-023166 and 2022-01-030505, respectively), the information contained therein is incorporated into this report by way of reference.

On September 15, 2022, the Company completed an extraordinary private placement of 30,755,867 ordinary shares in the Company with no par value, to the investors named in Schedule One to the Securities Law, as set forth in the Company's immediate report dated September 11, 2022 (Ref. No. 2022-01-115609).

Regulation 29A - Company Resolutions

Officer Exemption, Insurance, Or Indemnity Undertaking

(A) On May 26, 2020, the Company's Board of Directors and general meeting authorized granting Company directors and officers letters of exemption and indemnity, including the directors and officers who are also the Company's controlling shareholders. For information on the letters of indemnity and letters of exemption for present and future Company officers, including Company directors, and for details on the **Company's director and officer liability insurance policy**, see Section 8.3 of the prospectus, the information therein is incorporated into this report by way of reference.

(B) On June 24, 2020, the Company's Board of Directors authorized these items, *inter alia*: (a) under Article 1B of the Relief Regulations, including Mr. Peleg Davidovitz, son of Mr. Dori Davidovitz, one of the Company's controlling shareholders, in the Company's director and officer liability insurance policy; (b) under Regulation 1B1, including all other directors and candidate directors in the Company's director and officer liability insurance policy. For more information, see the Company's immediate report dated June 24, 2020 (Ref. No. 2020-01-057943), the information therein is incorporated into this report by way of reference.

(C) On July 29, 2020, the special general meeting of Company shareholders authorized these items: Ms. Ayelet Nahmias Verbin's appointment as an external director of the Company; Mr. Moshe Mashiach's appointment as an external Company director; granting letters of exemption and undertaking to indemnify to directors and candidate directors in the Company, Mr. Erez Levanon, Ms. Orit Stav, Ms. Ayelet Nahmias Verbin, and Moshe Mashiach; granting letters of exemption and undertaking to indemnify to Mr. Peleg Davidovitz, for his service as a Company director. For more information, see the Company's immediate report dated June 24, 2020 (Ref. No. 2020-01-057961) and July 31, 2020 (Ref. No. 2020-01-074794), the information therein is incorporated into this report by way of reference.

(D) On March 7, 2022, the Company's Compensation Committee authorized, *inter alia*, under

Regulation 1B1 of the Relief Regulations, Mr. Avital Ofek's, Mr. Dani Rinot's, Mr. Eran Pliskin's and Mr. Roee Furman's inclusion in the Company's director and officer liability insurance, in light of their forthcoming classification as Company officers on that day.

(E) On March 7, 2022, the Company's Compensation Committee and Board of Directors authorized, inter alia, the grant of exemption and undertaking to indemnify letters to Mr. Avital Ofek, Mr. Dani Rinot, Mr. Eran Pliskin and Mr. Roee Furman, in light of their forthcoming classification as Company officers on that day.

(F) On March 23, 2023, the Company's Compensation Committee authorized, inter alia, under Regulation 1B1 of the Expedients Regulations, entering Mr. Yoni Hantis, the Company's Deputy CEO, into the Company's D&O insurance policy.

(G) On March 23, 2023, and March 29, 2023, the Company's Compensation Committee and Board of Directors authorized, inter alia, the grant of exemption and undertaking to indemnify letters to Mr. Yoni Hantis, the Company's Deputy CEO.

Doral Group Renewable Energy Resources Ltd.

Date: March 30, 2023

Signatories' names:	**Position:**
Doron Davidovitz	Chairman of the Board of Directors
Yaki Neumann	Chief Executive Officer



Doral USA LLC

Purchase Price Allocation (PPA) as part of loss of control and transition to significant influence of Doral Renewables LLC, as at November 4, 2022



Attn.
Doral USA LLC

Dear Sir/Madam,

According to the agreement between Beta Finance T.Y.S Ltd. (hereinafter - "**Beta Finance**") and Doral Renewable Energy Resources Group (hereinafter - the "**Party Commissioning the Valuation**" and/or the "**Group**" and/or "**Doral**"), we were asked to allocate a purchase price as part of loss of control of Doral Renewables LLC (hereinafter - the "**Company**" and/or "**Doral** LLC") under a transaction to raise convertible notes from Apollo Global Management. The date of loss of control and transition to significant influence is November 4, 2022.

For the purpose of our valuation, we relied on the following data and documents:

- Financial data of Doral LLC as at September 30, 2022 and October 31, 2022 (unaudited);
- The cash flow model of the Company's project portfolio;
- The likelihood of realization of backlog projects according to the Company management's assessments;
- Additional information about the Company's different projects;
- The raising agreement from investment funds managed by Apollo;
- Additional data provided to us in writing and verbally by management;
- Public information.

The attached document is intended for the exclusive use of Doral Group, and its independent auditors and legal counsel. No other use may be made of the Document, including citing it in full or in part or attaching it to other documents, other than for the purposes specified above, without our express written authorization. However, we consent to have this opinion attached and/or mentioned in the financial statements of Doral LLC and Doral Group Renewable Energy Resources Ltd., according to the disclosure obligations applicable to it pursuant to securities laws or any other law, including in any revised report which the Party Commissioning the Valuation is required to submit.

When formulating the Opinion, Beta Finance assumed and relied on the accuracy, completeness and currentness of the information received from the Company, including the financial data and forward-looking information. Beta Finance is not responsible for any independent review of the information received, and accordingly, did not independently review this information.

Economic assessment is not exact science, and is intended to reasonably and fairly reflect the position at a given time, based on known data, established assumptions and estimated forecasts. Changes in the primary parameters and/or Information may change the basis for the underlying assumptions and the conclusions accordingly.

This work is not a recommendation to invest or refrain from investing in the Company or part thereof. The forecasts included in the valuations should not be used to assess the economic advisability of investing in any projects, nor should they be deemed as recommendation for the Company and its owners to take any measures.

We hereby note that we do not have any personal interest in Doral, we are not dependent on the Company or one of the Group's companies, as defined in the Auditors Law, 1955 and the pursuant regulations. It is further noted that no conditions were set for receipt of fees in connection with the results of this opinion.

Any use of this opinion is subject to reading and knowing its details and limitations, and will be interpreted as clear acceptance of the above terms.

This Opinion does not constitute a due diligence investigation and does not purport to include the Information, checks and tests or any other information included in a due diligence investigation, including the assessment of the Customer's contracts and engagements with third parties. The information set forth in this opinion is a summary only and does not fully describe the Customer's operations and the risks to which Doral LLC is exposed. The information is intended to be a general measure and assessment. Any user must examine the completeness and/or integrity of the information according to their needs and considerations. It is emphasized that the opinion does not constitute advice or a legal opinion. The interpretation of various documents reviewed was made solely for the purposes of this opinion.

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The Opinion is not a recommendation to invest or refrain from investing in the Customer or part thereof. Beta Finance has no certainty that its forecasts and assessment with respect to Doral LLC will materialize, in whole or in part, and its results of operations may be materially different to those estimated or implied by that stated in the Opinion, among other things, due to changes in the risk factors characterizing its operations, as well as macroeconomic developments and external factors that affect its operations. For avoidance of doubt, notwithstanding any such change, Beta Finance does not undertake to update or change such forecast or assessment and does not undertake to update this Opinion. The forecasts included in the Opinion should not be used to assess the economic advisability of investing in any projects, nor should they be deemed as recommendation for the Customer and its owners to take any measures.

Beta Finance and those acting on its behalf (including its shareholders) are do not guarantee and/or are not responsible for the completeness of the Information expressed in the Opinion, the accuracy of the data included therein and/or for any omission, error or other deficiency in the Document, particularly the accuracy of its content and/or that the Information therein has not changed since the date of preparation of the Document.

Without derogating from the foregoing, Beta Finance's liability as part of providing the services is limited in accordance with Staff Legal Position 105-30 of Israel Securities Authority.

Beta Finance's valuation was conducted according to the professional requirements necessary of an appraiser and financial advisor. In other sectors, the procedures and customs relevant to valuations may differ and the data may be presented differently. Therefore, this Document was not prepared in compliance with the procedures and customs of any professional entity in a different sector. This opinion, or any part thereof, may not be referenced or quoted in any other documents exposed to a third party.

Any use of this opinion is subject to reading and knowing its details and limitations, and will be interpreted as clear acceptance of the above terms.

Calculations in this work were carried out using a spreadsheet, and therefore rounding differences may occur.

If, for any reason, any court or competent authority decides that any of the provisions of the Document are unreasonable, but would be reasonable if one of its terms were changed, such changes would be binding with respect to the Document as if they were contained therein from the onset, so that the validity of this Document would be preserved.

Set forth below are additional data required pursuant to the Securities Regulations (Periodic and Immediate Reports), 1970:

The Party Commissioning the Valuation is Doral Group Renewable Energy Resources Ltd.

Subject of the report: Purchase price allocation (PPA), based on a valuation as part of loss of control of Doral Renewables LLC as at November 4, 2022.

The date of the engagement between the Party Commissioning the Valuation and Beta Finance T.Y.S is October 2022.

Details and professional experience of the appraiser -

The person carrying out the valuation:

The valuation was prepared by Yaniv Abadi, CPA, founding partner of Beta Finance and expert in finance and valuations. Mr. Abadi has a BA in accounting and economics, with distinction, CPA, and an MBA in business management specializing in finance and accounting with excellence. Yaniv has over 13 years experience in consulting, management and teaching at academic institutions (in accounting and finance), including extensive experience in business, strategy and economic consulting. Prior to joining Beta Finance, Yaniv was the chief economist of an international holding company. Yaniv has experience in valuations of both public and private companies, expert opinions of transaction fairness, share valuations (A409), purchase price allocations (PPA), valuations of ESOP and complex financial instruments, economic feasibility and cost analysis for projects, and more. Please do not hesitate to contact us should you have any queries.

_____

Yaniv Abadi, CPA

Beta Finance T.Y.S Ltd.

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Chapter 1

Description of the Company's operations





Description of the Company's operations

Doral Renewables LLC (hereinafter - the "**Company**" and/or "**Doral LLC**") engages in the initiation, development, construction, maintenance and operation of electricity generation systems powered by renewable energy, using mostly photovoltaic technology, including with the integration of energy storage facilities and standalone storage facilities, mainly in the PJM, MISO, SPP (in several US states) and other grids, as well as in an electricity generation project using wind turbines. As of September 30, 2022, Doral LLC signed power purchase agreements and agreements for the sale of green certificates for an aggregate photovoltaic capacity of approx. 1,730 MW (DC). Doral LLC is held at 41.78% by Doral USA LLC, wholly owned (indirectly) by the Party Commissioning the Valuation (hereinafter - "**Doral USA**"), 20% by a corporation owned by Migdal Insurance Company Ltd. (hereinafter - "**Migdal**") and 38.22% by Clean Air Generation LLC, a corporation owned by the Company's local partner in the US (hereinafter - "**CAG**"), which - to the best of the knowledge and experience of the Party Commissioning the Valuation therewith - has connections, organizational and managerial capabilities, and extensive experience in the field of renewable energy in the United States.

The Company engages, through corporations under its ownership (hereinafter - "**SPCs**"), in direct lease agreements with landowners for the purpose of developing, constructing and operating facilities for electricity generation from renewable energy on the leased land. The lease agreements are for a term of up to 35 years (including 3 sub-periods: (a) Development period; (b) construction period: (c) commercial operation period) and include early termination rights and an option period of another 20 to 30 years, at the discretion of the project company. The rent is set by agreement between the parties and varies according to the project periods. Some of the agreements include milestones in respect of the project construction and early termination rights at the decision of the lessor due to non-compliance with them. The lease agreements also include provisions regarding the project company's liability to pay taxes due to granting of land rights by virtue of the agreement, and the project company's responsibility for damages and loses caused due to activity in the leased premises, including an indemnity and insurance undertaking.

Following the engagement in the lease agreements, the Company works to obtain the approvals and permits required for the construction of the project and to enter into various agreements required for their establishment (including agreement with a tax equity partner, financing agreements, power purchase agreements, equipment purchase agreements, etc.). It should be noted that the construction of projects for the generation of electricity from renewable energy in the United States is subject to federal, state and municipal regulation, including obtaining environmental permits, planning permits, construction and operating permits, etc. Obtaining the above approvals is often conditional on considerations of the state's progressiveness in terms of climate agenda, local community support (which influences the decisions of elected officials sitting on the appointed committees), project area, project location, customer identity, whether electricity will be sold domestically or out of state, environmental considerations, etc., and therefore there is no certainty regarding their establishment.

In its operations, the Company is establishing the Mammoth Solar Project in Indiana, whose total capacity is estimated at 1,600 MW (DC) (hereinafter - the "Indiana Project"), which in relation to all of its three parts: Mammoth North (hereinafter - "Indiana North Project"), Mammoth South (hereinafter - "Indiana South Project" and Mammoth Central (hereinafter - "Indiana Central Project") the Company entered into power purchase agreements and "green certificates" for 15 years from the date of commercial operation. In relation to the Indiana North Project, a building permit was obtained, construction work began, and a financing agreement and a tax equity partner agreement were signed. In relation to the Indiana South and Central Projects, a building permit has been obtained, but the construction has not commenced yet.

During 2021, Doral USA, the Company and a corporation owned by Migdal Insurance Company Ltd. entered into an agreement to invest in Doral's operations in the United States (both directly in Doral LLC and directly in the Indiana North Project), in which Migdal undertook, among other things, to invest a total of up to approx. USD 215 million in consideration for holding at various rates in the Company and in the project corporation that directly owns the North Indiana Project, and to provide the Company up to USD 130 million in financing. Under the same transaction, Migdal received the right to participate in direct investments in specific projects of the Company. In January, 2022, Migdal exercised its right to participate in the investment in the Indiana South Project, in the amount of USD 75 million.

Financial data

Below is Doral LLC's Statement of Financial Position as at December 31, 2021 (audited) and September 30, 2022 (unaudited) (in USD thousands):

In USD thousands	December 31, 2021	September 30, 2022
Current assets		
Cash and cash equivalents	33,109	15,697
Pledged cash	-	197
Receivables for issuance of rights to owners	19,911	-
Financial derivatives	-	677
Prepaid expenses	232	1,467
Other current assets	1	-
Total current assets	**53,253**	**18,038**
Non-current assets		
Projects under construction	44,479	206,899
Property, plant and equipment, net	25	46
Pledged cash	15,000	-
Financial derivatives	-	2,868
Other investments	2,500	4,838
Receivables for issuance of long-term owner's capital	2,451	2,702
Right-of-use asset	355	305
Other non-current assets	62	5,993
Total non-current assets	**64,872**	**223,651**
Total assets	**118,125**	**241,689**

In USD thousands	December 31, 2021	September 30, 2022
Current liabilities		
Financial liability at fair value through profit and loss	11,800	650
Trade payables	207	27,548
Short-term lease liability and current maturities	44	78
Interest payable	-	361
Related parties	269	3,816
Total current liabilities	**12,320**	**32,453**
Non-current liabilities		
Severance liability	-	3,242
Liability for derivatives	-	766
Long-term loans	-	58,962
Loans from related parties	3,901	14,507
Lease liability	318	270
Total non-current liabilities	**4,219**	**77,747**
Total liabilities	**16,539**	**110,200**
Equity		
Capital reserves	91,475	98,863
Accrued loss	(6,059)	(5,563)
Equity attributed to owners	**85,416**	**93,300**
Non-controlling interests	16,170	38,189
Total equity capital	**101,586**	**131,489**
Total liabilities and equity	**118,125**	**241,689**

Chapter 2

Description of the Apollo transaction agreement

Description of the Apollo transaction agreement

On October 14, 2022, Doral Renewables LLC (hereinafter - the "**Company**" and/or "**Doral LLC**") - through a wholly-owned corporation thereof (hereinafter - the "**Special Purpose Company**"), which holds all of the Company's sub-corporations - entered into a transaction with funds under the management of Apollo (NYSE: APO), and/or related companies thereof; Apollo is a leading global corporation for the management of alternative investments (hereinafter - the "**Investor**" and/or "**Apollo**"). As part of the transaction, the Investor will provide up to USD 500 million, against receipt of convertible notes, that will be mainly used to make investments in renewable energy projects in the United States, all in accordance with the terms set forth in the agreement between the parties (hereinafter in this section - the "**Agreement**" or the "**Transaction**").

Below are the main terms of the agreement:

- The Company issued a convertible note to an investor in the amount of USD 90 million on the transaction completion date, and may issue additional convertible notes in amounts of up to USD 410 million, until and no later than December 31, 2024, subject to compliance with milestones, according to the progress rate of the Company's projects and subject to terms set out in the agreement. The convertible notes shall not be linked and will bear unlinked fixed annual interest of 11%-12%, as is generally accepted in similar transactions in the United States; the interest shall accrue on the principal during the first three years after the Transaction's completion date, and will become payable as from the beginning of the fourth year after the Transaction's completion date, in accordance with the terms set out in the Agreement.
- In the event of the execution of an initial public offering (hereinafter - "**IPO**") by the Company, or as from two years after the Transaction's completion date, the investor will be entitled to convert the entire outstanding balance of the principal of the convertible note plus interest that accrued and not paid through that date (hereinafter - the "**Outstanding Note Amount**") into the Company shares at a company value of USD 1.5 billion (pre-money valuation - approx. NIS 5.25 billion), all in accordance with the terms set out in the Agreement. Furthermore, in the event of a qualifying IPO (as defined in the agreement, including issuance on the NASDAQ, the New York Stock Exchange or any other recognized international stock exchange, by the Company's Board of Directors), the Special Purpose Company will be entitled to force the investor to convert the Redemption Amount (as defined below) into Company shares, at a share price reflecting 85% of the issuance share price, up to a holding rate of 9.9%, while the balance will be repaid in cash, all according to the terms of the agreement. In addition, in the event of a sale, the investor may, at its discretion, choose one of the following alternatives:
  - To convert the Outstanding Note Amount into the shares of the Company at a company value of USD 1.5 billion (pre-money valuation); or
  - Receive payment of the Redemption Amount (as defined below).
- The Special Purpose Company may redeem the Convertible Note (entirely or partially) through an early redemption at any time, in exchange for the higher of (hereinafter - the "**Redemption Amount**").
  - Multiplication of the original principal attributed to early redemption by rate set in the agreement;
  - The Outstanding Note Amount; all subject to the terms of the agreement.
- At the end of 7 years from the transaction completion date, the Special Purpose Company may:
  - Pay the investor the Outstanding Note Amount; or
  - Force the investor, subject to compliance with the provisions of the agreement, to convert the Outstanding Note Amount into shares of the Special Purpose Company, so that following the conversion the investor will hold 90% of the shares in the Special Purpose Company.
- In case of default events (such as breach of representations, failure to pay the interest on time, breach of the withdrawal terms, or a breach event under a project financing agreement subject to the terms set out in the Agreement), the Investor may call for immediate repayment of the Redemption Amount, subject to the terms set forth in the Agreement.

- The Agreement places restrictions on the Special Purpose Company and the project companies it holds in connection with assuming debts and placing charges, except in the context of project financing in accordance with provisions set out in the Agreement, and in connection with distributions to Doral LLC (except for certain cases that were defined in the Agreement).

As part of the Transaction, it was decided that the Investor's approval will be required to approve projects' development and construction budgets, until the achievement of milestones set in the agreement, and that the structure of Doral LLC and the Special Purpose Company's Boards of Directors will be as follows: 3 directors that will be appointed on behalf of Doral USA, a director on behalf of Migdal, a director on behalf of CAG, and one director on behalf of the Investor. The Chairman of the Board of Directors (who will be appointed by Doral USA, so long as its stake in Doral LLC exceeds 30%, or by a majority of the directors' votes if the Company's stake is lower than 30%) shall have a casting vote, provided that in the case of votes pertaining to material topics (appointment and dismissal of a CEO, approval of an annual budget, and approval of financial closing), a majority of 5 out of 6 Board members will be required. Furthermore, the voting agreement of November 30, 2019 (as amended on December 16, 2020) between Doral USA and CAG will be terminated.

The Party Commissioning the Valuation examined the financial implications of the transaction on its financial statements, including through its external advisors, independent auditors and a preliminary inquiry with the Israel Securities Authority, and found that the changes described above in the structure of Doral LLC's Board of Directors, and as a consequence - the influence conferred upon the Investor and the other shareholders as part of the Transaction, as well as the cancellation of the voting agreement with GAC, make it impossible to continue recognizing Doral USA's control over Doral LLC; therefore, Doral USA should discontinue the consolidation of its financial statements with those of Doral LLC, and start measuring the balance of its holdings in Doral LLC using the equity method.

Chapter 3

Methodology

Loss of control and transition to significant influence

The accounting applicable to the above transaction is loss of control and transition to significant influence, according to International Financial Reporting Standard 10 (hereinafter - "**IFRS 10**").

If a company loses control of a subsidiary, the parent company:

- Derecognizes the assets and liabilities of the former subsidiary from the Consolidated Statement of Financial Position.
- Recognizes any investment retained in the former subsidiary and then accounts for it and any amounts payable or receivable by the former subsidiary, according to IFRS. The remaining credit is remeasured, as described in Sections B98(b)(iii) and B99A of IFRS 10. The value remeasured at the date of loss of control will be calculated at fair value on the date of initial recognition of a financial asset according to IFRS 9 or, the cost at the date of initial recognition of an investment in an associate or joint venture, if appropriate.

Procedures for application of the equity method - Many of the procedures suitable for application of the equity method are the same as the consolidation procedures described in IFRS 10. In addition, the underlying principles of the procedures for accounting of the acquisition of a subsidiary are also adopted for accounting of the acquisition of an investment in an associate or joint venture.

Business Combinations - Key Terms and Definitions

IFRS3R Standard (hereinafter - the "Standard") sets out principles and requirements regarding the ways in which an entity will recognize in its financial statements, assets and liabilities acquired as part of a business combination, including identifiable assets acquired, liabilities assumed, any non-controlling interests in the Acquiree and goodwill acquired in the business combination or gain from a bargain price. Below are several key definitions from the Standard:

- **Business combination - A transaction or other event in which an Acquirer obtains control of one or more businesses.**
- **Business - An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.**
- **Acquiree - The business or businesses that the Acquirer obtains control of in a business combination.**
- **Acquirer - The entity that obtains control of the Acquiree.**
- **Acquisition date - The date on which the Acquirer obtains control of the Acquiree.**
- **Identifiable assets - Separable asset, meaning assets that can be separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract identifiable asset or liability, irrespective of what the Acquirer plans to do with the asset; or, an asset arising from contractual or legal rights or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.**
- **Goodwill - An asset representing the future economic benefit arising from other assets acquired in a business combination that are not individually identified and separately recognized.**

Identifying a business combination

The Standard defines a business combination as a transaction or other event in which an Acquirer obtains control of one or more businesses, when the Acquirer may obtain control in various ways such as:

a) By transferring cash, cash equivalents or other assets, including net assets that constitute a business;

b) By incurring liabilities;

c) By issuing equity interests;

d) By providing more than one type of consideration; or

e) Without transferring consideration, including by contract alone.

For legal, taxation or other reasons, a business combination may be structured in various ways, including but not limited to the following:

a) One or more businesses become subsidiaries of an Acquirer or the net assets of one or more businesses are legally merged into the Acquirer;

b) One combining entity transfers its nets assets, or its owners transfer their equity interests, to another combining entity or its owners;

c) All of the combining entities transfer their net assets, or the owners of those entities transfer their equity interests, to the newly formed entity (sometimes referred to as a roll-up or put-together transaction);

d) A group of former owners of one of the combining entities obtains control of the combined entity.

Recognition and measurement

According to the provisions of the Standard, as of the acquisition date, the Acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the Acquirer. The identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for the Preparation and Presentation of Financial Statements at the acquisition date, to qualify for recognition as part of applying the acquisition method.

The Standard further stipulates that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the Acquirer and the Acquiree (or its former owners) exchanged in the business combination transaction rather than the result of separate transactions.

According to the Standard, the Acquirer's application of the recognition principle and conditions may result in recognizing some assets and liabilities that the Acquiree had not previous recognized as assets and liabilities in its financial statements, such as a brand name, a patent or a customer relationship.

The consideration remitted

The consideration transferred in a business combination, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the Acquirer, the liabilities incurred by the Acquirer to former owners and the equity interests issued by the Acquirer. Examples of potential forms of consideration include cash, other assets, a business or a subsidiary of the Acquirer, a contingent consideration, ordinary or preference equity instruments, warrants and member interests of mutual entities.

The consideration transferred may include assets or liabilities of the Acquirer that have carrying amounts that differ from their fair values at the acquisition date (for example, non-monetary assets or a business of the Acquirer). If so,

the Acquirer shall remeasure the transferred assets or liabilities to their fair values as of the acquisition date and recognize the resulting gains or losses, if any, in profit or loss.

The consideration the Acquirer transfers in exchange for the Acquiree includes any asset or liability resulting from a contingent consideration arrangement. The Acquirer shall recognize the acquisition-date fair value of the contingent consideration as part of the consideration transferred in exchange for the Acquiree.

The Standard specifies that the Acquirer shall recognize goodwill as of the acquisition date measured as the excess consideration transferred of the sum of the net acquisition-date fair value of identifiable assets acquired and the liabilities assumed.

Occasionally, an Acquirer will make a bargain purchase, which is a business combination in which the net amount of the identifiable assets acquired and the liabilities undertaken as at the acquisition date exceeds the consideration transferred. If so, the Acquirer will recognize the resulting gain in profit or loss on the acquisition date. The Standard indicates that the gain shall be attributed to the Acquirer.

The Standard indicates that a bargain purchase might happen, for example, in a business combination that is a drag-along sale in which the seller is acting under compulsion. Before recognizing a gain on a bargain purchase, the Acquirer shall reassess (before recognizing the bargain gain) whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognize any additional assets or liabilities identified in that review.

Key Terms in Fair Value Measurement

Fair value of an asset is defined in IFRS 13 (hereinafter - the "Standard") as the price that would be received when selling an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Assessment of the fair value of an asset is a market-based measurement, not an entity-specific measurement and as such considerations of the asset holder cannot be taken into account, including synergies, inefficient use or non-use of an asset, but on the other hand, the characteristics that market participants would have taken into account when pricing the asset or liability on the measurement date under current market conditions must be taken into account. Among other things, characteristics must be taken into account, such as: condition and location of the asset, any restrictions on its sale or use, etc. The standards further stipulate that the measurement must be made in the principal market of the asset or liability, and in the absence of a principal market, in the most advantageous market for that asset.

The standards set out a fair value hierarchy based on the quality of inputs as follows:

(a) Level 1 inputs - quoted prices in active markets. According to the concept of the Standard, level 1 inputs provide the most reliable evidence of fair value and should be used without any adjustment.

(b) Level 2 inputs - quoted prices for identical or similar assets or for identical liabilities in active and inactive markets. To obtain the fair value of the sought asset, specific adjustments must be made to the asset, including the condition or location of the asset, the extent to which the input relates to items comparable to an asset and the volume or level of activity in markets with observable inputs.

(c) Level 3 inputs - unobservable inputs for the asset or liability, which should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situation in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs will reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions regarding risk.

Active market - a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The principal market of an asset is defined as "a market having the greatest volume and activity level for the sale of certain assets and liabilities."

Market participants - "recognized buyers or sellers in the principal (or most advantageous) market for the asset or liability that are:

(a) Independent of each other, meaning they are not related parties.

However, the price in a related-party transaction may be used as an input for measurement of fair value if the entity has evidence that the transaction was entered into on market terms.

(b) They are knowledgeable, they have a reasonable understanding of the asset or liability and the transaction using all available information, including information that might be obtained through usual and customary due diligence efforts.

(c) They are able to transact in the asset or liability.

(d) They are willing to transact in the asset or liability, meaning they are motivated but not forced or otherwise compelled to do so.

Highest and best use - "the use of a non-financial asset by market participants that would maximize the value of the asset or group of assets and liabilities (for example, a business) in which the asset would be used."

Orderly transaction - "a transaction that assumes exposure to the market for a period before the date of measurement to allow for normal marketing activities to take place and to ensure that it is not a forced transaction (for example, forced liquidation of distress sale)."

Asset Valuation Method

The valuation of a business, activity, assets or liabilities can be carried out based on one or more of a number of generally accepted valuation methodologies. The valuation methodologies are normally divided into three principal approaches.

- The market / comparison approach
- The cost / net asset value (NAV) approach
- The income / profit approach

A valuation methodology can use one of the above approaches or a combination thereof.

The methodology that is appropriate for a valuation will vary from one case to another. Each of the approaches and methodologies has its own unique characteristics and is suitable to be applied to different asset types or business situations. Furthermore, each approach requires reference to different parameters and depends on the availability of different types of information. Therefore, the selection of the valuation methodology should be done carefully, bearing in mind both the nature of the valued asset, its business environment and the information available to us at the time of valuation.

The comparison / market approach

The market approach is a method for determining the value of an asset based on the selling price of similar assets or the asset itself, provided that such transactions were carried out within a reasonable amount of time prior to the valuation date and in markets which are similar to that in which the valued asset operates.

In this approach the asset's value is determined based on a comparison with sale and purchase transactions of similar activities. Using information on purchases of similar assets in order to determine an asset's value is based on the assumption that the relevant parameters derived from real transactions involving similar businesses, can serve as the basis for deriving the value of the relevant asset.

The above-mentioned similar transactions have to be transactions between knowledgeable, willing parties. If that is the case, the value of the transaction is normally deemed to be reflecting the real market value of the transferred asset. The comparable transactions that will comprise the comparison sample for valuation purposes can be transactions for the sale of an entire asset (such as a transaction for the sale of a company) or a quoted share price of a similar company.

After identifying the relevant comparison transactions, the value of the assets used in the comparison should be normalized to the value of the assessed asset in accordance with relevant parameters, such as the amount of revenues, profit, equity, or alternatively operational parameters, such as the scope of the customer base, the number of employees, etc.

Thereafter, the asset is valued based on a comparison of that asset and the assets comprising the sample assuming that the assets have similar multiples and financial ratios. The comparison is carried out based on the ratio between the value of the asset and the selected performance parameter. This ratio is called "multiple".

The cost / net asset value (NAV) approach

The cost approach is used to assess the economic value of a company's assets and liabilities as of valuation date, based on their market values. In order to carry out a valuation using this method, we estimate the economic value of the balances of balance sheet (and off-balance sheet) assets and liabilities; unlike the "carrying amount" of assets and liabilities, the "net asset value" of a company refers to the exit value of asset of liabilities. The value of equity derived from total assets net of total liabilities reflects the economic value of the company.

In this approach one does not use projections and future values; rather, one only uses existing present data. For example, if a company which commenced operations recently is the owner of any manufacturing machines, its value will be equal to the fair value of the machines, plus the other assets of the company and net of its liabilities; (fair value is the price in which the company can sell the machines in the free market, in a transaction between a willing seller and a willing buyer).

The net asset value approach (NAV) is normally used for companies under liquidation, companies which were established recently, companies most of whose value is reflected in balance sheet assets (mainly holding companies and income-generating real estate companies) (without any "intangible assets" or "goodwill"), or in order to calculate the minimum benchmark value of the company.

The income / profit approach

According to the income approach, the value of an economic asset is derived from its future cash flows. The underlying principle of this approach is that asset/the company is a "going concern", which will operate in the future, such that the purpose is to calculate the present value of the projected future cash flows. The principal and most commonly used valuation methodology in the income approach is the discount cash flow method. Under this method, the value of the asset is the present value of the free cash flows generated in the forecast period (finite or infinite).

The first stage in this approach is creating a model of the business forecast one wishes to assess. The model is a system of logic-based and mathematical links between various parameters which are estimated as having an impact on the future business results of the asset, which is the subject matter of the valuation. The result of the model is a series of cash flows resulting from the various parameters and formulae used as assumptions in the model.

In the second stage, in order to determine the value of the asset, one should set the appropriate discount rate by which the cash flow should be capitalized. The discount rate serves as the basis for discounting the future cash flows and translating them to present values. The discount rate reflects the risk levels of the activity. The higher the activity's risk, i.e., the lower the level of certainty that the cash flow will materialize, the higher the discount rate to be selected. The higher the discount rate, the lower the value of the cash flow.

Once we obtain the discounted cash flows, various adjustments should be made in accordance with each asset. The adjustments include the valuation of the terminal value, i.e., the value beyond the set forecast period, which was not taken into account in the discounted cash flow; (for example, a cash flow was calculated based on a forecast period of 5 years, but the economic activity is expected to be conducted for a much longer period).

This approach is most commonly used when conducting a valuation of going concerns, whose value stems from the cash flow which they are expected to generate in the future, unlike in the case of companies, most of whose value stems from existing assets. If the valued activity has been conducted for a long time and the appraiser has many accurate data regarding its past results, it will be easier to create a realistic and reliable model.

The income / profit approach

The data of the assessed asset are not the only data set which is important. It is advisable to measure parameters such as expected profitability, risk and cost of capital on a sector level, rather than based on the assessed asset alone. Therefore, one requires the most accurate data and estimates as to the business environment in which the activity is conducted. These include data and estimates as to regulation, existing and potential competitors, suppliers, customers, etc. The higher the level of accuracy of those data and estimates, the higher the quality of the valuation, and vice versa.

The discount rate

In most cases, the discount rate we will use to discount the future cash flows is the WACC, which is the weighted average cost of capital required by the shareholders.

WACC = Kd * (1-T) * (%d) + Ke * (%e)

Where:

WACC = the weighted average cost of capital;

Kd = the cost of debt;

d% = the rate of debt out of total assets;

Ke = the cost of equity;

e% = the rate of equity out of total assets;

T = the tax rate of the valued company;

In most cases, the cost of debt will be derived from the actual cost of the company's debt, and from the normative cost of debt for a company similar to the valued company (out of a sample of companies or a database). The rate of debt out of total asset will be normally derived from the company's actual leverage rate, and from the normative leverage rate for a company similar to the valued company (out of a sample of companies or a database).

The cost of equity is determined in accordance with the capital asset pricing model (CAPM). The CAPM assumes that the average investor holds the market portfolio and is therefore exposed to market risks; therefore, the measurement of the risk of an individual asset is made in relation to the risk of the market portfolio. In accordance with this model, the return on equity is derived from risk free interest as of purchase date plus a market risk premium multiplied by the company's risk level in relation to the market portfolio's standard deviation (ß).

Ke = Rf + ß * (Rm-Rf)

Where:

RF = Risk-free interest;

ß = The level of correlation between the investment's return in relation to the market portfolio;

Rm-Rf = The risk premium of market assets over risk free assets;

In most cases, an asset's ß will be derived from calculating the actual ß of the valued company's share, out of a sample of public companies similar to the valued company or a database). Firstly, we will calculate the leveraged ß of the share of the assessed companies, and then we will re-leverage them in order to derive the ß appropriate for the valued company.

Sometimes, other premiums are added to the price of the business in respect of risks that are not "captured" by the CAPM, such as:

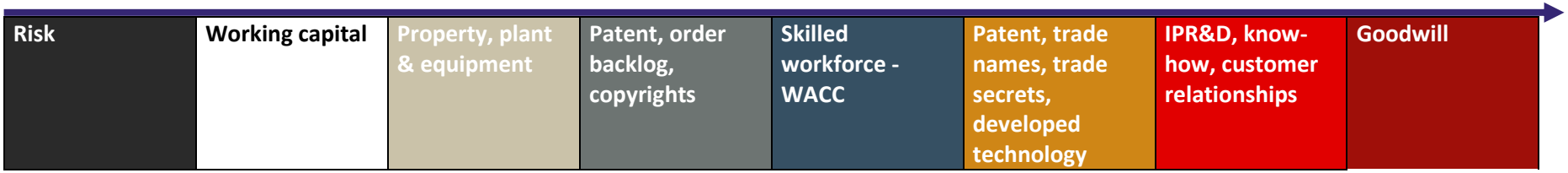
- Small-size premium
- Country risk premium
- Premiums for other risks

Valuation of intangible assets

There are three methods under the income approach for valuation of intangible assets as part of the purchase price allocation, as follows:

Valuation method	Type of assets assessed	Description of valuation approach
Relief from royalty	Trade name, brand, IP, patent, know-how,	This method is commonly used to measure the fair value of intangible assets that are often subject to licensing. The fundamental principle of this method is that as the owners of the asset, the Acquirer can obtain similar rights to use an asset through a license from a hypothetical third party owner. The fair value of the asset is the present value of license fees avoided by owning it (i.e., the royalty savings).
Multi-period excess earnings approach	Customer relationships, contracts with customers and suppliers, order backlog and technology asset.	The principle of this method is to isolate the net cash flow attributed to the assessed asset. The DCF method is the basis for application of this method. The fair value of an intangible asset equals the present value of cumulative post-tax cash flows (excess earnings) attributed only to intangible assets over its useful life. Measurement of the fair value of an intangible asset starts with assessment of the anticipated net profit of a specific asset class. Then the contributory charges or economic rents are deducted from the post-tax cash flows of the group of assets to obtain the residual excess earnings attributed to the intangible asset.
With and Without approach	Non-competition agreements and arrangements.	The fair value of intangible assets is calculated as the difference between the business value of two alternative cash flow forecasts: ▪ The fair value of the business with all its assets (including the assessed assets). ▪ The fair value of the business with all its assets, excluding the intangible asset as at the valuation date. The basic principle of this valuation approach is that the value of the asset is the difference in values between the value of the business under the on-going assumption and the value of the business in which the asset does not exist (and will therefore impair the Company's ability to generate cash flows).

Establishing the discount rate of intangible assets - as an integral part of income-based valuation, the appropriate discount rate for the free cash flows of the assessed intangible assets must be established, irrespective of the valuation method. However, assessment of the discount rate of an intangible asset requires taking into account additional considerations beyond the considerations required in an ordinary valuation. The basic principle in assessment of the discount rate of intangible assets is that the discount rate of the total cash flows can be broken down into asset classes according to the risk level variant involved in the cash flows generated by the asset groups. The discount rate must reflect the appropriate risks of cash flows of intangible assets on a standalone basis. According to accepted practice, the discount rate of a firm's different assets (excluding net financial debt) (WARA) reconciles to the firm's discount rate (WACC), a process called Reconciliation of the Rates of Return. Below are the typical risk levels of the firm's assets:



Chapter 4

Doral USA’s holdings in Doral LLC - Fair value

Fair value as part of loss of control and transition to significant influence

As noted, according to IFRS 3, which discusses business combinations, the consideration (cost of the business combination) must be measured at fair value. IAS 28 refers to accounting on the date of achievement of significant influence of IFRS 3.

As specified in the transaction description chapter, Doral USA is required to perform a Purchase Price Allocation (PPA) on the date of loss of control and transition to significant influence, when the fair value of the consideration is the fair value of Doral LLC to the Company's shareholders (excluding minority interests) on the transaction completion date, i.e., November 4, 2022.

The discount rate

Selecting an adequate discount rate is a decisive step in the DCF method. The discount rate reflects the risk profile of the asset (or liability) and the market interest rates. The most common and accepted approach to determining the appropriate discount rate is the WACC model (weighted average cost of capital), which calculates the relative weight of each component in the capital structure.

To assess the fair value of the projects and due to the fact that the cash flows to owners (after project financing and tax) were discounted, the project cash flows to owners were discounted at the discount rate to owners (KE).

Below is the rate of return to owners as measured by us as at November 4, 2022:

Symbol	Value	Source
D/V	36.71%	Average of comparative companies and Prof.
E/V	63.29%	Damodaran data for January 2022 in the Green & Renewable Energy sector
Rf	4.25%	Risk-free linked interest rate according to U.S. Treasury data plus inflation of 2.5% (the inflation rate assumed in the project cash flow model)
Rm-Rf	6.01%	US risk premium - Prof. Damodaran, July 2022
βL	1.13	Beta is leveraged according to Prof. Damodaran data for January 2022 in the Green & Renewable Energy sector
Ke	11.04%	

We based the calculate the beta (βL) on the data of comparative companies:

Company	Beta (unleveraged)	Weight of debt	Weight of equity	Leveraged beta
Atlantica Sustainable Infrastructure plc	0.39	59%	41%	
Boralex Inc.	0.21	41%	59%	
Brookfield Infrastructure Partners L.P.	0.32	65%	35%	
Innergex Renewable Energy Inc.	0.11	64%	36%	
Clearway Energy, Inc.	0.31	62%	38%	
NextEra Energy, Inc.	0.36	28%	72%	
Northland Power Inc.	0.21	36%	64%	
Enlight Renewable Energy Ltd.	0.52	46%	54%	
Average companies (50%)	**0.30**	**50%**	**50%**	
(50%) Green & Renewable Energy	1.07	40%	60%	
Average	**0.68**	**45%**	**55%**	**1.13**

Below is the fair value calculation of Doral LLC as at November 4, 2022 (USD thousands):

Component	(In USD thousand)	Comment
Equity capital as at October 31, 2022	**83,498**	Without non-controlling interests and options to the employees
Value of options allotted to employees	(6,769)	1
Value of unallotted options	(8,009)	1
Adjusted equity	**68,720**	
Adjustments		
Value of projects	997,935	2
Value of overhead expenses	(25,619)	3
Total value	**1,041,036**	

NOTE 1 - ALLOTTED AND UNALLOTTED OPTIONS

As at the PPA date, November 4, 2022, the Company has 15 thousand options allotted to Company employees and another 37 thousand options that the Company undertook to allot to a director. The fair value of these options is USD 6,769 thousand and USD14,856 thousand (the company recognized a liability in the amount of USD6,847 thousand until the evaluation date), respectively.

The calculation of the value of the options was done using the B&S model and is attached as Appendix D to the report.

NOTE 2 - EXCESS COSTS FOR PROJECTS

As aforesaid, the Company has a portfolio of projects in various implementation phases.

We assessed the fair value of each project by discounting the owners cash flows (after project financing and tax) at the rate of return to owners (as specified on page 19) and multiplied it by the probability rate of execution of the project. Furthermore, we decreased the discount rate by 1% during the term of the PPA agreement of each project, since the inflow of revenue from the sale of electricity in that period was at a feed-in tariff (and a very low risk). From the construction date to the valuation date, we discounted the cash flows (from the projects) at a risk-free interest rate, on the assumption that in that period there is no other real risk apart from the passing of time (because in that period, no material costs are invested in a project).

We added the project loan balance, if any, to the fair value of the projects and deducted the carrying amount to obtain the excess cost for each project.

Below are the certainty coefficients that we used to assess the fair value of the projects to the owners:

- For projects under construction and in preconstruction - a certainty coefficient of 100% was used.
- For projects under advanced development - a certainty coefficient of between 90% and 95% was used.
- For projects under development - a certainty coefficient of 55% was used.
- Projects with a certainty of less than 50% were taken into account in the value of overhead expenses, as specified in Note 4 below.

We should note that the probabilities of implementation of the projects were obtained by the Company (according to orderly methodology that was examined and accepted by the Company's investors). For the sake of conservatism, we decreased the certainty coefficient of projects under development from 60% to 55%. A table of the fair value of the different groups of projects and the adjustment calculation method for them appear in **Appendix A of the report.**

NOTE 3 - OVERHEAD EXPENSES

The value of overhead expenses reflects the discounted value of the Company's net general and administrative expenses (after a tax shield at a Federal tax rate of 21%). To assess the value of overhead expenses, we spread the Company's overhead expenses over 25 years, while in 2023, we assumed that the expenses would be USD 19,250 thousand (according to the economic model and the Company's assumptions, while such sum includes compensation for owners guarantees in a total amount of USD 6 million, in

years 2-5 we assumed an annual growth of 5% due to the expected growth in projects managed by the Company, and in years 6-25 we assumed an annual growth of 2.5%. Furthermore, we assumed that as from the sixth year, the Company will no longer require owners guarantees, and will therefore not be required to continue to bear the expenses involved. The overheads component was calculated by using the Company's weighted average cost of capital.

As at the PPA date, the Company has more than 20 additional projects under development, with a cumulative installed PV capacity of 2,030 MW and/or cumulative forecast storage capacity of 1,565 MWh, which did not receive a direct value due to the uncertainty of their realization. We elected not to include them directly, but from future overhead expenses, we deducted development and business development costs at a rate of 85% of the total overheads (hereinafter - "**Development Premium**").

Below is the value of overhead expenses as at November 4, 2022 (USD thousands):

Component (USD thousand)	Value
Value of overhead expenses, net of tax (discounted)	(170,795)
Development premium (85%)	145,175
Total adjustment for overhead expenses	**(25,619)**

The spread of the Company's overhead expenses and calculation method of the value of overhead expenses, net of tax (discounted) are attached as Appendix B of the report.

Below is the value of Doral's holdings (USD thousands):

Component	In USD thousands	Note
Value of Doral's holdings	434,945	**1**
Total cost	**434,945**	

The holding rate of Doral USA LLC in Doral LLC, as at November 4, 2022, is 41.78% Therefore, the total fair value of Doral USA LLC's holdings is 41.78% of the fair value of Doral LLC, i.e., **USD 434,945 thousand**.

Below is a sensitivity table of the value of Doral LLC to the shareholders:

		Projects' discount rate						
		10.29%	**10.54%**	**10.79%**	**11.04%**	**11.29%**	**11.54%**	**11.79%**
Development premium	**65%**	1,211,272	1,138,766	1,071,544	1,007,930	947,215	889,237	833,843
	75%	1,228,369	1,155,678	1,088,276	1,024,484	963,597	905,449	849,890
	85%	1,245,465	1,172,589	1,105,005	**1,041,036**	979,975	921,658	865,933
	95%	1,262,558	1,189,497	1,121,732	1,057,586	996,351	937,865	881,973
	100%	1,271,104	1,197,951	1,130,095	1,065,860	1,004,538	945,967	889,992

Chapter 5

Allocation of purchase costs

Purchase price allocation - General

As described above, when allocating a purchase price, the identified assets on the date of loss of control and transition to significant influence must be measured according to the fair value on that date, i.e., November 4, 2022. In this chapter, we will allocate the consideration as calculated above between the assets acquired.

Fair value of identifiable assets, net

Below are the excess costs of identifiable assets and liabilities on the transaction date (USD thousand):

Component (USD thousand)	100%	41.78%	Note
Shareholders equity, excluding non-controlling interests, as at October 31, 2022	**83,498**	34,885	
Allotted options	(1,379)	(576)	1
Adjusted equity	**82,119**	**34,309**	
Excess of cost			
Projects	1,122,503	468,982	2
Tax reserve	(235,726)	(98,486)	2
Total identified excess costs	**886,777**	**370,496**	
Goodwill (PN)		30,140	3
Total		**434,945**	

NOTE 1 - ALLOTTED OPTIONS

On March 24, 2022, 15 thousand options were allotted to employees (vesting period of 3 years). As at the PPA date, 20.37% exceeded the vesting period and we therefore deducted 20.37% from the allotted options.

NOTE 2 - EXCESS COSTS FOR PROJECTS

As aforesaid, the Company has a portfolio of projects in various implementation phases.

We assessed the fair value of each project by discounting the owners cash flows (after project financing) at the rate of return to owners (as specified on page 19) and multiplied it by the probability rate of execution of the project. Furthermore, we decreased the discount rate by 1% during the term of the PPA agreement of each project, since the inflow of revenue from the sale of electricity in that period is at a feed-in tariff (and a very low risk). From the construction date to the valuation date, we discounted the cash flows at a risk-free interest rate, on the assumption that in that period there is no other real risk apart from the passing of time (because in that period, no material costs are invested in a project).

We added the project loan balance, if any, to the fair value of the projects and the tax benefit - TAB as is standard in valuation of projects, and deducted the carrying amount to obtain the excess cost for the project.

Below are the certainty coefficients that we used to assess the fair value of the projects to the owners:

- For projects under construction and in preconstruction - a certainty coefficient of 100% was used.
- For projects projects under advanced development - a certainty coefficient of between 90% and 95% was used.
- For projects under development - a certainty coefficient of 55% was used.

We should note that the probabilities of implementation of the projects were obtained by the Company (according to orderly methodology that was examined and accepted by the Company's investors). A table of the project fair values and calculation method of the adjustment for the projects (for the PPA) is set out in Appendix C of the report.

The tax reserve was assessed according to a Federal tax rate of 21%.

NOTE 3 - GOODWILL

When allocating the excess costs, goodwill of USD30,140 thousand was created.

Appendix A - Value of the Adjustment for the Projects (for the valuation)

Status (in USD thousand/%)	Ownership stake in Doral LLC	Certainty coefficient	Fair value	Loans	Carrying amount	Additional cost
Under construction and pre-construction	62.5%-100%	100%	245,833	43,325	116,069	173,089
Advanced development	100%	90%-95%	49,760	-	6,443	43,318
Development	100%	55%	797,521	-	15,992	781,529
Total			**1,093,114**	**43,325**	**138,504**	**997,935**

Appendix B - Calculation of the Value of Overhead Expenses

Assumptions

Discount rate	8.94%
Period (years)	25
Forecast administrative and general expenses for 2023 (USD thousands)	19,250
Development premium	85%
Annual growth rate, in years 2-4	5.00%
Annual growth rate, in years 6-25	2.50%

Year	1	2	3	4	5	6	7	8	9	10	11	12	13
G&A	19,250	20,213	21,223	22,284	23,398	16,911	17,333	17,767	18,211	18,666	19,133	19,611	20,102
Tax Shield	(4,043)	(4,245)	(4,457)	(4,680)	(4,914)	(3,551)	(3,640)	(3,731)	(3,824)	(3,920)	(4,018)	(4,118)	(4,221)
After tax shield	15,208	15,968	16,766	17,605	18,485	13,359	13,693	14,036	14,387	14,746	15,115	15,493	15,880
Discounted cashflow	**14,585**	**14,089**	**13,614**	**13,154**	**12,710**	**8,453**	**7,973**	**7,521**	**7,094**	**6,691**	**6,311**	**5,953**	**5,615**

Year	14	15	16	17	18	19	20	21	22	23	24	25
G&A	20,604	21,119	21,647	22,188	22,743	23,312	23,894	24,492	25,104	25,732	26,375	27,034
Tax Shield	(4,327)	(4,435)	(4,546)	(4,660)	(4,776)	(4,895)	(5,018)	(5,143)	(5,272)	(5,404)	(5,539)	(5,677)
After tax shield	16,277	16,684	17,101	17,529	17,967	18,416	18,877	19,349	19,832	20,328	20,836	21,357
Year	**5,296**	**4,996**	**4,712**	**4,445**	**4,192**	**3,954**	**3,730**	**3,518**	**3,319**	**3,130**	**2,952**	**2,785**

Appendix C - Value of the Adjustment for the Projects (for the PPA)

Status (in USD thousand/%)	Ownership stake in Doral LLC	Fair value	Loans	TAB	Carrying amount	Additional cost
Under construction and pre-construction	62.5%-100%	245,833	43,325	35,321	116,069	208,410
Advanced development	100%	49,760	-	6,078	6,443	49,396
Development	100%	797,521	-	83,169	15,992	864,697
Total		**1,093,114**	**43,325**	**124,568**	**138,504**	**1,122,503**

Appendix D - Fair Value of Allotted Options

Options allocated to Israelis		Comment
Exercise price (USD)	567.00	1
Price per share (USD)	790.70	2
Economic life (years)	7.39	3
Rate of risk-free interest (%)	4.26%	4
Volatility (%)	48.13%	5
Value of warrants (USD)	**510.89**	
No. of options	2,558	
Value of warrants (USD thousands)	**1,307**	

NOTE 1 - EXERCISE PRICE

The exercise price is according to the terms of the option.

NOTE 2 - SHARE PRICE

The share price is according to the value of Doral LLC, as calculated in Chapter 4 (Value of the Company before Deduction of the Fair Value of Options) minus non-tradable discount, and according to the number of shares before dilution of the options.

Parameter	
Company value (USD thousand)	1,062,661
No. of shares	1,209,673
Price per share (USD)	**878.47**
Non-tradable discount	10%
Price per share (USD)	**790.62**

NOTE 3 - ECONOMIC LIFE

The economic life was measured from the valuation date, November 4, 2022, through the expiration date of the options - March 24, 2030.

NOTE 4 - RISK-FREE INTEREST

Risk-free unlinked interest rate, according to U.S. Treasury data.

NOTE 5 - VOLATILITY

Volatility was assessed according to the average among the comparative companies and Prof. Damodaran data for January 2022 in the Green & Renewable Energy sector.

Exercise of the options allotted to US employees is subject to an IPO event, and we therefore assessed the value of the options according to 5 scenarios for issuance/another liquidity event, at different probabilities, including the potential dates:

Event	Probability	Value of options
Alternative A	20%	6,424
Alternative B	55%	5,887
Alternative C	10%	5,249
Alternative D	10%	4,148
Alternative E	5%	-
Average value of options		**5,462**

* For the sake of conservatism, we did not take into account the chance that any of the offerees would not work in the Company until the liquidity event, and would therefore not be entitled to shares.

(In USD thousand)	
Options allocated to Israelis	1,307
Options allotted to US employees	5,462
Total value of allotted options	**6,769**

Appendix D - Fair Value of Unallotted Options (cont.)

Unallotted options		Comment
Exercise price (USD)	802.00	1
Price per share (USD)	790.62	2
Economic life (years)	5.79	3
Rate of risk-free interest (%)	4.30%	4
Volatility (%)	48.00%	5
Value of warrants (USD)	**397.08**	
No. of options	37,412	
Value of warrants (USD thousands)	**14,856**	

NOTE 1 - EXERCISE PRICE

The exercise price is according to the terms of the option.

NOTE 2 - SHARE PRICE

The share price is according to the value of Doral LLC, as calculated in Chapter 4 (Value of the Company before Deduction of the Fair Value of Options) minus non-tradable discount, and according to the number of shares before dilution of the options.

Parameter	
Company value (USD thousand)	1,062,661
No. of shares	1,209,673
Price per share (USD)	**878.47**
Non-tradable discount	10%
Price per share (USD)	**790.62**

NOTE 3 - ECONOMIC LIFE

According to the contract, the directior's Options vesting period is 24 month from the beginning of his term as director (August 18,2021) and the Exercise Period is Up to 60 months after date on which all options have vested. Therefore, the expiration date of the options is on August 17, 2029 and the economic life is 5.79 years.

NOTE 4 - RISK-FREE INTEREST

Risk-free unlinked interest rate, according to U.S. Treasury data.

NOTE 5 - VOLATILITY

Volatility was assessed according to the average among the comparative companies and Prof. Damodaran data for January 2022 in the Green & Renewable Energy sector.

Beta Finance

Partners



Yaniv Abadi



Sagi Ben-Simon



Igal Kukushkin

Beta Finance was established by three partners with a wealth of quality experience in projects in the forefront of the Israeli business world. This managerial force provides a solution to the broad needs of our customers in the fields of consultation and management.

The partners have an extensive network of connections in the business and consultation worlds that creates access to endless knowledge in all sectors.

We, Beta Finance partners, believe that consultation is a profession and we have been devoting our time to professional consultation for many years. Over the years, each of the team of partners have advised dozens of entities on various different business questions.

We believe that integrity, trust and professionalism will continue to lead our customers to new achievements. As a result, the Company's relationships and collaborations with the business community in Israel are widespread.



Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure; Managers' Statements under Regulation 9(b) of the Securities Regulations (Periodic and Immediate Reports), 1970

Annual Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure in accordance with Regulation 9B(a) - Management, under the supervision of the Board of Directors of Doral Group Renewable Energy Resources Ltd. (hereinafter - the "Company"), is responsible for setting and maintaining appropriate internal control over financial reporting and disclosure in the Company.

For this matter, the members of management are:

1. Yaki Neumann, CEO;
2. Matan Barzilai, CFO.

Internal control of financial reporting and disclosure includes controls and procedures existing in the Company which were designed by the CEO and the most senior financial officer or under their supervision, or by whoever actually fulfills those roles, under the supervision of the Board of Directors of the Company, and are intended to provide reasonable assurance as to the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, and to ensure that information that the Company is required to disclose in the reports that it publishes as required by law, is gathered, processed, summarized and reported on the date and in the format prescribed in law.

Internal control includes, inter alia, controls and procedures designed to ensure that information that the Company is required to disclose as aforesaid, is accumulated and forwarded to the Company's management, including the CEO and the most senior financial officer or to whoever actually fulfills those roles, so as to enable decisions to be made at the appropriate time with regard to the disclosure requirement.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that misstatement in, or omission of, information from the reports will be prevented or will be discovered.

Management, under the supervision of the Board of Directors, has carried out checks and an assessment of the internal controls on financial reporting and disclosures within the Company and their effectiveness;

Assessment of the effectiveness of internal controls on financial reporting and disclosures that Management carried out under supervision of the Board included:

1. Entity Level Controls (ELCs);
2. Close-end period controls;
3. General audits of IT systems (ITGC);
4. Debt management process controls;
5. Cash management process controls;
6. Concession arrangements process controls;
7. Controls over the process of overseeing consolidated entities;
8. Controls over the process of investments in equity-accounted entities.
9. Controls over the procurement process;
10. Controls over the income and expense process;
11. Controls over the property, plant & equipment process;
12. Controls over the payables and receivables process.

Based on the effectiveness assessment performed by management under the supervision of the Board of Directors as detailed above, the Board of Directors and management of the company concluded that the internal control over financial reporting and disclosure in the Company as of December 31, 2022, is effective.

Date: March 29, 2023

Certifications

Declaration of the CEO in accordance with Regulation 9B(d)(1)

I, Yaki Neumann, state as follows:

1) I have reviewed the periodic report of Doral Group Renewable Energy Resources Ltd. (hereinafter - the "**Company**") for 2022 (hereinafter - the "**Reports**");
2) To my knowledge, the Reports do not contain any incorrect representation of a material fact, nor is any representation of a material fact omitted which is needed to prevent the representations contained in it, in light of the circumstances in which they were included, from being misleading in relation to the period covered by the Reports;
3) To the best of my knowledge, the financial statements and other financial information in the Reports reflect fairly, in all material respects, the financial position, the results of operations and the cash flows of the Company at the dates and for the periods covered by the Reports;
4) I disclosed to the auditor of the Company, to the Board of Directors, to the Audit and the Financial Statements Committees of the Board of Directors of the Company, based on my latest assessment of the internal control of the financial reporting and disclosure:
    A. All the significant flaws and material weaknesses in the determination or application of the internal control of financial reporting and disclosure, which can reasonably be expected to harm the Company's ability to gather, process, summarize or report on financial information in such a way as to cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, and –
    B. Any deception, whether material or not material, involving the CEO or any of his direct subordinates or other employees who have a significant role in the internal control of financial reporting and disclosure.
5) I, alone or together with others in the Company:
    A. have established controls and procedures or ascertained the establishment and upholding of controls and procedures under my supervision, designed to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of preparation of the Reports; and -
    B. I set controls and procedures or ascertained the setting and upholding of controls and procedures under my supervision, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles;
    C. I have assessed the effectiveness of the internal controls of the financial reporting and disclosures, and in this report have presented the conclusions of the Board of Directors and Management in respect of the effectiveness of the said internal controls as at the reporting date.

    Nothing in the foregoing shall derogate from my responsibility or that of anyone else in law.

_____ _____

Date: March 29, 2023 Yaki Neumann, CEO

Declaration of the most senior financial officer pursuant to Regulation 9B(d)(2)

I, Matan Barzilai, state as follows:

1) I have reviewed the financial statements and other financial information of Doral Group Renewable Energy Resources Ltd. (hereinafter - the "**Company**") for 2022 (hereinafter - the "**Reports**");
2) To the best of my knowledge, the financial statements and other financial information do not include any representations that is not correct and do not lack any representation of any vital, material fact, so that has been presented, within the context in which they have been provided, shall not be misleading in respect of the period covered by the reports;
3) To the best of my knowledge, the financial statements and other financial information in the Reports reflect fairly, in all material respects, the financial position, the results of operations and the cash flows of the Company at the dates and for the periods covered by the Reports;
4) I disclosed to the auditor of the Company, to the Board of Directors, to the Audit and the Financial Statements Committees of the Board of Directors of the Company, based on my latest assessment of the internal control of the financial reporting and disclosure:
   A. all the significant flaws and material weaknesses in the determination or operation of the internal control of the financial reporting and disclosure insofar as they refer to the financial statements and other financial information that could reasonably have an adverse effect on the ability of the Company to collect, process, summarize or report on financial information in a way that could cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and -
   B. Any deception, whether material or not material, involving the CEO or any of his direct subordinates or other employees who have a significant role in the internal control of financial reporting and disclosure.
5) I, alone or together with others in the Company:
   A. set controls and procedures or ascertained the setting and maintaining of controls and procedures under my supervision, which are designed to ensure that material information relating to the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar as relevant to the financial statements and the other financial information contained in the Reports, is brought to my knowledge by others in the Company and in the consolidated companies, particularly during the period of preparation of the Reports; and
   B. I set controls and procedures or ascertained the setting and upholding of controls and procedures under my supervision, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with accepted accounting principles;
   C. I have assessed the effectiveness of the internal controls of the financial reporting and disclosures, insofar as it is applicable to the financial statements and other financial information included in the reports as of the reporting date.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else in law.

_____ _____

Date: March 29, 2023 Matan Barzilai, CFO