O.Y. Nofar Energy Ltd.

Report for Q1 2022

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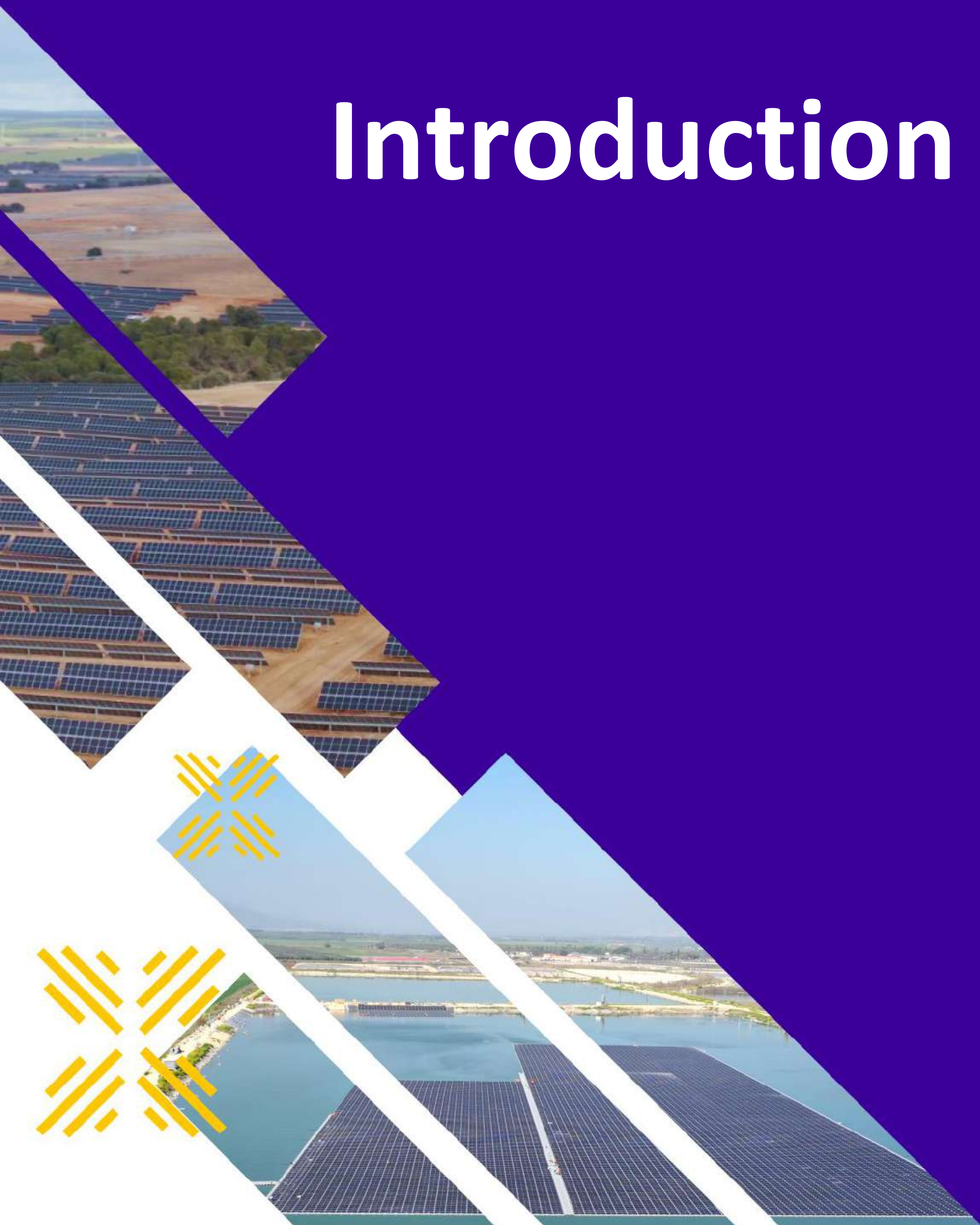
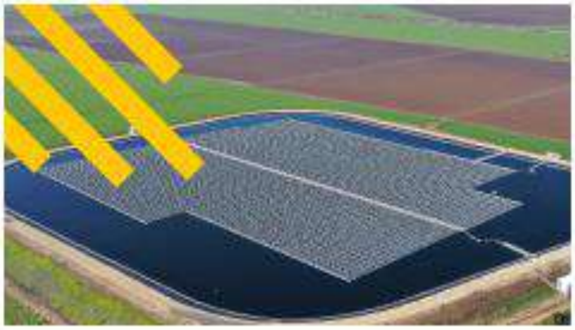
Introduction



Nofar in Numbers



PV projects that are connected, ready to connect, under construction and in pre-construction

1.2 GW

Shareholders equity
NIS 1.45 billion

PV projects
Connected and ready to connect
617 (232) MW

Storage projects
that are connected, under construction and in pre-construction
874 (604)* MWh

PV projects
Under construction and in pre-construction
595 (273)* MW

150 employees

Active in 7 territories

Expected aggregate revenues from electricity sale

NIS 918 *

(Company's share - NIS 445 million) in the first representative year of income-generating projects under construction and in pre-construction

* Based on the backlog of projects that are ready to connect, under construction and in pre-construction. For more information, see Section 1.4 in the Report of the Board of Directors. The expected capacities and revenues of the systems in the first year constitute forward-looking information, as the term is defined in the Securities Law, and include the Company's assessments regarding the results of the projects, as detailed. The figure is presented for illustration purposes only of revenues from the systems' performance in the first year, as supplemented by the Company's underlying assumptions.

Report of the Board of Directors on the State of the Corporation’s Affairs for the Period Ended March 31, 2022

The Board of Directors of O.Y. Nofar Energy Ltd. (hereinafter - the “**Corporation**” or the “**Company**”) is pleased to present the Report of the Board of Directors on the state of the Company’s affairs as of March 31, 2022 (hereinafter - the “**Statement of Financial Position Date**”) and for the three-month period ended on the Statement of Financial Position Date (hereinafter - the “**Reporting Period**”), in accordance with Regulation 48 to the Securities Regulations (Periodic and Immediate Reports), 1970. Unless otherwise stated, all data in this report relate to the Company and the companies under its control on a consolidated basis (hereinafter - the “**Group**”).

This report was drawn up assuming that readers thereof have access to the Report of the Board of Directors on the State of the Company's Affairs for the year ended December 31, 2021 - Part B to the 2021 Periodic Report (hereinafter - the “**2021 Report of the Board of Directors**”). Accordingly, the following review is limited in scope and refers to events and changes in the state of the Group’s affairs during the Reporting Period, which had material effect on the Group; this review should be read in conjunction with the “Description of Corporation’s Business” chapter in the 2021 Periodic Report, and the 2021 Financial Statements and Report of the Board of Directors (hereinafter jointly - the “**2021 Periodic Report**”), which was published on the MAGNA on March 29, 2022 (Ref. No. 2022-01-031428).

1. The Board of Directors’ Explanations for the State of the Corporation’s Business, Operating Results, Equity and Cash Flows

1.1 General

The Company was incorporated as a privately-held Company in April 2011. In December 2020, the Company and its controlling shareholder completed an IPO, a secondary offering and the listing of the Company’s shares on the Tel Aviv Stock Exchange Ltd. As from that date, the Company is a publicly-traded company (as the term is defined in the Companies Law).

1.2 The Company’s activity

As of the report date, the Company is engaged - independently and through its investees - whether directly or indirectly, and including in collaboration with third parties, in development and long-term investment in “clean” power generation systems using solar energy, and in battery energy storage systems in Israel, the USA and Europe, as well as in the construction (EPC) and operation and maintenance (O&M) of solar systems in Israel, mainly for its investees, including in collaboration with third parties.

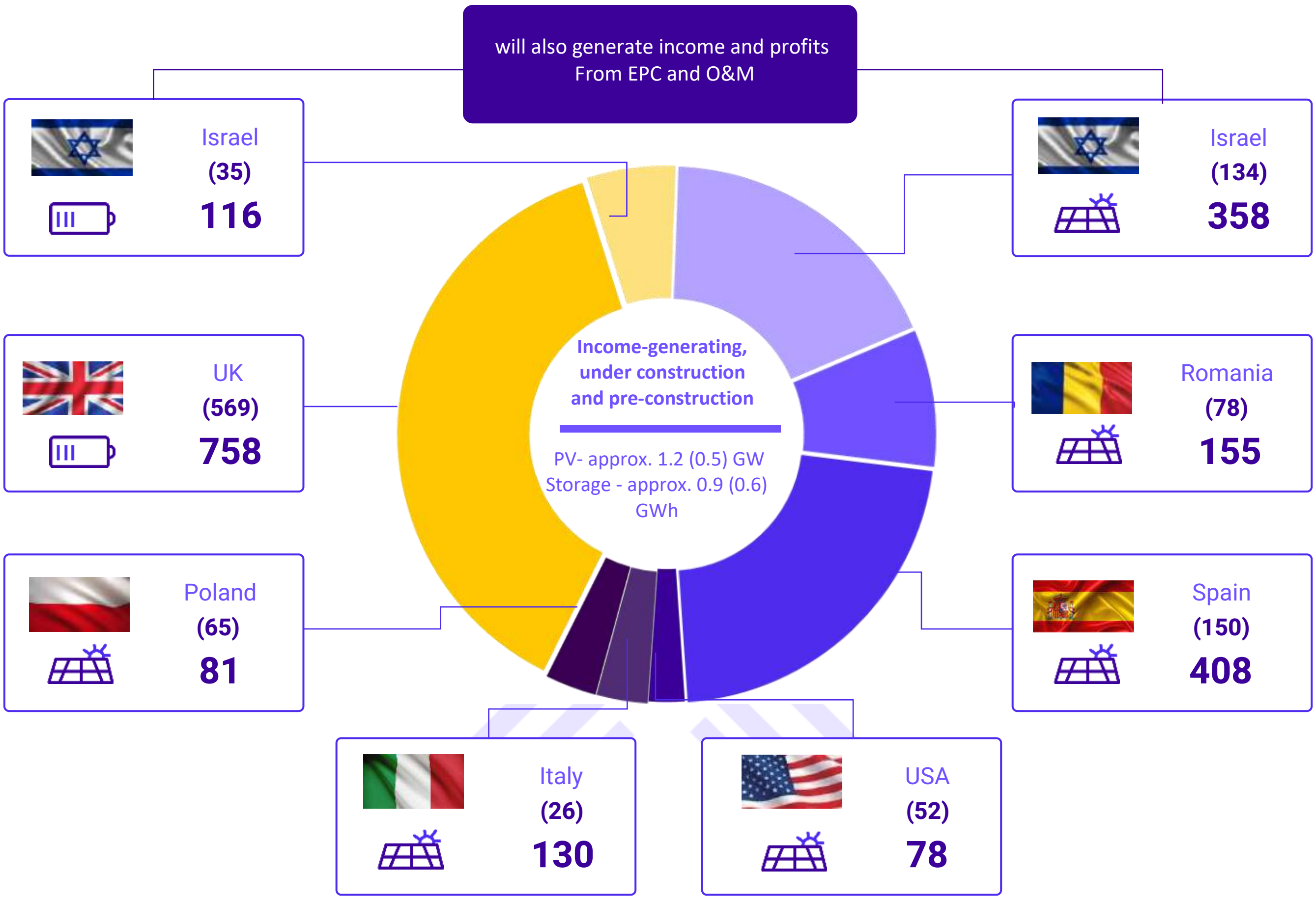
The Group's operations include initiation and development of solar projects, starting with the projects' preliminary and early stages, with the aim of holding the projects in Israel, Europe and the USA in the long-term. Those projects include large systems in Europe, which are connected to the ultra-high voltage transmission grid, with a capacity of hundreds of MW, through solar and storage systems in Israel, Europe and the USA, which are connected to the high-voltage or low-voltage distribution grid, as the case may be.

For information about the Company's areas of activity as of the report date, see Sections 1.2.2, 1.3, 3.1, 3.2 and 3.3 to the "Description of the Corporation's Business" chapter - Part A to the 2021 Periodic Report, Note 26 to the Company's financial statements as of December 31, 2021 - Part A to the 2021 Periodic Report, and Note 7 to the Company's financial statements as of March 31, 2022, which are incorporated into this report by way of reference.

For more information about the Company's business environment, see Sections 2.2, 3.1.1. 3.2.1 and 3.3.1 to the "Description of the Corporation's Business" chapter - Part A to the 2021 Periodic Report, which are incorporated into this report by way of reference.

1.3 Key metrics in the Company's activity

Significant backlog of income-generating projects under construction and in pre-construction stages, characterized with high tariffs[1] 100% data, Company's share in brackets



Nofar

2022 End-of-year objectives (100%)*

1 GWh

Connected and ready for connection and under construction and in pre-construction

1 GW

Under construction and in pre-construction

1 GW

Connected and ready for connection

* For information about the Company's plans and objectives for the forthcoming year, see Sections 4.10 and 4.11 to the Description of the Corporation's Business chapter - Part A to the 2021 Periodic Report, which is incorporated into this report by way of reference. It is emphasized that the Company's targets and forecasts constitute forward-looking Information, as the term is defined in the Securities Law, and are substantively based on the Company's expectations and assessments regarding economic, sectoral and other developments and the manner in which they interact with one another. These targets and plans may not materialize or materialize in a manner that may be different, including materially different, from Company's assessments, due to factors which are outside the Company's control, as described in Sections 4.10 and 4.11 to the Description of the Corporation's Business chapter.

1.4 Key data about commercially operated systems, systems ready for connection, construction, pre-construction, advanced development and development

Set forth below are tables that summarize the data regarding Group companies' systems (100%), which are commercially operated, ready for connection, under construction, pre-construction, advanced development and development:

Systems in commercial operation

		Israel[1]			USA [5]	Total
		Net meter	Tariffs	Tenders		
Tariff range[2] (NIS/kWh as of March 31, 2022)		0.31-0.47	0.37-1.89	0.23-0.28	0.47-0.62	---
No. of systems	Mar. 31, 2021	106	587	4	---	697
	Dec. 31, 2021	111	739	40	17	907
	Mar. 31, 2022	114	790	40	19	963
Total installed capacity (KWp) (100%)	Mar. 31, 2021	50,854	49,170	1,029	---	101,053
	Dec. 31, 2021	54,095	76,730	32,633	11,157	174,615
	Mar. 31, 2022	54,760	83,976	32,633	13,060	184,429
Total construction costs (in NIS thousands)	Mar. 31, 2021	222,218	324,399	2,985	---	549,602
	Dec. 31, 2021	252,475	419,966	97,899	115,156	885,496
	Mar. 31, 2022	254,911	446,735	97,899	132,757	932,302
Total senior debt balance (NIS thousand)	Mar. 31, 2021	167,042	238,512	2,215	---	407,769
	Dec. 31, 2021	222,340	369,839	86,214	42,470	720,863
	Mar. 31, 2022	204,432	353,036	83,747	42,605	683,820
Remaining period of senior debt, in years (weighted average)	Mar. 31, 2022		17.3		4.51	---
Revenues (NIS thousands)	Mar. 31, 2021	5,289	10,124	52	---	15,465
	2021	32,831	63,350	2,879	5,445	104,505
	Mar. 31, 2022	5,399	15,647	1,948	1,186	24,180
Tax Equity revenues	2021	---	---	---	435	435
	Mar. 31, 2022	---	---	---	3,212	3,212
Total income (NIS thousands)	2021	32,831	63,350	2,879	5,880	104,940
	Mar. 31, 2022	5,399	15,647	1,948	4,398	27,392
Total project EBITDA[3] (NIS thousands)	Mar. 31, 2021	3,970	8,358	30	---	12,358
	2021	21,442	46,964	1,790	4,005	74,201
	Mar. 31, 2022	3,854	9,776	1,076	3,809	18,515
Total project FFO[3] (NIS thousand)	Mar. 31, 2021	3,378	6,450	(168)	---	9,660
	2021	12,668	35,340	967	1,349	50,324
	Mar. 31, 2022	2,896	6,262	684	3,163	13,005
Total free cash flow after servicing senior debt (NIS thousand)	Mar. 31, 2021	2,048	1,750	(178)	---	3,620
	2021	4,923	13,733	376	(1,876)	17,156
	Mar. 31, 2022	1,634	386	331	2,228	4,579
Company's holding rate[4], indirect (weighted average)	Mar. 31, 2021	42%	29%	22%	---	36%
	Dec. 31, 2021	42%	33%	41%	67%	37%
	Mar. 31, 2022	42%	33%	41%	67%	37%

[(1)] In SPCs that include systems under different regulations, the data were split proportionately according to the systems' capacity.

[(2)] The range of tariffs of the systems that were connected under a net meter arrangement, stems mainly from the fact that the tariffs in these projects are based on the demand-side management (DSM) tariffs, which vary depending on the month of the year and consumption times. The remaining netting period in respect of those systems ranges between 18 to 24 years (approx. 22 years based on a weighted average). The range of tariffs of systems operating under tariff-based regulations stems from the fact that over the years, the feed-in tariffs were reduced for new systems constructed by virtue of these regulations. The remaining feed-in-tariff period of systems ranges between 10 to 25 years (approx. 20 years in a feed-in tariff of approx. NIS/kWh 0.51, based on a weighted average, taking into account the systems' capacity after degradation.

[(3)] As stated above, most SPCs in Israel hold a number of systems that operate under a number of regulations. Accordingly, the classification of revenues, senior debt balance, EBITDA, FFO and free cash flow after debt service between the different types of regulation was based on the systems' capacity and an assessment as to the total number of hours in which the systems were active in a calendar year (between 1,700 to 1,750 hours).

The EBITDA and FFO metrics were calculated based on data included in the financial statements of the different SPCs (without taking into account the Company's holdings), using the arithmetic aggregation method, as described below. It should be emphasized that **these financial metrics are not based on GAAP**. Most of the systems in Israel are held by corporations that are held jointly by Group companies and third parties (in general, the holders of rights to the real-estate properties). As discussed in Note 2 to the Company's financial statements, the engagement methods normally employed by the Group are accounted for by the equity method. According to this method, the results of the investees are not detailed in the Company's financial statements (revenues, expenses, etc.), but rather by a single "net" amount, that does not allow users of the financial statements to calculate the said metrics out of data included in the financial statements. Therefore, the Company believes that it is important to present the total revenues and the said financial metrics in a way that allows the users of the financial statements to review and analyze the results of the different systems.

EBITDA is a metric that is generally accepted in renewable energy projects; it represents the operating efficiency of the systems, and is used by the Company's decision makers. As stated above, the metric was calculated based on the SPC's data, as gross profit (revenue from power generation less operating and maintenance costs), net of depreciation of systems.

The FFO metric was calculated on the basis of the EBITDA metric, taking into account finance expenses in respect of senior debt loans. This metric is generally accepted in renewable energy projects; it reflects the ability to service the senior debt principal out of the proceeds which the systems generate.

Adjustments to the implementation of the equity method include the elimination of the Company's share in each of the metrics (revenues, EBITDA, FFO and free cash flow) of the associates, which are presented in the financial statements by the equity method.

Set forth below are the calculations of the systems' metrics (on a 100% basis), in accordance with the above (in NIS thousand):

	Mar. 31, 2022	2021	Mar. 31, 2021
Gross profit	9,579	40,281	4,173
Depreciation of systems	8,936	33,920	8,185
EBITDA	18,515	74,201	12,358
Finance expenses in respect of senior debt	5,510	23,877	2,698
FFO	13,005	50,324	9,660

Set forth below are adjustments between the aggregate project data, and the statement of income or loss and other comprehensive income in the Company's financial statements (in NIS thousand):

For the three-month period ended March 31, 2022:

	Aggregate data	Adjustments for stake in investees not held by the Company	Data that include the Company's stake in investees (segments note)
Revenues	27,392	(14,854)	12,538
EBITDA	18,516	(10,037)	8,479
FFO	13,005	(6,859)	6,146*
Free cash flow	4,579	(1,673)	2,906*
Equity losses	-		(1,016)

For the three-month period ended March 31, 2021:

	Aggregate data	Adjustments for stake in investees not held by the Company	Data that include the Company's stake in investees
Revenues	15,465	(10,282)	5,183
EBITDA	12,358	(8,631)	3,727
FFO	9,660	(7,196)	2,464*
Free cash flow	3,620	(3,153)	467*
Equity losses	---	---	(2,256)

For the year ended December 31, 2021:

	Aggregate data	Adjustments in respect of the results of Sky Blue prior to its purchase by the Company	Adjustments for stake in investees not held by the Company	Data that include the Company's stake in investees (segments note)
Revenues	104,940	(3,619)	(63,572)	37,749
EBITDA	74,201	(3,501)	(44,780)	25,920
FFO	50,324	(1,824)	(32,079)	16,421*
Free cash flow	17,156	(230)	(11,523)	5,403 *
Equity losses	---	---	---	211

* The segments note includes data regarding revenues and EBITDA. For information regarding the link between the FFO and free cash flow, see the table above. It should be noted that FFO and free cash flow data included in the 2021 Report of the Board of Directors included only the results of the project controlled by the Company, without the Company's share in the results of projects held by associates (as calculated in the segments note).

(4) The Company's holding rate was calculated as a weighted average, indirect, by system capacity. Substantially all of the SPCs operate by virtue of use permits, and projects built on water reservoirs operate by virtue of direct lease agreements with the Israel Land Authority.

[5] The data regarding the systems in the USA are based on the financial statements of Blue Sky and on exchange rates as of the report date (NIS 3.176 per USD 1), and average exchange rate for the reporting period (NIS 3.196 USD 1), as the case may be. It should be noted that the companies that hold the projects have a tax equity partner. The agreements with the tax equity partners set arrangements as to the distribution of profits from the project between the portfolio company that holds the project and the tax equity partner, for defined periods as set in the agreement therewith. The EBITDA and the free cash flow are presented on a net basis after payment of the partner's share. It should also be noted that the sale of electricity by Blue Sky is carried out under PPAs between the SPCs and end customers. As of the report date, some of the electricity generated in the system is not sold. Accordingly, Blue Sky takes steps to enter into engagements with the end customers in relation to the entire capacity of the facility, in order to ensure that all electricity generated in each system is paid for. Accordingly, the total amount of revenues included in the table does not reflect all the potential revenues of Sky Blue from sale of electricity.

As of the report date, the Group holds two storage systems with a total capacity of 5.9 MW (Company's share - 25%), which were connected in 2021, and are in the trial run stage. Accordingly, the report does not include data regarding those systems.

Systems connected after the report date and ready to connect systems[1]

Country	Israel		Italy	USA	Spain		Total
Segment / project name	Tariffs	Tenders	Sunprime	Blue Sky	Olmedilla	Sabinar 1	
Expected capacity (MW)	43.1	45.9	17.1	1.5	169.0	155.5	432.1
Weighted tariff (NIS)	0.48	0.25	0.34	0.57	0.26	0.26	----
Expected annual generation hours (KWh/KWp)	1,748	1750	1,153	1,670	2,180	2,123	----
Expected revenues for first full year of activation[5] [6]	36.1	20.1	6.7	1.4	95.0	85.1	244.4
Total expected construction costs[3] [11]	127.5	146.5	54.6	12.7	455.6	485.6	1,282.5
Expected operating costs for the first year of operation [6] [7]	8.1	6.7	0.9	0.3	14.1	11.0	41.2
Expected EBITDA for the first year of operation [6] [7]	27.9	13.4	5.8	1.1	80.9	74.1	203.2
Expected leverage rate (senior debt)[11]	85%	85%	75%	40%	55%	55%	----
Expected loan period (in years)[4]	20 - 24	20 - 24	19	20	18	22	----
Expected FFO for the first year of operation [6][8][9]	25.2	5.7	4.3	0.8	73.9	65.6	175.5
Percentage of tax equity in investment	----	----	----	40%	----	----	----
Ownership stake [10]	35%	41%	20%	67%	38%	36%	----

Systems under construction or pre-construction[1]

Country	Israel			Spain	Romania	Italy	USA	Poland			UK		Israel	Total
Segment / project name	**Tariffs**	**Tenders**	**Default**	**Sabinar 2**	**Ratesti**	**Sunprime**	**Blue Sky**	**Cybinka**	**Krzywinskie**	**Dziewoklucz**	**Cellarhead**	**Buxton**	**Storage in Israel**	
Expected capacity (MW)	55.9	38.9	2.5	83.0	155.0	112.9	63.0	40.0	20.0	20.7	----	----	----	591.8
Expected storage capacity (MWh)	----	----	----	----	----	----	----	----	----	----	698.0	60.0	110.2	868.2
Weighted tariff (NIS)	0.43	0.24	0.28	0.26	0.31	0.33	0.56	0.39	0.37	0.37	----	----	----	----
Expected annual generation hours (KWh/KWp)	1,750	1,750	1,750	2,123	1,370	1,231	1,663	1,046	1,059	1,128	----	----	----	----
Expected revenues for first full year of activation[5] [6]	42.1	16.2	1.2	45.4	64.9	45.6	58.8	16.3	7.8	8.6	174.6	17.4	7.7 - 16.5	506.8 - 515.6
Total expected construction costs[3] [11]	159.8	119.9	8.1	286.2	359.9	559.2	530.3	80.1	60.7	61.1	893.0	85.9	122.5	3,326.7
Percentage of equity invested as of Mar. 31, 2022	57%	59%	49%	100%	70%	10%	5%	6%	19%	21%	0%	0%	35%	----
Expected operating costs for the first year of operation [6] [7]	11.2	5.6	0.4	5.9	13.7	8.1	14.0	2.1	1.1	1.1	27.5	2.5	0.9	94.1
Expected EBITDA for the first year of operation [6] [7]	31.0	10.6	0.9	39.6	51.2	37.5	44.7	14.2	6.8	7.6	147.1	14.9	6.8 - 15.6	412.8 - 421.6
Expected leverage rate (senior debt)[11]	85%	85%	85%	55%	50%	75%	40%	65%	65%	65%	60%	60%	80%	----
Expected loan period (in years)[4]	20 - 24	20 - 24	20 - 24	22	15	19	20	17	17	17	10	10	15	----
Expected FFO for the first year of operation [6][8][9]	27.6	8.0	0.7	34.5	46.1	22.9	36.3	11.4	5.4	5.9	120.3	13.1	4.4 - 13.2	347.2 - 347.2
Percentage of tax equity in investment	----	----	----	----	----	----	40%	----	----	----	----	----	----	----
Expected construction completion date[2]	2022 - 2023	2022 - 2023	2022 - 2023	H2/2022	H1/2023	2022 - 2023	2022 - 2023	H2/2023	H2/2024	H2/2024	H2/2024	H2/2023	2022 - 2023	----
Ownership stake [10]	38%	36%	25%	36%	50%	20%	67%	90%	72%	72%	75%	75%	30%	----

Systems under license[(1)]

Country	Israel			USA	Italy	Poland				Romania	Israel	Total
Segment / project name	Tariffs	Tenders	Default	Blue Sky	Sunprime	Jozefin	Swierczewo	Thumos (Small Projects)	Bakalarzewo	Iepuresti	Storage in Israel	
Expected capacity (MW)	54.2	112.8	7.2	48.0	102.2	50.0	68.7	26.5	150.0	169.0	----	788.6
Expected storage capacity (MWh)	----	----	----	----	----	----	----	----	----	----	650.0	650.0
Weighted tariff (NIS)	0.45	0.20	0.28	0.56	0.33	0.33	0.33	0.33	0.33	0.26	----	----
Expected annual generation hours (KWh/KWp)	1,750	1,750	1,750	1,485	1,150	1,026	1,026	1,026	1,046	1,400	----	----
Expected revenues for first full year of activation[(5) (6)]	42.6	39.9	3.5	40.1	38.3	17.1	23.6	9.1	52.4	61.0	45.5 - 97.5	373.0 - 425.0
Total expected construction costs[(3) (11)]	157.1	319.4	23.7	356.2	506.2	96.8	133.0	53.2	308.9	453.5	722.5	3,130.4
Expected operating costs for the first year of operation [(6) (7)]	10.6	13.6	1.0	9.4	7.3	2.3	3.1	1.4	6.9	8.0	5.5	69.3
Expected EBITDA for the first year of operation [(6) (7)]	32.0	26.3	2.5	30.6	30.9	14.9	20.4	7.7	45.6	52.9	40.0 - 92.0	303.7 - 355.7
Expected leverage rate (senior debt)[(11)]	85%	85%	85%	40%	75%	65%	65%	65%	65%	50%	80%	----
Expected loan period (in years)[(4)]	20 - 24	20 - 24	20 - 24	20	19	17	17	17	17	15	15	----
Expected FFO for the first year of operation [(6)(8)(9)]	28.6	19.5	2.0	21.9	17.6	11.8	16.3	6.1	36.7	43.9	25.8 - 77.8	230.2 - 282.2
Percentage of tax equity in investment	----	----	----	40%	----	----	----	----	----	----	----	----
Expected construction completion date[(2)]	2023	2023 - 2024	2023 - 2024	2023 - 2024	2023- 2024	H2/2024	H2/2024	H2/2024	H2/2024	2024	2023- 2024	----
Ownership stake [(10)]	33%	48%	40%	67%	20%	90%	90%	90%	65%	90%	35%	----

Nofar

Systems under development[1]

Country	Israel			Italy	USA	Poland	Total
Capacity (MW)	Ground-mounted	Rooftops	Reservoirs	Sunprime	Blue sky	Electrum-Nofar	
Capacity (MW)	323.0	159.6	156.0	71.4	236.9	222	1,168.9
Ownership stake[10]	25%	30%	50%	20%	67%	72%	----

As of December 31, 2021, the balance of prepaid expenses in respect of projects under development amounted to NIS 15,010 thousand.

(1) The data included in the table are presented in nominal values without taking into consideration future changes in the index in the different countries. The data in relation to projects in Spain, Romania and Italy are based on an exchange rate of NIS 3.5236 per EUR 1; the data relating to the projects in the USA are based on an exchange rate of NIS 3.176 per USD 1; the data relating to projects in the UK are based on an exchange rate of NIS 4.1683 per Pound Sterling.

As to the projects under development, advanced development and pre-construction, the data included in the table are calculated assuming that all permits required for construction will be obtained, including the permit as to integration into the grid (approval of connection to the grid), completion of the planning processes required for construction of the systems, etc. As of the report date, the Company is unable to estimate the chances that the said processes will be completed for all projects.

As to the systems' capacity and the expected dates of completion of construction work - the assessments set out in the above table are based on Company's assessments, based on permits received through the report date and/or the area of land on which the system is expected to be built, information delivered to the Company by the local partner, information delivered to the Company as part of the due diligence work it conducted in connection with the various projects, or based on Company's assessments. In view of the fact that the projects are in preliminarily development stages, and in view of the regulatory approvals required for their construction, as of the report date there is no certainty that those projects will, indeed, come to fruition, and if they do - that they will have the capacities set out in the table, and will be completed on the dates set therein.

Furthermore, regarding the projects in Poland and the UK, the data set out in the table were reached under the assumption that the project will be ready for construction subject to the conditions set out in the agreement for their purchase, and that the Company will complete the transaction for the purchase of rights therein.

(2) The expected activation dates of the projects in Israel are based on the dates set in the various regulations and on Company's assessments. The expected activation dates of the Olmedilla, Sabinar and Ratesti projects are based on the dates set in the agreements for the construction of the projects (and regarding Sabinar 2 - the date discussed with the construction contractor); the expected activation dates of the projects in Poland and the Cellarhead project are based on the dates set out in the connection permits or the estimates of Electrum and external advisors as of the connection date; the expected activation dates of Sunprime's projects are based on Sunprime management's estimates regarding the progress of the construction work in the relevant projects; the expected activation date of Blue Sky's projects are based on Company's assessments as to the progress of the construction work in those projects.

(3) As to systems regarding which the terms for purchase of system parts and/or the terms of the loans to be extended to finance the construction of the systems have not yet been agreed, estimates were calculated using cost and financing assumptions similar to those used in projects under construction for which those terms have already been agreed; the costs of construction of the Olmedilla and the Sabinar projects are based on the cost of purchasing the rights in the projects, the development costs, construction costs, the payment to the local developers, and the amounts of finance set in the EPC agreement, and regarding Olmedilla also in the finance agreement; the construction costs of the Ratesti project are based on the costs to purchase the rights in the project, the management and consultation payments and the amounts set in the construction agreement; Sunprime projects' construction costs are based on Sunprime management's estimates as to the construction cost per kW; the construction costs in relation to the projects in Poland are based on the costs to purchase the rights in the projects, the development costs set out in the various development agreements, the costs to develop the projects by Electrum, and the Company and external advisors' estimates of construction costs based on the estimates of Company's management; Blue Sky projects' construction costs are based on the construction costs per kW of the systems under construction; Cellarhead project's construction costs are based on quotes received from EPC contractors and estimates as to related costs.

(4) As to systems in Israel, for which the financing terms have not been agreed, the leverage rate is based on the leverage rate of the projects under construction. Regarding the Olmedilla project, the leverage rate is based on the financing agreement signed in relation to this project and the project's construction costs. For more information regarding the Olmedilla project's financing agreement, see Sections 4.5.5 and 3.3.8 in the chapter entitled Description of the Corporation's Business in the 2020 Periodic Report[1], which is incorporated in this report by way of reference; as to the Sabinar project, the leverage rate is based on the assumption that the leverage rate and its terms will be similar to the financing terms of the Olmedilla project. It should be emphasized that as of the report date, Sabinar's project company has not yet reached agreements as to financing, and there is no certainty that such financing will, indeed, be obtained or as to its terms; as to the Ratesti project, we assumed a leverage rate of 51% with interest of 2.8% based on a proposal received from a local bank. It should be emphasized that as of the report date, the project company is conducting negotiations in connection with the above, but has not yet reached agreements as to financing, and there is no certainty that such financing will, indeed, be obtained; as to the Sunprime's projects, we assumed a leverage rate of 75% with interest of 3.5% based on estimates made by Sunprime's management regarding the terms of financing that may be obtained for the construction of the systems. It should be emphasized that as of the report date, Sunprime is conducting negotiations in connection with the above, but has not yet reached agreements as to financing, and there is no certainty that such financing will, indeed, be obtained; as to the projects in Poland, we assumed an indicative LTV of 45% to 64% with interest of 5% assuming a coverage ratio of 1.50. With regard to Blue Sky's projects, it was assumed that the leverage rate will be identical to that of commercially operated systems. It should be noted that in addition to the senior debt used for the purpose of building the projects, Blue Sky normally enters into agreements with tax equity partners, who invest in the SPCs against receipt of federal tax benefits and accelerated depreciation. It that regard, it was assumed that the tax equity partners will invest a total equal to 40% of the project's cost, in accordance with the rates invested in commercially operating projects; with

[1] The 2020 Periodic Report, which was published on the MAGNA on March 30, 2021 (Ref. No. 2021-01-049992).

regard to the Cellarhead and Buxton projects, we assumed a financing rate of 60%, with an interest of 3.5%-5%, based on dialogues with financial advisors.

(5) The tariffs and revenues in the table presenting the solar systems in Israel include, among other things, the Company's assessments as to the actual capacity of the system and as to the scope of real time consumption from the systems. The revenues in the table presenting the storage systems in Israel are based on an assumption of an annual revenue of NIS 70 to NIS 150 per kWh, in accordance with current demand-side management (DSM) tariffs, and a proposal to change the tariffs in a 'public appeal - principles for regulating the market of generation and storage facilities in the distribution grid'.

The tariff applicable to tariff-based systems and tender-based systems are based on the tariffs set in those regulations, plus linkage to the Consumer Price Index (CPI) through the report date; with regard to regulations that allow own consumption - tariffs are also based on Company's assessments as to customers' scope of consumption and their consumption regime, on electricity tariffs as of the report date (net of a discount where relevant), and on system costs arising from those regulations. The revenues in the table presenting the systems in Israel are based on a working assumption of 1,700-1,750 sun hours per year on average, depending on the project's location.

The revenues in the table relating to the Olmedilla and Sabinar projects are based on the tariffs in the first year of operation as set in the Memorandum of Understanding that was signed in connection with Olmedilla's engagement in the PPA (for more information see immediate report published by the Company on March 6, 2022 (Ref. No. 2022-01-022086), which is incorporated herein by way of reference), the Company's assessments as to the actual capacity of the systems, and a working assumption of 2,180 sun hours in Olmedilla and approx. 2,130 sun hours in Sabinar; the revenues in the table relating to the Ratesti project are based on forecast electricity tariffs in the open market during Ratesti's first year of operation, as received from an international consultancy company, and a work assumption of 1,370 sun hour per year. It should be noted that in accordance with estimates received from the external consultancy company, the electricity tariffs in Romania are expected to decline over the project's life; the revenues of the projects in Poland are based on forecast electricity tariffs in the open market in the first year of operation of each project as described above, as received from an international consultancy company, and a work assumption of 1,026 to 1,142 sun hours per year, depending on the project's location. It should be noted that in accordance with estimates received from the external consultancy company, the electricity tariffs in Poland are expected to decline over the projects' life; the revenues in the table relating to Sunprime's project are based on the tariffs included in Sunprime's winning bids in tenders (that range between 85.5, 90 and 102 EUR/kWh, with an average of 93.4 EUR/MWh), and a work assumption of an average 1,225 sun hours per year; the revenues in the table relating to Blue Sky's project are based on an average forecast electricity prices and an analysis of the prices of the green certificates provided to the Company by an external and independent service providers, net of discounts given to renters in terms of electricity tariffs, and collection of all the electricity generated in the systems, estimates as to the number of sun hours per year (between 1,485 to 1,750 hours, depending on the geographic location of the system), and estimates that all the electricity generated in the systems shall be sold to consumers). It should be noted that the average tariff paid to Blue Sky in 2021 was approx. 0.16 USD/kWh, and that Blue Sky did not allocate all the electricity generated in the systems, and accordingly did not collect payments in respect of all the electricity generated in its systems; the revenues in the table relating to the Cellarhead project are based on forecast electricity prices and the system services provided to the Company by an external consultancy company.

(6) "First year of operation" means 12 consecutive months during which the real time flow of electricity from the system to the grid will not be limited for the first time, and the system will bear senior debt payments. In most cases, the repayment of the senior debt starts several months after commercial operation date.

(7) The EBITDA metric is calculated as gross profit plus depreciation and amortization, taking into account estimates regarding current maintenance costs of the system; regarding the Olmedilla and Sabinar projects, based on agreed consideration for the operating services in accordance with the O&M agreement with the Olmedilla project's construction contractor. It was also assumed that the Sabinar project's operating costs shall be identical, and an agreed cost was assumed in respect of local developers' services; as to the Ratesti project - taking into account estimates regarding the current maintenance costs of the system and the payment of management fees to Econergy; as to Sunprime - Sunprime management's estimates as to the projects' operating expenses; with regard to the projects in Poland, operating expenses were assumed in accordance with the Company and the external consultants' estimates; as to Blue Sky - it was assumed that the operating expenses shall be in accordance with the average operating expenses per kWh of commercially operational systems in 2021. Furthermore, the systems' depreciation was calculated assuming that they will be depreciated over 5 years. It should be noted that the agreements with the tax equity partners set arrangements as to the distribution of profits from the project between the portfolio company that holds the project and the tax equity partner, for defined periods as set in the agreement therewith. EBITDA and FFO are presented net of the tax equity partner's share; regarding the Cellarhead project, the operating costs are in accordance with quotes received from construction contractors, Company's assessments, and the estimates of an external advisor regarding related costs.

(8) FFO is calculated as EBITDA net of finance costs in respect of senior debt loans, based on the assumptions listed in comment (5) above; as to the Ratesti project - net of corporate tax. It should be emphasized that as of the report date financing has not yet been obtained for the Sabinar, Sunprime, Ratesti, Blue Sky and Cellarhead projects, there is no certainty that such financing will be received, and there is no certainty that the cost of the financing shall be in line with the Company's estimates as set out in comment (4) above.

(9) As stated in Section 3.1 to the Description of the Corporation's Business chapter - Part A to the 2021 Periodic Report, which is incorporated herein by way of reference, the Company normally engages with its partners in agreements where under the Company provides the equity (or most of the equity) required for the development and construction of the project by way of loan, which is repaid on a cash sweep basis.

(10) The Company's holding rate was calculated as a weighted average, indirect, by system capacity. It should be noted that as of the report date all holdings in the SPC of the Olmedilla and Sabinar projects are pledged in favor of the funding banks and Sabinar's sellers.

(11) The construction costs include, among other things, an assumption regarding the forfeiture of construction guarantees of projects by virtue of tenders for rooftop and reservoir facilities, that will be connected to the grid after the effective date.

The assessments set out in the above tables regarding tariffs, period of tariffs, capacities, commercial operation dates, construction costs, leverage rates, revenues, EBITDA, FFO, free cash flow, holding rate, expected first year of operation, and results of first year of operation constitute forward-looking information, as this term is defined in the Securities Law, whose materialization is uncertain and is not controlled exclusively by the Company. The said assessments are based on the Company's plans regarding each system and the systems' characteristics, which might not materialize due to factors outside the Company's control, such as: lack of certainty as to the rights in the project company, delays in receipt of the permits required to build and operate the systems, delays in obtaining access to the grid, changes in the system's construction costs, delays in receipt of the permits required for the commencement of the project's construction, receiving negative or limited positive response from the energy distributor (grid connection), delays in obtaining access to the grid, delays in the development of the grid, delays in construction, delays or difficulties in engagement in development agreements with the Israel Land Authority/rent agreements, delays in supply of system parts, changes in construction costs, including in respect of unexpected expenses or changes in foreign currency, increase in raw material prices, increase in freight prices, changes in exchange rates, delays in obtaining the permits required for commencement of the project's construction, changes in policy and/or increase in finance costs, changes in interest rates, faulty systems, changes in the weather, changes in electricity tariffs or system costs, changes in the scope of electricity consumed by the system's consumers, changes in demand for electricity, changes in tax rates, changes in tax laws, changes in the Israeli economy in general and in the electricity sector in particular, regulatory changes, faulty systems, prolongation of the Covid-19 crisis and the restrictions that were placed (and that will be placed) in respect thereof, and the materialization of one (or more) of the risk factors listed in Section 4.13 in the Description of the Corporation's Business chapter - Part A to the 2021 Periodic Report, which is incorporated herein by way of reference.

It should be emphasized that as of the report date there is no certainty as to the execution of the projects in pre-construction, advanced development and development, due to, among other things, the fact that those projects are subject to receipt of various approvals (including a change in the designation of land, building permits, positive response from the electricity distributor (grid connection), available quotas, etc.), as set out in Sections 3.1.1.1 above and 3.3.1.2 in the Description of the Corporation's Business chapter - Part A to the 2021 Periodic Report, which is incorporated herein by way of reference, the receipt of which is uncertain, and also due to the concern that one of the risk factors listed Section 4.13 in the Description of the Corporation's Business chapter - Part A to the 2021 Periodic Report, which is incorporated herein by way of reference, will materialize. Should the Company be unsuccessful in implementing its plans regarding any or all the systems listed above, its main exposure will arise from writing-off the amounts that were (and will be) invested through that date, and in the case of systems built as a result of a winning bid - the forfeiture of the construction guarantees and/or the loss of the electricity quota (in case of failure to comply with the time tables until the latest binding date).

1.5 Review of the Company's development -

During 2022, the Company continued promoting and expanding its projects portfolio, as follows:

1.5.1 Spain - In the Olmedilla project (a solar project with a total capacity of approx. 169 MW in Spain, in which the Company has an indirect 38% stake), and in the Sabinar 1 project (a solar project with an overall capacity of approx. 155 MW in Spain, in which the Company has an indirect 36% stake), the works for connecting the projects to the grid are in progress. Furthermore, in view of the high electricity prices in Spain, the Olmedilla project company entered into a memorandum of principles regarding the engagement in a PPA, which fixed electricity prices for a period of up to 5 years, at a tariff of between 153.7 and 63.8 EUR/MW.

1.5.2 Poland - In October 2021, Nofar Europe B.V., a corporation in which the Company has a 90% stake (hereinafter - "Nofar Europe") entered into an agreement with Electrum SP. Z O.O. (hereinafter - "Electrum"), regarding the establishment of Electrum Nofar, in which Nofar Europe has an indirect 80% stake (and the Company has a 72% stake); Electrum Nofar is engaged in the initiation, development and holding of solar and wind systems with a capacity of up to 1,250 MW in Poland[2]; in November, Nofar Europe entered into an agreement for the purchase of a portfolio of projects in Poland with an estimated capacity of up to 185 MW[3], and in March 2022, Electrum transferred to Electrum Nofar projects with an estimated capacity of up to 412 MW in Poland. Furthermore, as of the report date, Electrum Nofar is engaged in the development of further projects in Poland[4].

1.5.3 Romania - During 2022, the Company continued in the development of its development platform in Romania (Nofar Energy SRL), including the recruitment of local managers and the setting up of development teams. Furthermore, on May 2, 2022, Nofar Europe entered into an agreement for the purchase of the entire share capital of corporations engaged in the development of a solar project in Romania, with an estimated capacity of approx. 169 MW, including an option to purchase other projects with a capacity of up to 231 MW (400 MW in total)[5]. As of the reporting date, the local platform is engaged in the identification and development of projects, assesses the option of entering into another project in Romania, and promotes the construction of the Ratesti project.

1.5.4 The UK - In 2022, the Company continued developing the Atlantic Green UK Limited platform (hereinafter - "Atlantic Green", a company in which the Company has a 75% stake); Atlantic Green is engaged in the development, promotion, construction and holding of energy storage systems in the UK; as part of its activity, the company appointed dedicated technical advisors for the project, recruited senior management team, and continues the preparations for the construction of the Cellarhead project (with estimated energy storage capacity of approx. 698 MWh)[6]. Furthermore, in April 2022, Atlantic Green entered into an agreement for the purchase of the entire share capital of a corporation holding the rights to build the Buxton project, as an energy storage project with a grid connection agreement at

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2 For more information, see Section 4.7.5 in the Description of the Corporation's Business chapter and immediate reports published by the Company on November 21, 2021 (Ref. No. 2021-01-168729) and March 6, 2022 (Ref. No. 2022-01-022056), which were incorporated herein by way of reference.

3 For more information, see Section 4.7.10 and immediate report published by the Company on November 24, 2021 (Ref. No. 2021-01-170472), which is incorporated herein by way of reference.

4 In view of the preliminary development stages. As of the report date, there is no certainty that the negotiation or the construction of the systems will be completed successfully.

5 For more information, please see the immediate report published by the Company on May 3, 2022 (Ref. No. 2022-01-044202); the information contained therein is presented in the Report by way of reference.

the capacity of 30 MW, and estimated storage capacity of approx. 60 MWh, assuming that batteries with a two-hour storage capacity are used[6].

1.5.5 Italy - the Company operates in Italy through Sunprime HoldCo S.R.L (hereinafter - "Sunprime"), in which the Company has an indirect stake of 20%, and which specializes in rooftops projects in Italy, with high feed-in tariffs. In January 2022, Sunprime won GSE's rooftops tender for the fourth time in a row. As of the report date, Sunprime completed the construction of projects with a total capacity of approx. 17 MW, and holds a quota of approx. 130 MW, at an average tariff of 93.4 EUR/mWh[7]. Furthermore, Sunprime has a project backlog with a capacity of approx. 132 MW under development, and continues the development of its rooftops portfolio and other areas.

1.5.6 It should be noted that concurrently with the development of the Company's development platforms and project backlog, the Company is making preparations for dealing with the macro-economic changes in the sector in 2021 and 2022, which include, among other things, an increase in electricity prices, changes in inflation rates, changes in exchange rates, shortage of raw materials, increase in equipment and freight prices, and changes in the cost of financing in different countries, etc.; this is designed at mitigating negative effects, to the extent possible, and at the same time attempting to utilize the increase in electricity prices to fix prices for the long term, to the extent possible. Naturally, a continued increase in raw material prices, interest rates and inflation rates might have an adverse effect on projects' returns and profitability. For more information about changes in the Company's business environment in 2021 and 2022, see Sections 2.2, 3.2.1.3, and 3.3.1.2 to the "Description of the Corporation's Business" chapter - Part A to the 2021 Periodic Report, which are incorporated into this report by way of reference.

The Company's assessments as stated above in this section constitute forward-looking information, as defined by the Securities Law, and are based on the assessments of the Company's management and its understanding of the factors impacting its business activity as of the report date. These assessments may not materialize, in whole or in part, or may materialize differently, including in a materially different manner than expected, inter alia as a result of less-than optimal assumptions and analyses, developments which may not be fully assessed in connection with the crisis, its duration and magnitude, or the materialization of all or some of the risk factors outlined in Section 3.13 to the "Description of the Corporation's Business" chapter to the 2021 Periodic Report, which is incorporated into this report by way of reference.

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[6] Based on the approvals granted as of the report date, the provisions of the purchase agreement, the site's limitations and the information provided to the Company as part of the due diligence work, including the grid connection offer and the planning application, and with regard to the Cellarhead project - also the assumption that batteries with a two-hour storage capacity will be used, and that an approval to increase the connection point by further 49 MW will be obtained. It should be emphasized that the Company's assessments as to the project's capacity constitutes forward-looking information as this term in defined in the Securities Law, 1967, which is based on the approvals issued to the project company as of the report date, the regulation applicable in the UK as of that date, and Company's assessments as to the capacity of the systems that may be built in the site. Company's assessments may not materialize due to factors outside the Company's control, including changes in the provisions of the law or the interpretation thereof, changes in market conditions, topographical limitations, etc.
For more information, please see the immediate report published by the Company on April 28, 2022 (Ref. No. 2022-01-042828); the information contained therein is presented in the Report by way of reference.

[7] For more information, please see the immediate report published by the Company on January 30, 2021 (Ref. No. 2022-01-011472); the information contained therein is presented in the Report by way of reference.

1.5 Financial position:

Line item	As of						Explanations of the Board of Directors
	Mar. 31, 2022		Mar. 31, 2021		Dec. 31, 2021		
	In NIS thousand						
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	
Cash and cash equivalents	623,074	28.7%	333,403	15.4%	904,345	41.7%	See statement of cash flows; the increase compared with the corresponding period last year arises mainly from a private offering and the issuance of bonds, against the injection of capital to projects in Europe and the purchase of a US consolidated company. The decrease compared with December 2021 stems from the injection of capital to projects in Europe and amounts deposited with deposits.
Short term deposits	227,129	10.5%	101,460	4.7%	161,025	7.4%	Most of the increase compared to the corresponding period last year and December 2021 stems from amounts deposited with deposits.
Restricted deposits	940	0.0%	120	0.0%	640	0.0%	Deposits against guarantees that were provided
Trade receivables	284,927	13.1%	209,970	9.7%	234,469	10.8%	Most of the increase compared to the corresponding period last year and December 2021 stems from a significant increase in the scope of those of the Company's projects funded through the Company's equity, instead of through bank loans until the completion of the construction work.
Receivables and debit balances	27,716	1.3%	29,352	1.4%	22,780	1.1%	Most of the increase compared to the corresponding period last year and December 2021 stems from an increase in advances to suppliers against a decrease in prepaid expenses in respect of licensing and projects under construction in December 2021.
Inventory	57,095	2.6%	52,249	2.4%	56,619	2.6%	The decrease compared with the corresponding period last year stems from purchase of inventories for projects in pre-construction.
Total current assets	1,220,881		726,554		1,379,878		
Investment in equity-accounted corporations	496,492	22.9%	216,157	10.0%	398,032	18.4%	Most of the increase compared to the corresponding period last year and December 2021 stems from investments in companies accounted for by the equity method, and from the Company's share in revaluation reserve of property, plant & equipment of associates.
Right-of-use-asset	69,868	3.2%	23,600	1.1%	64,119	3.0%	The increase compared with the corresponding period last year arises mainly from assuming control in a consolidated company.
Property, plant & equipment	212,372	9.8%	68,747	3.2%	200,387	9.2%	Most of the increase arises from construction of systems owned by Group companies. From the corresponding period last year, mainly from assuming control over a consolidated company.
Loans to investees	43,411	2.0%	-	0.0%	-	0.0%	
Long-term deposits	5,531	0.3%	5,333	0.2%	5,530	0.3%	
Long-term restricted cash	1,162	0.1%	-	0.0%	963	0.0%	From a consolidated company in which control was assumed
Intangible assets	121,841	5.6%	-	0.0%	119,310	5.5%	The increase compared with the corresponding period last year arises from goodwill of a consolidated company, in which control was assumed
Total non-current assets	950,677		313,837		788,341		
Total assets	2,171,558		1,040,391		2,168,219		

Line item	As of						Explanations of the Board of Directors
	Mar. 31, 2022		Mar. 31, 2021		Dec. 31, 2021		
	In NIS thousand						
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	
Short-term loans and current maturities in respect of long-term loans from banking corporations	18,323	0.8%	81,599	3.8%	37,671	1.7%	The decrease stems from repayment of on call loans.
Current maturities of lease liabilities	4,869	0.2%	1,630	0.1%	4,546	0.2%	
Accounts payable	51,502	2.4%	49,099	2.3%	67,930	3.1%	Most of the increase stems from payment to suppliers of inventory and from a decrease in provision for contractors
Payables and credit balances	25,847	1.2%	4,657	0.2%	18,139	0.8%	Most of the increase arises from a loan from minority interest in a consolidated company, the control in which was assumed, and from interest payable in respect of the bonds
Financial derivatives	1,981	0.1%	1,737	0.1%	1,981	0.1%	Option warrants granted to third parties for the acquisition of the Company's share in associates were recognized as financial derivatives in the Company's financial statements. Financial derivatives are measured at fair value through profit or loss.
Current tax liability	2,528	0.1%	67	0.0%	--	--	The increase stems from a consolidated company's tax liability.
Total current liabilities	**105,050**		**138,789**		**130,267**		
Long-term loans from banking corporations	64,562	3.0%	24,567	1.1%	66,070	3.0%	The increase compared with the corresponding period last year stems mainly from loans in a consolidated company the control in which was assumed
Lease liabilities	69,324	3.2%	23,490	1.1%	63,566	2.9%	Most of the increase arises from a consolidated company in which control was assumed
Loans from related party	18,725	0.9%	16,911	0.8%	18,171	0.8%	Loan received from Noy Fund in a consolidated partnership
Deferred taxes	50,198	2.3%	6,907	0.3%	42,742	2.0%	Most of the increase compared with the corresponding period last year stems from a consolidated company, the control in which was assumed; compared with December 2021 - from the revaluation of new systems connected during the reporting period.
Bonds	404,397	18.7%	0	0.0%	398,318	18.4%	The increase compared with the corresponding period last year stems from the issuance of bonds
Other liabilities	11,228	0.5%	1,203	0.1%	5,660	0.3%	Most of the increase arises from a liability to the tax equity partner from a consolidated company in which control was assumed.
Total non-current liabilities	**618,434**		**73,078**		**594,527**		

Line item	As of						Explanations of the Board of Directors
	Mar. 31, 2022		Mar. 31, 2021		Dec. 31, 2021		
	In NIS thousand						
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	
Share capital & premium	1,568,696	72.3%	1,014,211	46.8%	1,568,696	72.3%	The increase compared with the corresponding period last year arises from issuance of capital by the Company; see also the Company's statement of changes in equity.
Accumulated loss	(233,532)	(10.8%)	(230,993)	(10.7%)	(226,071)	(10.4%)	
Capital reserves	60,921	2.8%	45,577	2.1%	49,406	2.3%	The increase arises mainly from the Company's share in other comprehensive income of corporations accounted for by the equity method attributed to revaluation of property, plant & equipment and share-based payment against an increase in reserve in respect of translation differences (reserve with a negative balance).
Total equity attributable to Company's shareholders	**1,396,085**		**828,795**		**1,392,031**		
Non-controlling interests	51,989		(271)		51,394		Mainly in respect of a consolidated company in which control was assumed
Total shareholders' equity	**1,448,074**		**828,524**		**1,443,425**		
Total liabilities and equity	**2,171,558**		**1,040,391**		**2,168,219**		

1.6 **Financial performance:**

Line item	For the three-month period ended March 31		For the one-year period ended December 31	Explanations of the Board of Directors
	2022	2021	2021	
	In NIS thousand			
Revenues	91,918	78,631	360,762	The increase as compared with the corresponding period last year arises mainly from an increase in the size of the projects executed by the Company (mainly storage).
Construction and operating costs	83,681	69,079	327,027	Most of the increase compared with the corresponding period last year stems from an increase in revenues and from an increase in the Company's workforce
Gross profit	8,237	9,552	33,735	Most of the decrease compared with the corresponding period last year stems from a change in the Company's revenue mix (a shift from revenues from building systems on rooftops to building systems on reservoirs, which generate significantly lower profits), the increase in raw materials' prices and maritime shipping.
Gross profit rate out of revenues	8.96%	12.15%	9.35%	
General and administrative expenses	7,621	1,925	16,935	Most of the increase compared with the corresponding period last year stems from an increase in the Company's workforce, from assuming control in a consolidated company, and from consultation expenses. The increase compared with December 2021 stems mainly from an increase in payroll in consolidated company.
Selling and marketing expenses	2,426	1,788	7,516	
The Company's share in the losses of companies accounted for using the equity method, net	1,016	2,256	(211)	
Other expenses (income), net	(3,383)	---	(579)	Mainly in respect of proceeds from a tax equity partner from a consolidated company.
Operating profit	557	3,583	9,652	
Operating profit ratio	0.61%	4.56%	2.68%	
Finance expenses	10,119	2,115	23,403	The increase arises mainly from interest and linkage in respect of the bonds
Finance income	7,048	1,513	17,463	The increase arises mainly from interest charged in respect of financing of projects under construction and exchange rate differences in respect of foreign currency balances.
Profit (loss) before deducting taxes on income	(2,514)	2,981	3,712	
Rate of income (loss) before deducting taxes on income	(2.74%)	3.79%	1.0%	
Income tax expenses	6,244	1,643	671	The increase arises mainly from a consolidated company's tax liability.
Income (loss) for the year attributed to Company's shareholders	(8,251)	1,420	3,763	

Line item	For the three-month period ended March 31		For the one-year period ended December 31	Explanations of the Board of Directors
	2022	2021	2021	
	In NIS thousand			
Non-controlling interests	(507)	(82)	(722)	
Total profit (loss) for the period	(8,758)	1,338	3,041	
Rate of profit (loss) for the period	(9.53%)	1.70%	0.1%	
Adjustments arising from translation of financial statements of foreign operations	1,679	(653)	(29,833)	
Revaluation of property, plant, and equipment	671	0	9,406	
Share in other comprehensive income (loss) of equity-accounted corporations	8,036	3,138	25,613	
Adjustments arising from hedge transactions	1,167	-	-	
Total other comprehensive income	11,553	2,485	5,186	
Rate of other comprehensive income out of revenues	12.57%	3.16%	0.1%	
Other comprehensive income (loss) for the year attributed to Company's shareholders	2,200	3,905	8,949	
Non-controlling interests	595	(82)	(722)	
Total comprehensive income for the period	2,795	3,823	8,227	

1.7 **Liquidity:**

Line item	For the three-month period ended March 31		For the one-year period ended December 31	Explanations of the Board of Directors
	2022	**2021**	**2021**	
	In NIS thousand			
Net cash flow used in operating activities	(61,653)	(81,203)	(103,649)	See the Consolidated Statements of Cash Flows. Cash flows used for operating activities in the reporting period arises mainly from a decrease in the Company's working capital.
Net cash flow used in investing activities	(206,948)	(89,946)	(355,348)	See the Consolidated Statements of Cash Flows. The cash flow used in investment activities in the reporting period arises mainly from investments and loans in companies accounted for by the equity method, amounts deposited with deposits, and acquisition of property, plant & equipment.
Net cash inflow provided by financing activities	(17,572)	20,917	888,887	See the Consolidated Statements of Cash Flows. The cash flow used in financing activities in the reporting period arises mainly from repayment of short-term loans.

In the reporting period, the Company had a negative cash flow from operating activities. Taking into account the Company's cash balances, and the fact that the negative cash flow stems mainly from short-term financing extended by the Company to SPCs instead of those SPCs' taking bank loans, and the investments in growth platforms abroad, which are included in the operating loss, the Company's Board of Directors is of the opinion that the negative cash flow from operating activities does not indicate that the Company has a liquidity problem.

1.8 **Funding sources:**

The Group funds its activity mainly by issuing shares, operating profits, and bank and suppliers credit, as described below:

1.9.1 Issuance of shares - On September 10, 2020, the Company and Noy Fund completed an investment transaction, as part of which Noy Fund invested **NIS 224.9 million** in the Company against the allotment of shares, which constituted at the time 24.64% of the Company's issued and paid-up share capital. To complete the picture, it should be noted that as part of the aforesaid transaction Noy Fund acquired from the controlling shareholder shares constituting approx. 0.33% of the Company in consideration for approx. NIS 3.1 million. For more information, see section 4.7.3 to the "Description of the Corporation's Business" chapter - Part A to the 2020 Periodic Report, which was published on March 30, 2021 (Ref. No. 2021-01-049992) (hereinafter - the "**2020 Periodic Report**"), which was incorporated into this report by way of reference.

Furthermore, on October 27, 2021, the Company completed a private offering and listing of 7,744,907 ordinary Company shares, against payment of approx. **NIS 555 million**; the shares were issued to 16 qualified investors, as this term is defined in the First Addendum to the Securities Law, 1967. For more information, please see the immediate reports published by the Company on October 25, 2021 (Ref. No. 2021-01-090994) and October 27, 2021 (Ref. No. 2021-01-091786), the information in which is presented in this report by way of reference.

1.9.2 Issuance of bonds - On August 16, 2021, the Company completed the issuance of **NIS 400 million** par value of bonds. The bonds are linked to the CPI, bear annual interest of 1.48%, and are repaid in ten unequal semi-annual payments as from June 30, 2023, and through December 31, 2027. For more information about the terms of the bonds, see **Appendix A** to the Report of the Board of Directors, the shelf offering report published by the Company on August 12, 2021 (Ref. No. 2021-01-131616), and report on the results of issuance and deed of trust of August 16 2021 (Ref. Nos. 2021-01-065704 and 2021-01-065244), which are incorporated into this report by way of reference.

1.9.3 Long-term loans (including current maturities) - In the first quarter of 2022, the average long-term credit was approx. NIS 73.7 million, compared with NIS 26.9 million in the corresponding period last year, and NIS 51.5 million in 2021.

In the first quarter of 2022, the average rate of the cost of long-term credit was approx. 4.57%, compared with approx. 3.2% in the corresponding period last year, and approx. 3.74% in 2021.

1.9.4 Short-term credit - In the first quarter of 2022, the average short-term credit was approx. NIS 4.7 million, compared with NIS 71.2 million in the corresponding period last year, and NIS 57.2 million in 2021.

In the first quarter of 2022, the average rate of the cost of short-term credit was approx. 2.42%, compared with approx. 3.6% in the corresponding period last year, and approx. 2.34% in 2021.

1.9.5 Suppliers - The credit extended to the Group by suppliers ranges between cash and net 60 EOM. Average supplier days amounted to approx. 60 days in the first quarter of 2022, approx. 58 days in the corresponding period last year and approx. 54 days in 2021.

The average credit balance of suppliers amounted to approx. NIS 59.7 million in the first quarter of 2022, approx. NIS 72.2 million in the corresponding period last year and approx. NIS 54.1 million in 2021.

1.9.6 Trade receivables - The credit extended by the Group to customers ranges between cash and net 60 EOM. Average trade receivable days amounted to approx. 70 days in the first quarter of 2022, approx. 60 days in the corresponding period last year and approx. 63 days in 2021.

The average credit balance of customers amounted to approx. NIS 259.7 million in the first quarter of 2022, approx. NIS 151.7 million in the corresponding period last year and approx. NIS 235.3 million in 2021.

For more information regarding the Group's financing sources, see Section 4.5 to the Description of the Corporation's Business chapter - Part A to the 2021 Periodic Report.

1.10 Material loans and credit

For more information regarding material loans and credit taken by the Group, see Section 4.5.5 to Part A to the 2021 Periodic Report, and Section 3.8.8 to the Description of the Corporation's Business chapter to the 2020 Periodic Report, which are incorporated herein by way of reference.

For information about the terms of the Series A bonds issued by the Company, see **Appendix A** to the Report of the Board of Directors, the shelf offering report published by the Company on August 12 2021 (Ref. No. 2021-01-131616), and report on the results of issuance and deed of trust of August 16 2021 (Ref. Nos. 2021-01-065704 and 2021-01-065244), which are incorporated into this report by way of reference.

Set forth below is information regarding the Company's compliance with financial covenants, which Group companies have undertaken to comply with in connection with material credit:

Name of borrower	Lender's details	Obligation to meet financial covenants	Calculation of compliance as of Mar. 31, 2022
Company	Trustee to the holders of Bonds (Series A)	Minimum equity of NIS 550 million Minimum ratio between separate equity and separate balance sheet of 35%	Equity - approx. NIS 1,448 million Equity to separate balance sheet ratio - approx. 64.3% Separate equity - NIS 1,396 million. Net separate balance sheet - NIS 2,172 million.
Olmedilla	Separate banks in Spain	Historical debt service coverage ratio (SDCR) of 1.05 for the past 12 months. Maximum leverage ratio of 56% Maintaining reserve accounts and minimum equity in the project.	As of the report date the Company is not required to meet the debt service coverage ratio and the requirement for reserve accounts.
The Company and consolidated companies	Banking corporations	Minimum debt service coverage ratio of 1.25	Coverage ratio of 1.4-1.9

1.11 Material appraisals

In order to determine the value of data included in its financial statements, the Company performed, among other things, an appraisal of the solar systems connected during the reporting period. Set forth below are details regarding the appraisals in accordance with Regulation 8B(i) to the Securities Regulations (Periodic and Immediate Reports), 1970:

	Commercially operational solar systems
Timing of valuation:	March 22, 2022
Value of the appraisal's subject matter in accordance with the appraisal:	NIS 16,308 thousand
Appraiser's identity:	Performed by the Company's analytics department
Information about indemnification agreements with the appraiser:	---
Valuation model:	Discounting the non-leveraged cash flow expected to arise from the assets in the future (DCF)
The methodology and the key assumptions in accordance with which the appraisal was performed:	The expected cash flows were assessed separately for each solar system, in accordance with its specific characteristics, commercial terms, the system's performances, and market conditions as they were known on each cut-off date. On each cut-off date, the expected cash flow was determined in accordance with the remaining contractual period as per the agreement, and does not include scrap value. Expected revenues for each solar system were estimated by multiplying the installed capacity, a degeneration rate of 0.5% per year, estimated annual number of sun hours of approx. 1,740 and the tariff, in accordance the relevant regulation. The discount rate if 5.2%.

2 Corporate Governance Aspects

2.1. Effectiveness of internal control

A report about the Company's internal controls is appended as Chapter E to this report.

Furthermore, in accordance with the provisions of Regulation 9B(C1) to the Reports Regulations, the provisions of Regulation 9B(c) to the Reports Regulations, where under a company should attach to its annual financial statements the opinion of the its independent auditor as to the effectiveness of internal controls over financial reporting, and as to material weaknesses it identified in these controls, shall only apply to the Company after five year have elapsed since it became a reporting corporation, except if certain events occur as set out in that regulation.

2.2. Market risks and management thereof

Since the publication date of the 2021 Periodic Report through the report date, there were no material changes in connection with the Company's market risks and their management. For more information about the Company's market risks and their management, see Section 2.2 to the 2021 Report of the Board of Directors, which is incorporated herein by way of reference.

Linkage base report

Line item	As of					
	Dec. 31, 2021					
	In NIS thousand					
	Linked to USD	Linked to EUR	Linked to GBP	CPI-linked	Unlinked	Amount
Cash and cash equivalents	235,014	93,270	12,704	-	563,357	904,345
Short term deposits	-	-	-	-	161,025	161,025
Short-term restricted cash	-	-	-	-	640	640
Trade receivables	1,148	-	-	-	233,321	234,469
Receivables and debit balances	4,420	-	-	-	18,360	22,780
Inventory	-	-	-	-	56,619	56,619
Total current assets	240,582	93,270	12,704	-	1,033,322	1,379,878
Investment in equity-accounted corporations	-	273,218	-	-	124,815	398,033
Right-of-use-asset	27,185	-	-	27,464	9,470	64,119
Property, plant & equipment	114,080	-	-	-	86,307	200,387
Intangible asset	119,309	-	-	-	-	119,309
Long-term restricted cash	963	-	-	-	-	963
Long-term deposits	-	-	-	-	5,530	5,530
Total non-current assets	261,538	273,218	-	27,464	226,121	788,341
Total assets	502,121	366,488	12,704	27,464	1,259,442	2,168,219
Short-term loans and current maturities in respect of long-term loans from banking corporations	(10,409)	-	-	-	(27,262)	(37,671)
Current maturities of lease liabilities	(1,245)	-	-	(2,622)	(679)	(4,546)
Accounts payable	524	-	-	-	(68,454)	(67,930)
Payables and credit balances	(11,865)	-	-	-	(6,274)	(18,139)
Financial derivatives	-	-	-	-	(1,981)	(1,981)
Total current liabilities	(22,995)	-	-	(2,622)	(104,650)	(130,267)
Long-term loans from banking corporations	(43,393)	-	-	-	(22,677)	(66,070)
Lease liabilities	(27,888)	-	-	(25,939)	(9,739)	(63,566)
Loan from minority interest	-	-	-	-	(18,171)	(18,171)
Deferred taxes	(25,689)	-	-		(17,053)	(42,742)
Bonds	-	-	-	(398,318)	-	(398,318)
Other liabilities	(4,209)	-	-	-	(1,451)	(5,660)

	As of					
	Dec. 31, 2021					
	In NIS thousand					
	Linked to USD	Linked to EUR	Linked to GBP	CPI-linked	Unlinked	Amount
Total non-current liabilities	(101,179)	-	-	(424,257)	(69,093)	(594,527)
Share capital & premium	(101,957)	-	-	-	(1,466,739)	(1,568,696)
Accumulated deficit (retained earnings)	(5,170)	-	-	-	231,241	226,071
Capital reserves	5,226	-	-	-	(54,632)	(49,406)

Line item	As of					
	Dec. 31, 2021					
	In NIS thousand					
	Linked to USD	Linked to EUR	Linked to GBP	CPI-linked	Unlinked	Amount
Total equity attributable to Company's shareholders	(103,001)	-	-	-	(1,289,030)	(1,392,031)
Non-controlling interests	(51,802)	-	-	-	408	(51,394)
Total shareholders' equity	(154,803)	-	-	-	(1,288,622)	(1,443,425)
Total liabilities and equity	(278,976)	-	-	(426,879)	(1,462,364)	(2,168,219)

Line item	As of					
	Mar. 31, 2022					
	In NIS thousand					
	Linked to USD	Linked to EUR	Linked to GBP	CPI-linked	Unlinked	Amount
Cash and cash equivalents	216,467	3,460	15,543		387,604	623,074
Short term deposits	-				227,129	227,129
Restricted deposits	-				940	940
Trade receivables	1,546				283,381	284,927
Receivables and debit balances	5,058	996	502		21,160	27,716
Inventory	-				57,095	57,095
Total current assets	**223,071**	**4,456**	**16,045**	**-**	**977,309**	**1,220,881**
Investment in equity-accounted corporations	-	353,548			142,944	496,492
Right-of-use-asset	28,379			28,931	12,558	69,868
Property, plant & equipment	120,272	3,438			88,662	212,372
Loans to investees	-	43,411			-	43,411
Intangible asset	121,841				(0)	121,841
Long-term restricted cash	1,162				0	1,162
Long-term deposits	-				5,531	5,531
Total non-current assets	**271,654**	**400,397**	**-**	**28,931**	**249,695**	**950,677**
Total assets	**494,725**	**404,853**	**16,045**	**28,931**	**1,227,004**	**2,171,558**

Line item	As of Mar. 31, 2022 In NIS thousand					
	Linked to USD	Linked to EUR	Linked to GBP	CPI-linked	Unlinked	Amount
Short-term loans and current maturities in respect of long-term loans from banking corporations	(12,191)				(6,132)	(18,323)
Current maturities of lease liabilities	(1,415)			(2,472)	(982)	(4,869)
Accounts payable	(14,807)	(361)			(36,334)	(51,502)
Payables and credit balances	(13,957)				(11,890)	(25,847)
Financial derivatives	-				(1,981)	(1,981)
Current tax liability	(2,528)				0	(2,528)
Total current liabilities	**(44,898)**	**(361)**	**-**	**(2,472)**	**(57,319)**	**(105,050)**
Long-term loans from banking corporations	(42,211)				(22,351)	(64,562)
Lease liabilities	(29,118)			(27,637)	(12,569)	(69,324)
Loan from related party	-				(18,725)	(18,725)
Deferred taxes	(29,611)				(20,587)	(50,198)
Bonds	-			(404,397)	(0)	(404,397)

Line item	As of Mar. 31, 2022 In NIS thousand					
	Linked to USD	Linked to EUR	Linked to GBP	CPI-linked	Unlinked	Amount
Other liabilities	(9,689)				(1,539)	(11,228)
Total non-current liabilities	**(110,629)**	**-**	**-**	**(432,034)**	**(75,771)**	**(618,434)**
Share capital & premium	(102,383)	-	-	-	(1,466,313)	(1,568,696)
Retained earnings (loss)	169	-	-	-	233,363	233,532
Capital reserves	3,349	(1,167)	-	-	(63,103)	(60,921)
Total equity attributable to Company's shareholders	**(98,865)**	**(1,167)**	**-**	**-**	**(1,296,053)**	**(1,396,085)**
Non-controlling interests	(52,494)				505	(51,989)
Total shareholders' equity	**(151,359)**	**(1,167)**	**-**	**-**	**(1,295,548)**	**(1,448,074)**
Total liabilities and equity	**(306,886)**	**(1,528)**	**-**	**(434,506)**	**(1,428,638)**	**(2,171,558)**

Sensitivity tests

USD sensitivity (NIS)	USD/NIS	Change
Base	216,467,021	-
5%	227,290,372	10,823,351
(5%)	205,643,670	(10,823,351)
10%	238,113,723	21,646,702
(10%)	194,820,319	(21,646,702)

EUR sensitivity (NIS)	EUR/NIS	Change
Base	3,460,106	-
5%	3,633,111	173,005
(5%)	3,287,101	(173,005)
10%	3,806,116	346,011
(10%)	3,114,095	(346,011)

GBP sensitivity (NIS)	GBP/NIS	Change
Base	15,542,550	-
5%	16,319,678	777,128
(5%)	14,765,422	(777,128)
10%	17,096,805	1,554,255
(10%)	13,988,295	(1,554,255)

CPI sensitivity	Balance of principal (NIS)	Change
Base	404,396,677	-
5%	424,616,511	20,519,087
(5%)	384,176,843	(20,519,087)
10%	444,836,345	41,038,175
(10%)	363,957,009	(41,038,175)

2.3 Donations

As of the report date, the Company does not have a donations policy. During the reporting period, the Company donated immaterial amounts.

2.4 Directors with accounting and financial expertise

Since the publication date of the 2021 Periodic Report and through the report date, there were no material changes in the Company Board of Directors' decision as to the minimum required number of directors with accounting and financial expertise, and/or the identity of the directors with accounting and financial expertise.

For information about the directors with accounting and financial expertise (including their education, qualifications, experience and knowledge, on the basis of which the Company views them as possessing accounting and financial expertise), see Regulation 26 to Chapter D - Additional Details about the Corporation to the 2021 Periodic Report, which is incorporated herein by way of reference.

2.5 Independent directors

As of the report date, the Company did not include in its Articles of Association a provision regarding the rate of independent directors. However, as of the report date, three of the Company's directors (i.e. - Mr. Yoni Tal, Ms. Dafna Ester Cohen and Mr. Gil Cohen) are independent directors as this term is defined in the Companies Law. For information about Mr. Yoni Tal, Ms. Dafna Ester Cohen and Mr. Gil Cohen, see Regulation 26 to Chapter D - Additional Details about the Corporation to the 2021 Periodic Report, which is incorporated herein by way of reference.

2.6 Internal auditor

Since the publication date of the 2021 Periodic Report through the report date, there were no material changes in connection with the Company's internal auditor. For more information about the Company's internal auditor, see Section 2.6 to the 2021 Report of the Board of Directors, which is incorporated herein by way of reference.

2.7 Information regarding the corporation's independent auditor

The Company's independent auditor is Ziv Haft (BDO).

Since the beginning of 2021 and through the report date, there were no changes regarding the Company's independent auditors. For more information about the Company's independent auditor, see Section 2.7 to the 2021 Report of the Board of Directors, which is incorporated herein by way of reference.

2.8 Events during the reporting period and subsequent to the statement of financial position date

For information regarding events during the reporting period and subsequent to balance sheet date, see Notes 6 and 8 to the consolidated financial statements as of March 31, 2022. In addition to what is stated in the above notes:

- On January 28 2022, Sunprime received a further notice of award (the fourth in the past year), regarding a tender issued by the Italian energy services administration (GSE) (hereinafter - the "Award Notice"), as part of which Sunprime received approval for the construction of additional solar systems with a total capacity of 45.3 MW, at a feed-in tariff[8] of 98.1 EUR/MWh for 20 years. The tariff set for each system in the tender (the award price) varies according to the type of roof on which the system is installed (asbestos or other) and the type of system (rooftop or ground-mounted). For more information, please see the immediate report published by the Company on January 30, 2022 (Ref. No. 2022-01-011472); the information contained therein is presented in the Report by way of reference.

[8] The tariff is secured with a contract for differences mechanism.

- On March 3, Elecrum Nofar and Electrum entered into an agreement regarding the transfer of Elecrum's rights in a portfolio of solar projects in Poland with an estimated capacity of up to 412 MW. For more information, please see the immediate report published by the Company on March 6, 2022 (Ref. No. 2022-01-022056); the information contained therein is presented in the Report by way of reference.
- On April 1, 2022, Olmedilla Hive S.L. entered into a PPA in respect of the power generated in the Olmedilla project. For more information, see immediate report published by the Company on April 3, 2022 (Ref. No. 2022-01-035163), which is incorporated herein by way of reference.
- On April 27 2022, Atlantic Green entered into an agreement for the purchase of the entire share capital of a corporation holding the rights to build the Buxton project, as an energy storage project with a grid connection agreement at the capacity of 30 MW, and estimated storage capacity of approx. 60 MWh, assuming that batteries with a two-hour storage capacity are used[9]; the project comprises two separate sub-sites. For more information, please see the immediate report published by the Company on April 28, 2022 (Ref. No. 2022-01-042828); the information contained therein is presented in the Report by way of reference.
- On May 2, 2021, Nofar Europe entered into an agreement for the purchase of the entire share capital of corporations engaged in the development of a solar project in Romania, with an estimated capacity of approx. 169 MW, including an option to purchase other projects with a capacity of up to 231 MW (400 MW in total). For more information, please see the immediate report published by the Company on May 3, 2022 (Ref. No. 2022-01-044202); the information contained therein is presented in the Report by way of reference.

3. Provisions regarding financial reporting of the corporation

3.1. The Status of the Corporation's Liabilities

For information about the status of the corporation's liabilities by repayment dates, see immediate report (T126), which is published immediately prior to the publication date of this report.

Ofer Yanai, Chairman of the Board of Directors	Nadav Tene, CEO

Date: May 30, 2022

[9] Based on the approvals granted as of the report date, the provisions of the purchase agreement, the site's limitations and the information provided to the Company as part of the due diligence work, including the grid connection offer and the planning application. It should be mentioned that the Company's assessments regarding the project's capacity constitute forward-looking information, as the term is defined in the Securities Law, 1967, and are based on the approvals issued by the project company as of the report date, the applicable regulation as of that date in the UK, as well as the Company's assessments regarding the capacities of the systems which may be constructed on the site. Company's assessments may not materialize due to factors outside the Company's control, including changes in the provisions of the law or the interpretation thereof, changes in market conditions, topographical limitations, etc.

Appendix A - Disclosure to Bondholders

	Bonds Series A
Issuance date	August 16, 2021
Par value of bonds as of issuance date	400,000,000
Balance of par value of bonds in circulation	400,000,000
Par value including linkage	409,037,328
Amount of interest accrued	3,732,195
Is this a material series	Yes
Fair value as included in the financial statements	404,396,677
Market cap as of March 31 2022	NIS 416,000 thousand
Stock Exchange value immediately prior to the report date (May 26, 2022)	NIS 401,640 thousand
Nominal interest (fixed)	Fixed annual interest of 1.48%
Date of principal repayment	First installment of 10% of the bonds' principal - on June 30, 2023; Four further installments of 6% of the bonds' p.v. - on December 31 of each of the years 2023 and 2024, and June 30 of each of the years 2024 and 2025; Four further installments of 4% of the bonds' p.v. - on December 31, 2025, and 2026, and June 30 of each of the years 2026 and 2027; Additional installment of 50% of the bonds' p.v. - on December 31 2027
Interest payment dates	On June 30 and December 31 of 2022 through 2027
Linkage	Linked to the July 2021 index
Right to convert the bonds	---
Right to effect early repayment	Such right may be exercised by the Stock Exchange or the Company. In the event of early redemption initiated by the Company, the amount paid shall be equal to the higher of the market value (net of the liability value repayable in that quarter), the bonds' liability value or a cash flow discounted at the bonds' yield plus 1.5%.
Guarantee to secure the Company's undertakings in accordance with the deed of trust	---
The par value of the bonds purchased by a subsidiary of the Company	---
The Trustee	Mishmeret Trust Company Ltd., of 48 Menachem Begin Road, Tel Aviv. Tel: +972-3-6374352 Fax: +972-3-6374344. Contact person: Rami Sabati (CPA). email: office@mtrust.co.il.
Did the Company meet all its undertakings as per the deed of trust during and at the end of the reporting year	N/A
There are grounds for calling for immediate repayment of the bonds	No
Restriction on creation of charges	The Company has undertaken not to create a new additional general floating charge on all its existing or future assets and rights in favor of any third party, unless if concurrently with the creation of the current charge in favor of the third party, it will create a floating charge on all its assets in favor of the trustee, pari passu with the first charge, in accordance with the ratio between the debts in respect of the bonds and the debts to the third party.

Additional limitations	The Company has undertaken to comply with financial covenants relating to equity (as this term is defined in the deed of trust), whereby its equity shall not fall below NIS 550 million, the ratio between the separate equity and total net separate balance sheet (as these terms are defined in the deed of trust) shall not fall below 35%, and starting December 2023 the net consolidated financial debt to EBITDA ratio (as these terms are defined in the deed of trust) shall not exceed 15. The deed of trust also includes terms for expanding the series of bonds (as described in Section 2.4 to the deed of trust), terms for issuance of other series of bonds (as described in Section 2.9 to the deed of trust), restrictions on distribution (as set out in Section 4.6 to the deed of trust), change in control in the Company, and an interest adjustment mechanism (as described Section 6.1 in the terms overleaf in the First Addendum to the deed of trust). For more information, see Sections 2.4, 2.9, 4.5, 4.6 to the deed of trust and Section 6.1 in the terms overleaf in the First Addendum to the deed of trust that was published in an immediate report on August 16, 2021 (Ref. No. 2021-01-065944), which was incorporated herein by way of reference.
General meetings and reports on behalf of the trustee.	---

Nofar

O.Y. Nofar Energy Ltd.

Condensed Consolidated Interim Financial Statements As of March 31, 2022

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Review Report of Independent Auditors to the Shareholders of O.Y. Nofar Energy Ltd.

Introduction

We have reviewed the attached financial information of O.Y. Nofar Energy Ltd. (hereinafter - the "Company"), comprising the Condensed Consolidated Statement of Financial Position of March 31, 2022, and the Condensed Consolidated Statements of profit or loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the three-month period then ended. The board of directors and the management are responsible for preparation and fair presentation of this interim financial information in accordance with IAS 34 – "Interim Financial Reporting", and they are also responsible for the preparation of the interim financial information for this interim period in accordance with Chapter D of the Securities Law Regulations (Periodical and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for this interim period based on our review.

information contained in the interim financial statements relating to investment in associates are based on the financial statements of those companies which some of were reviewed by other Auditors.

Scope of the Review

We conducted our review pursuant to Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and on the review reports of other Auditors, nothing has come to our attention that causes us to believe that this financial information was not prepared, in all material respects, in accordance with the International Accounting Standard IAS 34.

In addition to the previous paragraph, based on our review and the review reports of other Auditors, nothing has come to our attention that causes us to believe that the accompanying Interim financial information does not fulfill, in all material respects, the provisions of Chapter D of the Securities Law Regulations (Periodical and Immediate Reports), 1970.

Tel Aviv, May 30, 2022

Ziv Haft
Certified Public Accountants

Condensed Consolidated Statements of Financial Position

	As at March 31		As at December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	In NIS thousand		
Assets			
Current assets:			
Cash and cash equivalents	623,074	333,403	904,345
Short term deposits	227,129	101,460	161,025
Restricted deposits	940	120	640
Trade receivables	284,927	209,970	234,469
Receivables and debit balances	27,716	29,352	22,780
Inventory	57,095	52,249	56,619
Total current assets	**1,220,881**	**726,554**	**1,379,878**
Non-current assets:			
Investment in equity-accounted corporations	496,492	216,157	398,032
Right-of-use asset	69,868	23,600	64,119
Property, plant & equipment	212,372	68,747	200,387
Loans to equity-accounted companies	43,411	-	-
Intangible asset	121,841	-	119,310
Long-term restricted cash	1,162	-	963
Long-term deposits	5,531	5,333	5,530
Total non-current assets	**950,677**	**313,837**	**788,341**
Total assets	**2,171,558**	**1,040,391**	**2,168,219**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Financial Position

	As at March 31		As at December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	In NIS thousand		
Liabilities and equity			
Current liabilities:			
Short-term loans and current maturities in respect of long-term loans from banking corporations	18,323	81,599	37,671
Current maturities of lease liabilities	4,869	1,630	4,546
Accounts payable	51,502	49,099	67,930
Payables and credit balances	25,847	4,657	18,139
Financial derivatives	1,981	1,737	1,981
Current tax liability	2,528	67	-
Total current liabilities	**105,050**	**138,789**	**130,267**
Non-current liabilities:			
Long-term loans from banking corporations	64,562	24,567	66,070
Lease liabilities	69,324	23,490	63,566
Loan from related party	18,725	16,911	18,171
Deferred taxes	50,198	6,907	42,742
Bonds	404,397	-	398,318
Other liabilities	11,228	1,203	5,660
Total non-current liabilities	**618,434**	**73,078**	**594,527**
Equity:			
Total equity attributable to Company's shareholders			
Share capital & premium	1,568,696	1,014,211	1,568,696
Accumulated loss	(233,532)	(230,993)	(226,071)
Capital reserves	60,921	45,577	49,406
Total equity attributable to Company's shareholders	**1,396,085**	**828,795**	**1,392,031**
Non-controlling interests	51,989	(271)	51,394
Total equity	**1,448,074**	**828,524**	**1,443,425**
Total liabilities and equity	**2,171,558**	**1,040,391**	**2,168,219**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

May 30, 2022			
Date of approval of the financial statements For publication	**Ofer Yanai Chairman of the Board of Directors**	**Nadav Tene CEO**	**Noam Fisher CFO**

Condensed Consolidated Statements of Income and Other Comprehensive Income

	For the three-month period ended March 31		For the year ended December 31
	2022	**2021**	**2021**
	Unaudited	**Unaudited**	**Audited**
	In NIS thousand		
Revenues	91,918	78,631	360,762
Construction and operating costs	83,681	69,079	327,027
Gross profit	**8,237**	**9,552**	**33,735**
Selling and marketing expenses	2,426	1,788	7,516
General and administrative expenses	7,621	1,925	16,935
The Company's share in the losses of companies accounted for using the equity method, net	1,016	2,256	211
Other income	3,383	-	960
Other expenses	-	-	381
Operating profit	**557**	**3,583**	**9,652**
Finance expenses	10,119	2,115	23,403
Finance income	7,048	1,513	17,463
Net finance expenses	3,071	602	5,940
Profit (loss) before income taxes	**(2,514)**	**2,981**	**3,712**
Income tax expenses	6,244	1,643	671
Profit (loss) for the period	**(8,758)**	**1,338**	**3,041**
Other comprehensive income (loss) (after tax effect):			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met			
Adjustments arising from translation of financial statements of foreign operations	1,679	(653)	(29,833)
	1,679	**(653)**	**(29,833)**
Items that will not be subsequently reclassified to profit or loss:			
Share in other comprehensive income of equity-accounted corporations	8,036	3,138	25,613
Revaluation of property, plant and equipment	671	-	9,406
Adjustments arising from hedges	1,167	-	-
	9,874	**3,138**	**35,019**
Total other comprehensive income	**11,553**	**2,485**	**5,186**
Total comprehensive income for the period	**2,795**	**3,823**	**8,227**
Profit (loss) for the year attributed to:			
Company’s shareholders	(8,251)	1,420	3,763
Non-controlling interests	(507)	(82)	(722)
	(8,758)	**1,338**	**3,041**
Comprehensive income (loss) for the year, associated with:			
Company’s shareholders	2,200	3,905	8,949
Non-controlling interests	595	(82)	(722)
	2,795	**3,823**	**8,227**
Basic diluted earnings (loss) per share attributed to the Company’s owners (in NIS)	**(0.25)**	**0.05**	**0.14**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity

For the three-month period ended March 31, 2022 (unaudited)

	Equity attributable to the owners of the parent company								
	Equity Shares and premium	Capital reserve in respect of revaluation of property, plant and equipment	Adjustments arising from translation of financial statements of foreign operations	Capital reserve from share-based payment	Capital reserve from hedging transactions	Accumulated loss	Total equity attributable to Company's shareholders	Non-controlling interests	Total equity
	NIS thousand								
Balance on January 1, 2022 (audited)	1,568,696	75,724	(30,025)	3,707	-	(226,071)	1,392,031	51,394	1,443,425
Share-based payment	-	-	-	1,854	-	-	**1,854**	-	**1,854**
Loss for the year	-	-	-	-	-	(8,251)	**(8,251)**	(507)	**(8,758)**
Other comprehensive income:									
Adjustments arising from translation of financial statements of foreign operations	-	-	577	-	-	-	**577**	1,102	**1,679**
Revaluation of property, plant, and equipment	-	671	-	-	-	-	**671**	-	**671**
Share in other comprehensive income of equity-accounted corporations	-	8,036	-	-	-	-	**8,036**	-	**8,036**
Adjustments arising from hedges	-	-	-	-	1,167	-	**1,167**	-	**1,167**
Total other comprehensive income	**-**	**8,707**	**577**	**-**	**1,167**	**-**	**10,451**	**1,102**	**11,553**
Total comprehensive income (loss) for the year	**-**	**8,707**	**577**	**-**	**1,167**	**(8,251)**	**2,200**	**595**	**2,795**
Transfer of capital reserve in respect of property, plant & equipment to retained earnings	-	(790)	-	-	-	790	**-**	-	**-**
Balance on March 31, 2022	**1,568,696**	**83,641**	**(29,448)**	**5,561**	**1,167**	**(233,532)**	**1,396,085**	**51,989**	**1,448,074**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity

For the three-month period ended March 31, 2021 (unaudited)

	Equity attributable to the owners of the parent company						
	Equity Shares and premium	Capital reserve in respect of revaluation of property, plant and equipment	Adjustments arising from translation of financial statements of foreign operations	Accumulated loss	Total equity attributable to Company's shareholders	Non-controlling interests	Total equity
	NIS thousand						
	Unaudited						
Balance on January 1, 2021 (audited)	1,014,211	43,794	(192)	(232,923)	**824,890**	(189)	**824,701**
Profit for the period	-	-	-	1,420	**1,420**	(82)	**1,338**
Other comprehensive income (loss):							
Adjustments arising from translation of financial statements of foreign operations	-	-	**(653)**	-	**(653)**	-	**(653)**
Share in other comprehensive income of equity-accounted corporations	-	3,138	-	-	**3,138**	-	**3,138**
Total other comprehensive income	**-**	**3,138**	**(653)**	**-**	**2,485**	**-**	**2,485**
Total comprehensive income	**-**	**3,138**	**(653)**	**1,420**	**3,905**	**(82)**	**3,823**
Transfer of capital reserve in respect of property, plant & equipment to retained earnings	**-**	**(510)**	**-**	**510**	**-**	**-**	**-**
Balance on March 31, 2021	**1,014,211**	**46,422**	**(845)**	**(230,993)**	**828,795**	**(271)**	**828,524**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity

For the year ended December 31, 2021

	Equity attributable to the owners of the parent company							
	Equity Shares and premium	Capital reserve in respect of revaluation of property, plant and equipment	Adjustments arising from translation of financial statements of foreign operations	Capital reserve from share-based payment	Accumulated loss	Total equity attributable to Company's shareholders	Non-controlling interests	Total equity
	NIS thousand							
Balance as at January 1, 2021	1,014,211	43,794	(192)	-	(232,923)	**824,890**	(189)	**824,701**
Share-based payment	-	-	-	3,707	-	**3,707**	-	**3,707**
Private placement	554,485	-	-	-	-	**554,485**	-	**554,485**
Net income for the year	-	-	-	-	3,763	**3,763**	(722)	**3,041**
Other comprehensive income (loss):								
Adjustments arising from translation of financial statements of foreign operations	-	-	(29,833)	-	-	**(29,833)**	-	**(29,833)**
Revaluation of property, plant, and equipment	-	9,406	-	-	-	**9,406**	-	**9,406**
Share in other comprehensive income of equity-accounted corporations	-	25,613	-	-	-	**25,613**	-	**25,613**
Total other comprehensive income (loss)	**-**	**35,019**	**(29,833)**	**-**	**-**	**5,186**	**-**	**5,186**
Total comprehensive income (loss) for the year	**-**	**35,019**	**(29,833)**	**-**	**3,763**	**8,949**	**(722)**	**8,227**
Commencement of consolidation, net	-	-	-	-	-	**-**	52,305	**52,305**
Transfer of capital reserve in respect of property, plant & equipment to retained earnings	-	(3,089)	-	-	3,089	**-**	-	**-**
Balance as of December 31, 2021	**1,568,696**	**75,724**	**(30,025)**	**3,707**	**(226,071)**	**1,392,031**	**51,394**	**1,443,425**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows

	For the three-month period ended March 31		For the year ended December 31
	2022	**2021**	**2021**
	Unaudited	**Unaudited**	**Audited**
	NIS thousand		
Cash flows from operating activities:			
Profit (loss) for the period	(8,758)	1,338	3,041
Adjustments required to present cash flows from operating activities:			
Depreciation and amortization	2,823	930	6,749
Net finance expenses	3,071	602	5,940
The Company's share in the losses of companies accounted for using the equity method, net	1,016	2,256	211
Other expenses (income)	(3,383)	-	128
Change in deferred taxes	3,650	1,643	832
Expenses for share-based payment	1,854	-	3,707
	9,031	**5,431**	**17,567**
Changes in property and liability line items:			
Decrease (increase) in inventory	(477)	13,434	9,064
Increase in trade receivables	(49,551)	(53,214)	(76,986)
Decrease (increase) in accounts receivable	(4,931)	(345)	10,245
Increase (decrease) in payables and credit balances	5,362	(75)	(34,957)
Decrease in accounts payable	(14,746)	(45,708)	(27,711)
Change in current tax liability	2,595	40	(161)
	(61,748)	**(85,868)**	**(120,506)**
Income tax paid	-	(1,508)	(1,508)
Taxes received	-	-	135
Interest paid in cash	(178)	(596)	(2,378)
Net cash for operating activities	**(61,653)**	**(81,203)**	**(103,649)**
Cash flows from investing activities:			
Investments in equity-accounted corporations	(89,491)	(88,469)	(261,653)
Gaining control of an investee (Appendix B)	-	-	(16,184)
Investments in companies accounted for using the equity method	(43,411)	-	-
Decrease (increase) in restricted deposits	(480)	-	2,214
Deposit to short-term deposits	(66,105)	559	(59,202)
Investment in property, plant and equipment	(7,461)	(2,036)	(22,050)
Proceeds from disposal of property, plant and equipment	-	-	1,527
Net cash used in investing activities	**(206,948)**	**(89,946)**	**(355,348)**
Cash flows from financing activities:			
Public offering (less issuance expenses)	-	-	554,485
Short term credit from banking corporations, net	(7,529)	17,806	(36,558)
Issuance of bonds	-	-	394,421
Repayment of lease liabilities	(728)	(410)	(2,765)
Receipt of loan from related party	-	5,000	5,000
Receipts from the tax equity partner	10,016	-	-
Repayment of long-term loans from banking corporations	(19,331)	(1,479)	(25,696)
Net cash inflow generated (used) by financing activities	**(17,572)**	**20,917**	**888,887**
Increase (decrease) in cash and cash equivalents	**(286,173)**	**(150,232)**	**429,890**
Balance of cash and cash equivalents at beginning of period	**904,345**	**483,635**	**483,635**
Effect of changes in foreign exchange rates on cash and cash equivalents	4,902	-	(9,180)
Balance of cash and cash equivalents at end of period	**623,074**	**333,403**	**904,345**

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows

Appendix A - Material Non-Cash Transactions

	For the three-month period ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	NIS thousand		
Initial recognition of right-of-use asset against a lease liability	5,880	1,658	17,312
Proceeds from disposal of property, plant and equipment	-	-	2,865

Appendix B - Gaining Control of an Investee Company

	For the three-month period ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
		NIS thousand	
Net working capital, excluding cash and cash equivalents	-	-	(33,228)
Investment in an investee	-	-	-
Property, plant and equipment, net	-	-	236,750
Right-of-use asset	-	-	29,764
Related parties	-	-	(10,141)
Lease liability	-	-	(32,731)
Other long-term liabilities	-	-	(99,720)
Deferred taxes	-	-	(27,469)
Non-controlling interests	-	-	(52,305)
Goodwill	-	-	1,464
Restricted cash	-	-	3,800
	-	-	16,184

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

Notes to the Condensed Consolidated Financial Statements as of March 31, 2022

NOTE 1 – GENERAL:

A. O.Y. Nofar Energy Ltd. (hereinafter - the “Company"), was incorporated on April 7, 2011, as a privately-held company, in accordance with the Companies Law. The Company is a resident of Israel, and its registered office address is Odem 4, Yitzhar Industrial Park, Ad Halom.

As at the reporting date, the Company, independently and through its investees (hereinafter - the “**Group**"), directly and indirectly, including in collaboration with third parties, focuses on the development and long-term investment in clean power generation systems using solar energy and in battery energy storage systems in Israel, the United States, and Europe, and in engineering, procurement, and construction (EPC), and operation and maintenance (O&M) of photovoltaic systems in Israel, mainly for its investees, including in partnership with third parties. The Company's activity is based on collaboration with local entrepreneurs abroad, kibbutz communities, or real estate companies in Israel, for the establishment of a joint venture held by the Company and the partner in parts, as agreed between the parties. In Israel, collaborations are with kibbutz communities or real estate companies that own land or sites suitable for establishing the corporations, and in other countries, collaborations are with local entrepreneurs with the knowledge, experience, and ability to develop and execute the projects.

In Israel, the Company is also the construction contractor and maintenance contractor for most of the projects (solar projects and battery storage projects), operating along the entire value chain of system construction, affording the Company the knowledge, experience, and reputation that allows the Company to supervise project planning, construction, and maintenance and to develop projects using unique technologies (such as floating systems and storage facilities); as a result, the Company and its project partners retain a significant share of the profit arising from project development, and the systems owned by the Group companies are advanced in a relatively short time, with optimal and effective planning and maintenance of these systems.

B. Effects of coronavirus crisis

The outbreak of COVID-19 in January 2020 affected most countries. In response, governments, including in Israel, imposed protective measures, such as restrictions on travel between countries, isolation and restrictions on gatherings and movement, lockdowns, and restrictions on the operation of private businesses and government and municipal services. In the second quarter of 2021, Israel started to recover from the crisis, due to the high vaccination rate. This recovery allowed the lifting of transportation restrictions in various global destinations and the return to routine business.

In the second half of 2021 and the beginning of 2022, the new Delta and Omicron variants resulted in further COVID-19 waves in Israel. Consequently, the government of Israel decided on a third and fourth vaccination for the general public. No severe restrictions were imposed to combat the new outbreaks of Covid-19. At the beginning of March 2022, the requirement for a COVID-19 green pass was canceled. The Group is continuing full routine operation and it believes that it will be able to continue to do so in the future as well. However, there is still some uncertainty about the risks of COVID-19, due to the risk of additional COVID-19 variants and the concern of possible restrictions as a result.

NOTE 1 – GENERAL (cont.):

C. The Russia-Ukraine war

In February 2022, the Russian army invaded the Ukraine, and began military operations in various areas, harming civilians, damaging infrastructure, displacing civilians, and disrupting economic activity in the Ukraine. Following the Russian invasion of the Ukraine, some countries, including the United States, UK, and EU countries, imposed significant economic sanctions on Russia (and in some cases, also on Belarus). These sanctions are targeted at several entities, such as financial institutions and gas and oil companies in Russia, public and private entities originating in Russia, individuals connected to the President of Russia, and the Central Bank of Russia.

As at the publication date of the reports, the Company anticipates that this will not have a material effect on its financial statements.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS:

a. Preparation format of the Interim Financial Statements

These financial statements were prepared in condensed format as of March 31, 2022, and for the three-month period then ended (hereinafter - the "**Interim Financial Statements**"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2021, and for the year then ended and the accompanying notes (hereinafter - the "**Annual Financial Statements**"). Therefore, the Condensed Interim Financial Statements do not include notes regarding relatively insignificant updates to the information already reported in the notes to the Company's most recent annual financial statements.

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting and in accordance with the disclosure provisions of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policy applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements.

b. Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires the Company's management to exercise judgment for the purpose of carrying out assessments, estimates and making assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It is clarified that the actual results may differ from those estimates.

The judgment of management, when applying the Group's accounting policy and the principal assumptions used in assessments that involve uncertainty, are consistent with those used when preparing the annual financial statements.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont.):

c. Exchange rates and linkage basis:

(1) Balances in foreign currency or linked thereto are stated in the financial statements according to the representative exchange rates at the balance sheet date.

(2) The balances linked to the consumer price index in Israel (hereinafter - the "**CPI**") are presented according to the last known CPI as at the balance sheet date (the known CPI) or according to the CPI for the last month of the reporting period (the in-lieu CPI), based on the transaction terms.

(3) CPI and exchange rates:

	Representative exchange rate of			CPI (*)
	EUR	USD	GBP	Known CPI
		(NIS to 1)		In points
Date of the financial statements:				
As of March 31, 2022	3.524	3.176	4.168	104.41
As at March 31, 2021	3.912	3.334	4.587	100.9
As of December 31, 2021	3.519	3.11	4.203	102.9
As of December 31, 2020	3.944	3.215	4.392	100.1
Rate of change:	%	%	%	%
For the three-month period ended:				
On March 31, 2022	0.14	2.12	(0.83)	1.46
On March 31, 2021	(0.81)	3.7	4.44	0.8
For the year ended:				
On December 31, 2021	(10.78)	(3.27)	(4.3)	2.8

(*) Basis: 2018

Notes to the Condensed Consolidated Financial Statements as of March 31, 2022

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES:

A. Accounting policies for material transactions or events

Goodwill -

The Group recognizes goodwill on acquisition according to the fair value of the consideration transferred, less the net amount of the identifiable assets acquired, and the liabilities assumed. Goodwill is initially recognized as an asset based on its cost, and is measured in subsequent periods at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergy of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment once a year or more frequently if there are indications of impairment of a unit. When the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment loss is initially allocated to impairment of any goodwill attributable to the cash-generating unit. Subsequently, any impairment loss is allocated to other assets of the

cash-generating unit, in proportion to their carrying amounts. The impairment loss for goodwill is not reversed in subsequent periods. The accounting policy applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements.

B. New standards not yet adopted

Amendment to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The Amendment supersedes certain classification requirements of current or non-current liabilities. For example, according to the Amendment, a liability will be classified as non-current when the entity is entitled to defer payment for a period of at least 12 months after the reporting period, which has "substance" and exists at the end of the reporting period; this is in place of the requirement for a right that is "unconditional". According to the amendment:

A right exists as at the report date only if an entity is in compliance with the conditions for deferment of the payment as at that date. In addition, the Amendment clarifies that the right of conversion of the liability will only impact the classification of the entire instrument as current or non-current if the conversion component is equity.

The amendment is effective for reporting periods beginning on January 1, 2023. Earlier application is permitted. The Amendment is to be applied retrospectively, including adjustment of the comparative figures.

The Group has yet to begin examining the ramifications of the amendment's application for the financial statements.

NOTE 4 – ADDITIONAL INFORMATION ON EQUITY-ACCOUNTED COMPANIES

A. Noy - Nofar Renewable Energies Europe:

Below is additional information about the cumulative financial position and the cumulative operating results of a joint venture that is a material associate (without adjustment for rates of ownership held by the Company):

1. In the statement of financial position as of the reporting date

	As at March 31		As at December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS thousand		
Current assets	7,600	45,716	13,098
Non-current assets	1,087,277	487,100	867,065
Current liabilities	(38,876)	(127,726)	(53,193)
Non-current liabilities	(279,066)	(45,027)	(239,371)
Total equity attributable to Company's shareholders	(776,936)	(360,063)	(587,609)

2. Operating results of the joint venture

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS thousand		
Finance income	22	124	118
Loss for the period	(1,413)	(4,077)	(7,270)
Comprehensive loss for the period	(246)	(4,077)	(7,270)

NOTE 4 – ADDITIONAL INFORMATION ON EQUITY-ACCOUNTED COMPANIES (cont.):

B. Joint ventures in Israel and other countries:

The following is additional information regarding the aggregate financial position and aggregate results of operations of associates (without adjustment for the ownership stakes held by the Company):

1. In the statement of financial position as of the reporting date

	As at March 31		As at December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS thousand		
Current assets	219,802	97,931	227,967
Non-current assets	808,743	488,409	758,285
Current liabilities	(177,150)	(162,192)	(171,243)
Non-current liabilities	(803,255)	(395,514)	(768,480)
Total equity attributable to Company's shareholders	(48,140)	(28,634)	(46,529)

2. The results of the operations of associates

	For the three months ended March 31		For the year ended December 31
	2022	2021	2021
	(Unaudited)		(Audited)
	NIS thousand		
Revenues	21,656	14,378	91,540
Profit (loss) for the period	(611)	383	15,935
Comprehensive income for the period	6,427	6,098	41,519

NOTE 5 – BUSINESS COMBINATIONS:

In July 2021, a transaction was finalized for the acquisition of 67% of the rights in Sky Blue Group, which, similar to the Company's activity in Israel, specializes in development, certification, planning, and management of construction and holding of solar projects on the rooftops of commercial buildings and energy storage systems in the United States. Under the agreement, Nofar USA LLC, a wholly owned partnership of the Company, undertook to transfer USD 6 million to the former shareholders of Blue-Sky Group, another USD 20 million to Blue Sky Group, and USD 65 million for shareholder loans at an interest rate of 9%.

The agreement further stipulated that the holders of non-controlling interests will be entitled to a bonus, subject to meeting the goals set out in the agreement, and that after full repayment of the shareholder loans provided by companies controlled by the Company, an amount of USD 40 million from the profits to be distributed to the shareholders of Blue Sky Group will be distributed equally (50%:50%) between Nofar USA and the other shareholders of Blue Sky Group. Acquisition costs amounted to NIS 860 thousand and were recognized under the general and administrative expenses line item in the statement of income in 2021.

See also Note 12 and 16(A)(12) to the Company's Financial Statements as at December 31, 2021.

NOTE 6 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD:

a. Tender won by Sunprime

Further to Note 16(A)(8) to the Company's Financial Statements as at December 31, 2021, on January 28, 2022, Sunprime received notice that it had won another tender issued by the Italian Services Manager (GSE) (hereinafter - the "**Notice of the Win**").

According to the Notice of the Win, Sunprime received approval for the construction of additional solar systems with a total capacity of 45.3 MW and at an average rate of EUR 98.1 per MWh (35 agorot per kWh) secured by GSE for 20 years. The rate set for each system in tender (the winning price) varies according to the type of roof on which the system is installed (asbestos or other) and the type of system (rooftop or ground-mounted).

Following the Notice of the Win, Sunprime's backlog of projects with GSE approval increased to 130 MW. Sunprime also has other systems with a total capacity of 132 MW in various stages of development (70 MW on rooftops or small ground-mounted systems that Sunprime intends to construct under GSE tenders and the permit, and 62 MW in large ground-mounted systems).

b. Projects in Poland

Further to the memorandum of understanding with Electrum as described in Note 16(A)(14) to the Company's Financial Statements as at December 31, 2021, on March 3, 2022, the joint venture signed an agreement with Electrum for the transfer of Electrum's rights in the portfolio of solar projects in Poland with an estimated capacity of up to 412 MW, which Electrum acquired and/or developed before the joint venture (JV) was set up, in consideration for development fees in the same amounts as the amounts paid by Electrum.

NOTE 6 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.):

c. Olmedilla projects

On March 3, 2022, Olmedilla Hive SL (hereinafter - the "**Project Company**") signed a memorandum of understanding for the sale of the electricity produced in the Olmedilla project (hereinafter - the "**MoU**"), as a preliminary step before signing an agreement for the purchase of power from the project (hereinafter - the "**Power Purchase Agreement**" or the "**PPA**"). As set out in the Company's Periodic Report for 2021, the Olmedilla project is a solar project in Spain with a total capacity of 169 MW, which is in advanced stages of construction. The Company believes, based on the project status and the EPC agreement signed for the project, that project construction is expected to be completed in the coming weeks and its connection to the electricity grid will be completed in the first half of 2022. Due to the recent high prices in the electricity markets in Europe, the Company decided to enter into a PPA for the sale of the electricity generated in the project with a well-known company in Spain, which is a significant electricity consumer (hereinafter - the "**Buyer**") at fixed prices for the agreement period as set out below. It should be noted that the sale of electricity from the project will be on a pay as produced basis. Under the provisions of the MoU, the agreement will be valid from the date when electricity can be sold from the system until June 30, 2027. Half of the electricity generated in the project will be sold over three years from July 1, 2022 (hereinafter - the "**Date of Sale**") at EUR 82.5 per MWh and half will be sold over five years from the Date of Sale at EUR 63.8 per MWh. The balance of the electricity generated in the last two years of the agreement will be sold at merchant market prices under PPAs or other arrangements. From the date electricity from the project can be sold until the Date of Sale, the Project Company will sell electricity to the Buyer for EUR 153.7 per MW.

Subsequent to the reporting date, the agreement for the sale of electricity from the project was signed.

d. Electricity supplier license

In March 2022, the Company received a license to supply electricity from the Ministry of Energy. As the market develops and becomes an advanced market, the Company intends to assess the option of selling electricity generated in systems owned by the Group companies to private electricity consumers.

NOTE 7 – INFORMATION ON OPERATING SEGMENTS:

a. As of the report date, the Company has several operations that include three segments, which constitute its strategic business units. The business units include operating segments and are examined separately for the purpose of allocating resources and evaluating performance, among other things - due to the fact that they may require different technologies and procedures.

The following is a summary description of the business activity in each of the Company's operating segments:

Development and investment in photovoltaic systems in Israel:

Engaging in the development, licensing, management and financing of photovoltaic systems for power generation from solar energy in Israel, using photovoltaic technology, on rooftops, water reservoirs and land plots, in order to hold them as long-term owners, including through joint corporations held together with a third party; the investment is presented in the Company's financial statements as an investment in equity-accounted companies.

Development of and investment in renewable energy abroad:

Engaging in the development, licensing, management and financing of photovoltaic systems for power generation from solar energy abroad, using photovoltaic technology, on rooftops, land plots and storage facilities, in order to hold them as long-term owners, including through joint corporations held together with a third party; the investment is presented in the Company's financial statements as an investment in equity-accounted companies.

Construction and operation of photovoltaic systems:

In the construction (EPC), and operation and maintenance (O&M) of photovoltaic systems, by itself and through subcontractors. Within this operating segment, the Company is mainly engaged in the construction, operation and maintenance of photovoltaic systems held by the Company jointly with third parties, through joint project corporations, within the Company's activity in the field of development and investment, as well as construction and/or operation of photovoltaic systems wholly owned by third parties.

The construction operating segment does not include income from the construction of photovoltaic systems for the Company's own use.

The reports submitted to the Company's chief operating decision maker, for the purpose of allocating resources and evaluating performance, reflect the Company's total income and its share of associates' income from power generation, of all the income-generating installations held by the Company (directly and/or indirectly), by way of proportionate consolidation, using the project EBITDA measure, calculated as the aggregate total of gross profit (income from power generation less operating and maintenance costs), net of the systems' depreciation, in accordance with the amounts included in the financial statements of the project corporations.

The adjustment column of the financial report for "Revenues from external" includes cancellation of the Company's share in the income of associates presented under the segments by way of proportionate consolidation.

The adjustment column of the financial report for "Segment results - EBITDA" includes cancellation of the Company's share in the results of associates presented under the segments by way of proportionate consolidation and additional depreciation expenses for the neutralized systems.

Notes to the Condensed Consolidated Financial Statements as of March 31, 2022

NOTE 7 – INFORMATION ON OPERATING SEGMENTS (cont.):

For the three-month period ended March 31, 2022

	Development and investment	Construction and operation	Foreign	Adjustments to the financial report	Total for the financial report
	(Unaudited)				
	In NIS thousand				
Revenues from external	8,140	2,739	4,398(*)	(10,043)	5,234
Inter-segment revenue	-	87,012	-	(328)	86,684
Total income	**8,140**	**89,751**	**4,398**	**(10,371)**	**91,918**
Segment results - EBITDA	4,669	9,097	3,809	(9,338)	8,237
Expenses not attributable to segments:					
The Company's share in the losses of equity-accounted investee corporations					1,016
General and administrative expenses					7,621
Selling and marketing expenses					2,426
Other income					(3,383)
Net finance expenses					3,071
Loss for the period, before tax					**(2,514)**

(*) Including **tax equity** revenues in the United States amounting to NIS 3.2 million.

For the three-month period ended March 31, 2021

	Development and investment	Construction and operation	Adjustments to the financial report	Total for the financial report
	(Unaudited)			
	In NIS thousand			
Revenues from external	5,183	25	(4,096)	1,112
Inter-segment revenue	-	77,595	(76)	77,519
Total income	**5,183**	**77,620**	**(4,172)**	**78,631**
Segment results - EBITDA	3,727	9,609	(3,784)	9,552
Expenses not attributable to segments:				
The Company's share in the losses of equity-accounted investee corporations				2,256
General and administrative expenses				1,925
Selling and marketing expenses				1,788
Net finance expenses				602
Profit for the period, before tax				**2,981**

NOTE 7 – INFORMATION ON OPERATING SEGMENTS (cont.):

For the year ended December 31, 2021

	Development and investment	Construction and operation	Foreign	Adjustments to the financial report	Total for the financial report
	(Audited)				
	NIS thousand				
Revenues from external	35,394	12,524	2,355	(27,874)	22,399
Inter-segment revenue	-	339,219	-	(856)	338,363
Total income	**35,394**	**351,743**	**2,355**	**(28,730)**	**360,762**
Segment results - EBITDA	23,598	31,531	2,322	(23,716)	33,735
Expenses (and income) not allocated to segments:					
The Company's share in the losses of equity-accounted investee corporations					211
General and administrative expenses					16,935
Selling and marketing expenses					7,516
Other income, net					(579)
Net finance expenses					5,940
Profit before taxes					**3,712**

b. Seasonality:

The Company's revenues from electricity generation are largely dependent on the number of sunshine hours and are therefore affected by seasonality, with fewer sunshine hours in the first and fourth quarters, resulting in lower revenues compared with the rest of the year.

NOTE 8 – EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE:

a. Olmedilla project

Further to Note 16(A)(8) to the Company's Financial Statements as at December 31, 2021, and further to Note 6 above, on April 1, 2022, the project company signed a Power Purchase Agreement for the sale of the electricity generated in the project (hereinafter - the "**Power Purchase Agreement**" or the "**PPA**"). Due to the recent high prices in the electricity markets in Europe, the Company decided to enter into a PPA for the sale of the electricity generated in the project with a well-known company in Spain, which is a significant electricity consumer (hereinafter - the "**Buyer**") at fixed prices and with a solar generation consumption profile as set out below. It should be noted that electricity from the project will be sold on a pay as produced basis.

It should be further noted that the Company believes that this is a significant milestone that secures fixed electricity prices at the current rate for five years. The Company also believes that the agreement will allow the project company to refinance the project, including to increase project financing to a high rate and to withdraw some of the finances provided by the shareholders. In addition, the Company intends to assess to option of a similar arrangement for the Sabinar project, a solar energy project under construction with a capacity of 238 MW held by Noy-Nofar Renewable Energies Limited Partnership, which is near the Olmedilla project.

The agreement is valid from the date of signing until June 30, 2027 (hereinafter - the "**Agreement Period**") and the sale of electricity under the agreement will begin on July 1, 2022. For the first three years, half of the electricity generated in the project will be sold at EUR 82.5 per MWh and half will be sold for five years at EUR 63.8 per MWh. The balance of the electricity generated in the last two years of the agreement will be sold at merchant market prices under PPAs or other arrangements. In addition, electricity generated in the project until July 1, 2022, will be sold at merchant market prices and not as part of the agreement.

Subsequent to the reporting date, Andromeda, a company held indirectly by the Company at a rate of 40%, exercised a call option for the acquisition of additional Sunprime shares, such that subsequent to the exercise, the Company holds 50.01% of the issued share capital of Sunprime against a shareholder loan in the amount of EUR 5 million.

NOTE 8 – EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE (cont.):

b. Projects in the UK

Further to Note 16(A)(13) to the Company's Financial Statements as at December 31, 2021, the Company reports that in recent months, the Company is continuing the development of the Green Atlantic platform, including the appointment of technical advisors for the projects, recruitment of a senior management team, and the continuation of assessments for construction of the Cellarhead project. The Company also intends to continue the expansion of its Atlantic Green energy storage projects.

The Company further reports that Atlantic Green entered into an agreement for the acquisition of the entire share capital of a corporation holding the construction rights for the Buxton project, as an energy storage project with a grid connection agreement at a total capacity of 30 MW, and estimated storage capacity of 60 MWh, assuming use of batteries with a two-hour storage capacity (hereinafter - the "**Acquisition Agreement**" and the "**Project**", respectively).

The project includes two adjacent battery energy storage fields, with an estimated storage capacity of 60 MWh, assuming the use of batteries with a two-hour storage capacity and approvals for connection to the electricity grid at a total capacity of

30 MW (made up of two connection points, 16 and 14 MW) which is nearing construction, after receiving all the required construction approvals.

c. Projects in Romania

Further to Note 16(A)(11) to the Company's Financial Statements as at December 31, 2021, the Company reports that on May 2, 2022, Nofar Europe BV, a corporation held by the Company at a rate of 90%, (hereinafter - "**Nofar Europe**") entered into an agreement for the acquisition of the entire share capital of corporations that are developing a solar project in Romania, with an estimated capacity of 169 MW, made up of two projects with a capacity of 71.5 MW and 97.5 MW in the advanced development stage (hereinafter - the "**Acquisition Agreement**" and the "**Project**", respectively); the Acquisition Agreement includes an option to acquire additional projects with a capacity of up to 231 MW (a total of 400 MW); as at the reporting date, technical connection approval (ATR) was received for 71.5 MW.

In addition, in recent months, the Company continued to develop the Company's platform in Romania (Nofar Energy SRL), including hiring local managers and setting up development teams. As at the reporting date, the local platform is identifying and developing projects and advancing construction of the Ratesti project.

Nofar

O.Y. Nofar Energy Ltd.

Separate Interim Financial Information as at March 31, 2022

Unaudited

Table of Contents

Special review report of the independent auditor to the shareholders of O.Y. Nofar Energy Ltd. on separate interim financial information in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have audited the separate interim financial information disclosed in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of O.Y. Nofar Energy Ltd. (hereinafter – the “Company") as of March 31, 2022, and for the three-month period then ended. The board of directors and management are responsible for preparation and presentation of this interim separate financial information in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the separate interim financial information for these interim period based on our review.

The information contained in the separate interim financial information and relating to the balance in respect of investees, net, and to profit (loss) in respect of investee companies, net, are based on financial statements, some of which have been reviewed by other independent auditors.

Review scope

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller in scope than an audit performed pursuant to generally accepted auditing standards in Israel and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned separate interim financial information does not comply, in all material respects, with the disclosure provisions of Chapter 38D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv, May 30, 2022

Ziv Haft
Certified Public Accountants

The amounts of assets, liabilities and equity attributed to the Company itself as a parent company

	As at March 31		As at December 31
	2022	**2021**	**2021**
	Unaudited	**Unaudited**	**Audited**
	In NIS thousand		
Assets			
Current assets:			
Cash and cash equivalents	564,998	333,300	831,623
Short term deposits	227,129	101,460	161,025
Restricted deposits	940	120	640
Customers	283,681	209,572	234,007
Accounts receivable and debit balances	24,819	30,108	20,476
Inventory	57,095	52,249	56,619
Total current assets	**1,158,662**	**726,809**	**1,304,390**
Non-current assets:			
Balances in respect of investee companies	633,150	215,149	544,748
Right-of-use asset	32,833	14,966	28,329
Property, plant & equipment	76,620	56,151	74,121
Long-term deposits	5,531	5,333	5,530
Loans to investees	47,486	-	3,520
Total non-current assets	**795,620**	**291,599**	**656,248**
Total assets	**1,954,282**	**1,018,408**	**1,960,638**

The attached additional material information is an integral part of the separate interim financial information.

The amounts of assets, liabilities and equity attributed to the Company itself as a parent company

	As at March 31		As at December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	In NIS thousand		
Liabilities and capital			
Current liabilities:			
Short-term loans and current maturities in respect of long-term loans from banking corporations	5,500	27,094	26,636
Current maturities of lease liabilities	3,083	1,260	2,930
Suppliers and service providers	50,638	49,304	60,094
Payables and credit balances	12,351	4,939	6,273
Financial derivatives	1,981	1,737	1,981
Loan from an investee	15,544	68,909	15,449
Current tax liability	-	67	-
Total current liabilities	**89,097**	**153,310**	**113,363**
Non-current liabilities:			
Long-term loans from banking corporations	12,419	14,015	12,597
Lease liabilities	30,352	14,145	26,000
Deferred taxes	21,300	7,518	17,702
Other liabilities	632	625	627
Bonds	404,397	-	398,318
Total non-current liabilities	**469,100**	**36,303**	**455,244**
Equity attributed to the company itself as a parent company:			
Share capital & premium	1,568,696	1,014,211	1,568,696
Accumulated loss	(233,532)	(230,993)	(226,071)
Capital reserve	60,921	45,577	49,406
Total equity attributed to the company itself, as a parent company	**1,396,085**	**828,795**	**1,392,031**
Total liabilities and equity	**1,954,282**	**1,018,408**	**1,960,638**

The attached additional material information is an integral part of the separate interim financial information.

May 30, 2022			
Date of approval of the financial statements **For publication**	**Ofer Yanai** **Chairman of the Board of Directors**	**Nadav Tene** **CEO**	**Noam Fisher** **CFO**

The amounts of income and expenses attributed to the Company itself as a parent company

	For the three-month period ended on March 31		For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	In NIS thousand		
Revenues	90,744	78,390	357,270
Construction and operating costs	81,832	68,764	324,291
Gross profit	**8,912**	**9,626**	**32,979**
Selling and marketing expenses	1,968	1,788	7,451
General and administrative expenses	3,754	1,925	11,473
Company's share in the losses (profits) of investees	8,666	2,943	(4,418)
Other expenses, net	-	-	313
Operating profit (loss)	**(5,476)**	**2,970**	**18,160**
Finance expenses	8,300	1,353	18,546
Finance income	5,842	1,513	6,549
Finance expenses (income), net	2,458	(160)	11,997
Profit (loss) before income taxes	**(7,934)**	**3,130**	**6,163**
Income tax expenses (tax benefit)	317	1,710	2,400
Profit (loss) for the period	**(8,251)**	**1,420**	**3,763**
Other comprehensive income (loss) (after tax effect)			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Adjustments arising from translation of financial statements of foreign operations	577	(653)	(29,833)
	577	**(653)**	**(29,833)**
Items that will not be subsequently reclassified to profit or loss:			
Share in other comprehensive income of investees	8,036	3,138	25,613
Revaluation of property, plant and equipment	671	-	9,406
Adjustments arising from hedges	1,167	-	-
	9,874	**3,138**	**35,019**
Total other comprehensive income	**10,451**	**2,485**	**5,186**
Total comprehensive income for the period	**2,200**	**3,905**	**8,949**

The attached additional material information is an integral part of the separate interim financial information.

The amounts of cash flows attributed to the Company itself as a parent company

	For the three-month period ended on March 31		For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
		NIS thousand	
Cash flows from operating activities:			
Profit (loss) for the period	(8,251)	1,420	3,763
Adjustments required to present cash flows from operating activities:			
Depreciation and amortization	1,439	699	3,449
Finance expenses (income), net	2,458	(161)	11,998
Company's share in losses of investees	8,666	2,949	(4,418)
Capital loss	-	-	128
Change in deferred taxes	317	1,710	2,566
Expenses for share-based payment	1,854	-	3,707
	14,734	**5,197**	**17,430**
Changes in property and liability line items:			
Decrease (increase) in inventory	(477)	13,434	9,064
Increase in trade receivables	(49,673)	(53,225)	(77,660)
Decrease (increase) in accounts receivable	(4,343)	(287)	9,345
Increase (decrease) in payables and credit balances	4,841	(301)	1,201
Increase (decrease) in accounts payable	(9,456)	(45,366)	(32,427)
Change in current tax liability	-	-	(166)
	(59,108)	**(85,745)**	**(90,643)**
Income tax paid	-	(1,468)	(1,468)
Taxes received	-	-	99
Interest paid in cash	(178)	(326)	(1,431)
Net cash for operating activities	**(52,803)**	**(80,922)**	**(72,250)**
Cash flows from investing activities			
Investments in investees	(86,938)	(88,465)	(228,154)
Investment in subsidiaries	1,851	-	(182,664)
Increase in restricted deposits	(300)	-	(520)
Change in deposits	(66,105)	559	(59,202)
Investment in property, plant and equipment	(1,595)	(2,036)	(11,048)
Disposal of property, plant and equipment	-	-	1,527
Loan granted to an investee	(43,443)	-	(3,520)
Net cash used in investing activities	**(196,530)**	**(89,942)**	**(483,581)**
Cash flows from financing activities:			
Public offering (less issuance expenses)	-	-	554,485
Short term credit from banking corporations, net	(20,353)	(2,683)	(2,154)
Repayment of lease liabilities	(617)	(317)	(1,416)
Loan obtained from (repaid to) an investee	-	36,750	(16,710)
Issue of debentures, net	-	-	394,421
Repayment of long-term loans from banking corporations	(1,620)	(824)	(3,230)
Net cash provided by (used in) financing activities	**(22,590)**	**32,926**	**925,396**
Increase (decrease) in cash and cash equivalents	**(271,923)**	**(137,938)**	**369,565**
Cash and cash equivalents balance at the beginning of the year	**831,623**	**471,238**	**471,238**
Effect of changes in foreign exchange rates on cash and cash equivalents	**5,298**	**-**	**(9,180)**
Balance of cash and cash equivalents at end of period	**564,998**	**333,300**	**831,623**

The attached additional material information is an integral part of the separate interim financial information.

	For a period of three months ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	NIS thousand		
Appendix A - Material Non-Cash Transactions			
Initial recognition of right-of-use asset against a lease liability	4,962	1,658	17,312
Proceeds from disposal of property, plant and equipment	-	-	2,865

The attached additional material information is an integral part of the separate interim financial information.

Additional material information relating to the Company itself as a parent company

As of March 31, 2022

NOTE 1 – DETAILS OF THE SEPARATE FINANCIAL INFORMATION:

1.1. **Principles of preparation of separate financial information:**

The separate interim financial information of O.Y. Nofar Energy Ltd. (hereinafter - the “Company") includes financial data from the Company's condensed interim financial statements, attributed to the Company itself as a parent company, and prepared in accordance with the requirements of Regulation 38D and the Tenth Schedule of the Securities Regulations (Periodic and Immediate Reports), 1970.

The separate interim financial information should be read along with the Company’s separate financial information as at as at December 31, 2021, and the additional material information attached thereto, as well as the Company’s condensed interim consolidated financial statements as at March 31, 2022.

The accounting policies applied to the separate financial information are identical to the accounting policies detailed in Note 2 to the Company's consolidated financial statements as of March 31, 2022, subject to the provisions of this section and to that which is detailed in Note 1.2 below.

1.2. Accounting for inter-company transactions:

In the separate financial information, transactions between the Company and subsidiaries were recognized and measured, which were eliminated from the consolidated financial statements. The recognition and measurement were made in accordance with the recognition and measurement principles set forth in IFRSs such that these transactions were accounted for as transactions executed with third parties.

NOTE 1 – DETAILS OF THE SEPARATE FINANCIAL INFORMATION (cont.):

1.2. Accounting for inter-company transactions (cont.):

The statements included in the separate financial information presented inter-company balances and income and expenses in respect of inter-company transactions, which were eliminated from the consolidated financial statements, separately from "balances in respect of investees", from the "Company's share in losses (profits) of equity-accounted companies" and from "other comprehensive income (loss) of equity-accounted corporations, net" such that the capital attributed to the owners of the parent company, the profit (loss) for the period attributed to the owner of the parent company and total profit (loss) for the period attributed to the owner of the Company and comprehensive income (loss) for the period attributed to the owners of the parent company based on the Company's consolidated financial statements, are the same as the capital attributed to the Company itself as a parent company, the profit (loss) for the period attributed to the Company itself as a parent company and the comprehensive income (loss) for the period attributed to the Company itself as a parent company, respectively, based on the Company's separate financial information.

As part of the cash flows attributed to the Company itself as a parent company, cash flows, net, are presented in respect of transactions with consolidated companies as part of operating activities, investing activities or financing activities, as applicable.

The foregoing does not apply to transactions entered into by the Company with third parties in relation to consolidated companies.

NOTE 2 – MATERIAL TRANSACTIONS AND BALANCES WITH INVESTEES:

1. Balances of interested parties and related parties

	For the three-month period ended March 31		As at December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	NIS thousand		
Trade receivables and income receivable	253,558	203,487	222,115
Loans to related parties	47,486	824	3,520
Loan from an investee	15,544	68,909	15,449

2. Transactions with interested parties and related parties

	For the three-month period ended March 31		For the year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
	NIS thousand		
Revenues	87,012	77,595	339,219
Finance income	1,192	1,301	5,943
Finance expenses	105	-	945

Part D

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

Report on the Internal Control over Financial Reporting and Disclosure:

(a) Quarterly Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure in accordance with Regulation 38C(a):

Management, under the supervision of the Board of Directors of O.Y. Nofar Energy Ltd. (hereinafter - the "**Corporation**") is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

For this matter, the members of management are as follows:

1. Nadav Tene, CEO;
2. Noam Fisher, CFO;
3. Ayana Wexler, VP Legal

The internal control over financial reporting and disclosure consists of the Corporation's existing controls and procedures that have been planned by the chief executive officer and the most senior financial officer or under their supervision, or by the equivalent acting officers, under the supervision of the Corporation's Board of Directors, designed to provide reasonable assurance about the reliability of financial reporting and the preparation of the financial statements in compliance with applicable laws, and ensure that all information that the Company is required to disclose in the financial statements its publishes pursuant to law is collected, processed, summarized and reported in a timely manner and according to the format prescribed by law.

Among other things, internal controls include controls and procedures planned to ensure that all information that the Corporation is required to disclose as aforesaid is collected and transferred to the Corporation's management, including the chief executive officer and the most senior financial officer, or the equivalent acting officers, in order to allow decision making on a timely basis with respect to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the financial statements shall be prevented or detected.

In the annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure attached to the periodic report for the period ended December 31 2021 (hereinafter - the "**Most Recent Annual Report Over Internal Control**"), the Board of Directors and management assessed the internal control in the corporation; Based on this assessment, the Corporation's Board of Directors and management have concluded that the said internal control, as of December 31, 2022, is effective.

As of the report date, the Board of Directors and management have not been informed of any event or matter that may alter the assessment of the effectiveness of internal control, as presented in the Most Recent Annual Report Over Internal Control;

As of the report date, based on the Most Recent Annual Report over Internal Control and based on information brought to the attention of management and the Board of Directors as stated above, the internal control is effective.

2. Managers' Certifications:

(a) Statement of the CEO in accordance with Regulation 38C(D)(1):

I, Nadav Tene, hereby declare that:

(1) I have reviewed quarterly report of O.Y. Nofar Energy Ltd. (hereinafter - the "**Corporation**") for the first quarter of 2022 (hereinafter – the "**Reports**");

(2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;

(3) To my knowledge, the financial statements and other financial information included in the Reports fairly represent, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;

(4) I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:

(a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation's ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

(b) Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation, state that:

(a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -

(b) I have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

(c) I have not been informed of any event or matter that occurred in the period between the most recent report date (quarterly or periodic, as the case may be) and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the effectiveness of internal controls over the corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

May 30, 2022

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Nadav Tene, CEO

(b) Statement of the Most Senior Financial Officer in accordance with Regulation 938C(d)(2)

I, Noam Fisher, hereby state that:

(1) I have reviewed interim financial statements and other financial information included in the interim report of O.Y. Nofar Energy Ltd. (hereinafter - the "**Corporation**") for the first quarter of 2022 (hereinafter – the "**Reports**");

(2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;

(3) To my knowledge, the financial statements and other financial information included in the Reports fairly represent, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;

(4) I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:

(a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation's ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

(b) Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation, state that:

(a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -

(b) I have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

(c) I have not been informed of any event or matter that occurred in the period between the most recent report date (quarterly or periodic, as the case may be) and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the effectiveness of internal controls over the corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

May 30, 2022

Noam Fisher, CFO