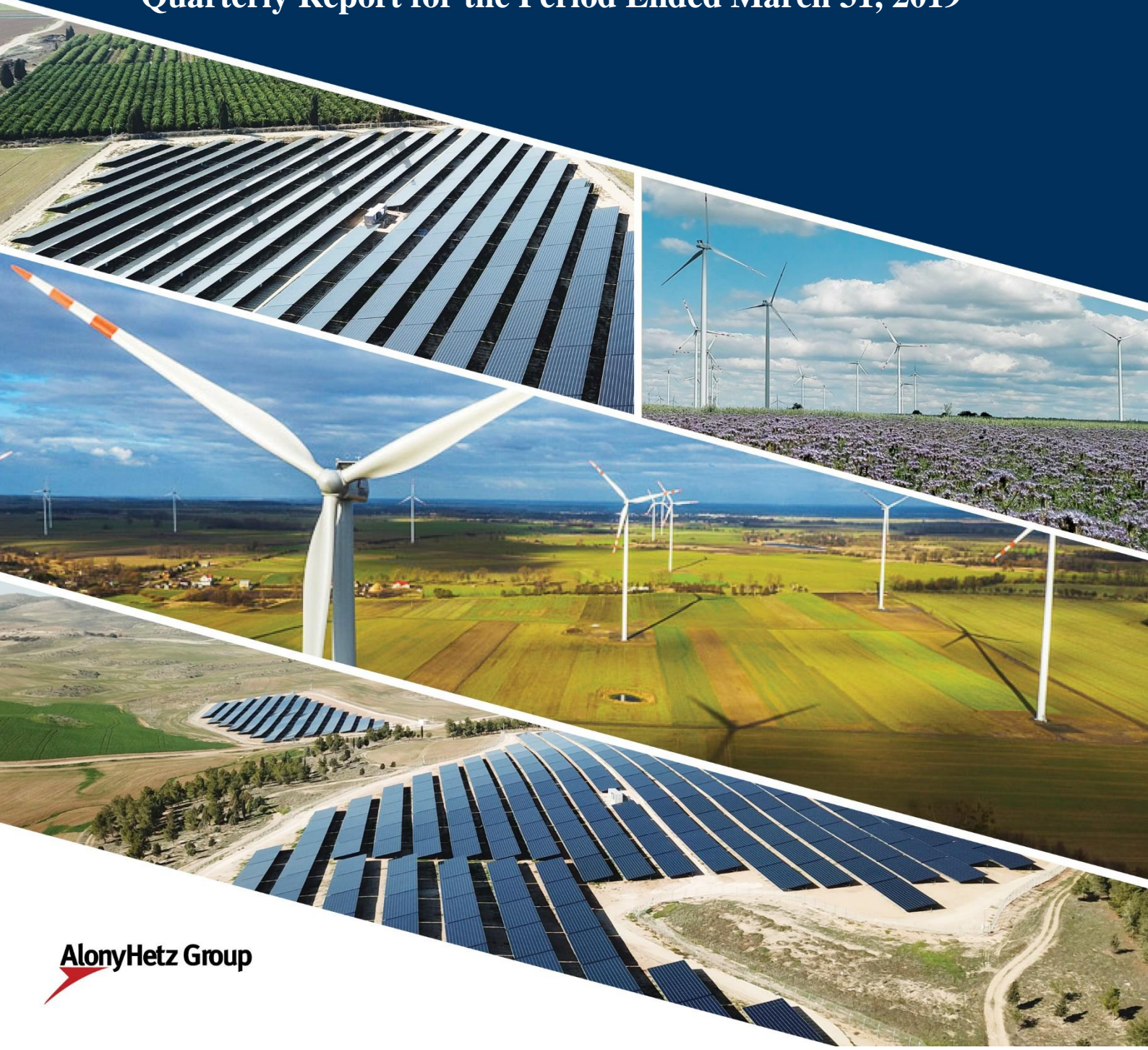


אנרג'יקס אנרגיות מתחדשות בע"מ

Quarterly Report for the Period Ended March 31, 2019





Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Financial Statements
As of March 31, 2019
(Unaudited)

Table of Contents

	<u>P a g e</u>
<u>Board of Directors' Report</u>	1
<u>Auditors' Review Report</u>	25
<u>Condensed Consolidated Interim Financial Statements</u> <u>(Unaudited)</u>	
Condensed Consolidated Interim Statements of Financial Position	26
Condensed Consolidated Interim Statements of Income	27
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)	28
Condensed Consolidated Interim Statements of Changes in Equity	29
Condensed Consolidated Interim Statements of Cash Flows	31
Notes to the Condensed Consolidated Interim Financial Statements	33
<u>Condensed Separate Interim Financial Information as of March</u> <u>31, 2019 (Unaudited)</u>	45

Energix - Renewable Energies Ltd. (the "Company")**Board of Directors' Report Concerning the State of the Company's Affairs**

The Company's Board of Directors is pleased to present its report concerning the state of the Company's affairs for the three months ended March 31, 2019 (the "**Reporting Period**" and the "**Reporting Date**", respectively). The information specified in this report also constitutes an update in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports) - 1970 (hereinafter: the "**Regulations**"), and additional information as of May 15, 2019 (the "**Approval Date of the Report**").

Any reference to the "Company" or the "Group" in this report means the Company and/or the Company through its wholly owned subsidiaries and/or partnerships.

The board of directors' report and the updates included therein have been prepared based on the assumption that the reader has the Company's periodic report for 2018, which was approved on March 11, 2019, reference number 2018-01-023407 (the "**Annual Report**") and in particular, Part C of the Annual Report – Financial Statements (the "**Annual Financial Statements**").

Part A - The Board of Directors' Explanation of the Company's Business Situation**1. Summary description of the Company's activity**

Energix - Renewable Energies Ltd.¹ ("**Energix**" or the "**Company**") was incorporated in Israel on December 7, 2006 as a private company. In May 2011, the Company became a public company, and its securities were listed for trading on the Tel Aviv Stock Exchange Ltd. (the "**Stock Exchange**"). Alony Hetz Properties and Investments Ltd. ("**Alony Hetz**") has been the Company's controlling shareholder since it was founded.²

As of the Reporting Date, and as of the Approval Date of the Report, the Company is engaged, independently and through subsidiaries and partnerships wholly under its control, or under its joint control (hereinafter, jointly: the "**Group**"), in the initiation, development, financing, construction, management and operation of facilities for the production of clean energy from renewable energy sources, and in the sale of the energy which is produced in those facilities.

As part of the Company's overall activities in Israel, the United States and Poland, the total capacity of its systems amounts to a total of 258MW in projects in commercial operation, approximately 150MWp in projects under construction and pre-construction, approximately 374MW in projects in advanced stages of initiation, and approximately 1,000MW in projects in the initiation stages³.

Any reference to the Company and its activities, unless expressly noted otherwise, is described on the level of the Group.

For additional details regarding the Company's activity, see Section 1 in Part A of the Annual Financial Report - Description of the Corporation's Business, section 3 below, and Note 1A in Part C of the Annual Financial Report - Financial Statements.

¹ The Company was incorporated in 2006 under the name Amot Mikbatzim Ltd., which was subsequently changed to Amot Energy Ltd. in 2009, and later changed to Energix - Renewable Energies Ltd. in 2011.

² The Company's controlling shareholders (indirectly) are Messrs. Nathan Hetz and. Dudy Wertheim, by virtue of their (indirect) holdings in Alony Hetz and in the Company, and the voting agreement which was signed between the parties with respect to their holdings in Alony Hetz.

³ Projects in commercial operation are projects whose construction has been completed, and where the electricity produced therein is transmitted to the relevant power grid; projects under construction or in pre-construction are projects of the Company which are currently under construction, or the construction of which is expected to begin in the near future; Projects in advanced stages of initiation include the series of Company projects which the Company estimates can reach a financial closing or readiness for construction within the next 12 months, or projects in initiation stages which have won a guaranteed tariff; Projects in (mid + early) stages of initiation include the series of Company projects in various stages of development, which may mature into projects under construction, regarding which the Company has ties to the land, and regarding which the Company is working to obtain, or already has, the permits and authorizations which are required for their construction.

2. Material events during the Reporting Period and as of the Approval Date of the Report:

- 2.1. **Significant increase in the Company's revenue** - During the Reporting Period, the Company's revenue increased by approximately 28% relative to the fourth quarter of 2018, and by approximately 74% relative to the first quarter last year. The EBITDA rate grew by approximately 38% relative to the fourth quarter of 2018, and by approximately 91% relative to the first quarter last year.⁴ For additional details regarding the Company's revenue, see Section 4.1.
- 2.2. **Construction of photovoltaic projects in Israel** - As of the Approval Date of the Report, the Company is in the process of performing works on the construction of photovoltaic facilities with a capacity of approximately 65 MWp, as part of its winning of the second competitive tender for high voltage facilities, which was published by the Electricity Authority. The construction of the projects is progressing as planned, and is expected to conclude in accordance with the tender's timetables. For additional details regarding the Company's activities in the Photovoltaic Segment in Israel, as part of the activities of the Joint Venture (Israel), and regarding construction financing, see Note 7b(1) to the Consolidated Financial Statements.
- 2.3. **Winning of an additional quota for the construction of photovoltaic facilities in Israel with a capacity of approximately 104 MWp** - In April 2019, subsequent to the Reporting Date, the Company won an additional quota for the construction of photovoltaic facilities with a capacity of approximately 104 MWp, as part of the third competitive process for the construction of high voltage facilities, which was published by the Electricity Authority - the maximum quota which was Granted to participants in the tender. For additional details regarding the Company's activities through the Joint Venture, see Section 6.1.1 below and Note 7b(2) to the Consolidated Financial Statements.
- 2.4. **Photovoltaic projects in pre-construction in the United States** - As of the Approval Date of the Report, the Company is completing preparations for the construction of four projects with a capacity of approximately 85 MWp in Virginia during 2019, under a joint venture through which the Company operates in the United States. In parallel, the Company is continuing to work towards completing the set of agreements and authorizations which are for the purpose of building the projects which are, as of the Approval Date of the Report, approaching a financial close. For additional details regarding the Company's activities in the United States, see Section 6.1.2 below and Note 7c to the Consolidated Financial Statements.
- 2.5. **Acquisition of panels as part of the Company's strategic collaboration with the panel company First Solar** - Subsequent to the Reporting Date, the Company entered into a series of agreements with First Solar - one of the world's leading solar panel manufacturers, for the acquisition of panels at a scope of approximately USD 120 million, which the Company intends to use in the construction of projects in the Photovoltaic Segment in Israel and in the United States, and as part of its strategic goals for the coming years. For additional details, see Section 6.1.3 below and Note 7d(1) to the Consolidated Financial Statements.
- 2.6. **Clean wind energy project - wind farm with a capacity of 130-150MW** - As part of its promotion of the project, the Company received approval from the National Infrastructure Committee to present the plan for comments and objections, before submitting the plan. Accordingly, shortly before the Approval Date of the Report, the provisions and documents of the plan were published in the Official Gazette shortly before the Approval Date of the Report, and the period for comments and objections began, which is expected to conclude at the end of June 2019. For additional details, see Section 6.2.1 below.
- 2.7. **Capital raising through a private issuance:** In January 2019, the Company completed a capital raising through a private issuance in the amount of approximately NIS 103.4 million, and in exchange, the Company issued 22,000,000 shares.

Forward-Looking Information

The Board of Directors' Report contains Forward-Looking Information. Any use in this report of the term Forward-Looking Information (hereinafter: "**Forward-Looking Information**"), means a forecast, estimate, approximation, or other information which refers to future events or matters, the materialization of which is uncertain and is not under the sole control of the Company and/or the Group and, therefore, such information

⁴ The data refer to the Company's results which are presented in the board of directors' report, see Section 4.1 below.

meets the definition of Forward-Looking Information pursuant to Section 32A of the Securities Law - 1968. Such information is based on the knowledge existing in the Company or the Group as of the Approval Date of the Report, and it includes assessments of the Company or its intentions pertaining to the Company and/or the Group, as of the Reporting Date. It is hereby clarified that actual results with respect to such information may be materially different than the results which have been estimated on the basis of the information, or are implied by such information, and which are included in this report.

3. Principal data regarding the Company's activities:

The Company has systems for the production of electricity in the Photovoltaic Segment and in the Wind Energy Segment (i.e., which are connected to the power grid, and which produce and sell the electricity produced therein to the electric corporation), as well as projects in various stages of construction, initiation and development.

3.1 Principal details regarding the Company's connected systems, systems under construction, systems in pre-construction and systems in initiation stages, as of the Reporting Date:

For the purpose of providing a general overview of the Company's activity as of the present date, presented below are tables presenting a summary description of projects in commercial operation, under construction, in pre-construction and in initiation stages:

Projects in commercial operation

Projects whose construction has been completed, and whose produced electricity is being transmitted to the relevant power grid

Country	Project	Technology	Capacity (MW)	Date of commercial operation	Revenue source	Sale tariff for the produced electricity and certificates per produced 1 KWh (in NIS)	The Company's land rights in the project	Construction cost (NIS millions)	Total financing with respect to the project (NIS millions)	Depreciated cost in the financial statements as of the Reporting Date (NIS millions)	Project results for the Reporting Period (NIS millions)				Project results for 2018 (NIS millions)				Company's share in the project
											Revenues	Gross profit in project	Project-specific FFO	Net cash flows after debt service	Revenues	Gross profit in project	Project-specific FFO	Net cash flows after debt service	
Israel	Neot Hovav	Photovoltaic	37.5	12/2014	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 20 years after the date of commercial operation	0.642	Lease	291.8	370	240.7	8.9	8.3	5.9	2.6	43.4	40.1	29.8	9.0	100%
	Systems of the first competitive process	Photovoltaic	90	4th quarter of 2018	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 23 years after the date of commercial operation	0.199	Lease	269.6	240	266.7	6.2	4.4	3.0	1.7	2.3	1.8	1.1	1.1	94%
	Medium and small systems	Photovoltaic	11.6	2010-2015	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 20 years after the date of commercial operation	0.50-2.19	Lease	95.2	95	65.5	3.8	2.6	1.8	1.1	18.8	14.5	11.2	5.6	64%
Poland	Banie	Wind	106	12/2015-06/2016	Electricity - sale on the power exchange or in long term agreements. Green certificates - sale on the green certificates exchange or in long term agreements. Eligibility for certificates - 15 years after the date of commercial operation	According to the price on the power and certificates exchange in Poland	Lease	686.5	346.5	617.8	44.6	38.0	34.3	29.8	100.5	80.7	65.0	46.7	100%
					Electricity - sale on the power exchange or in long term agreements. Green certificates - sale on the green certificates exchange or in long term agreements. Eligibility for certificates - 15 years after the date of commercial operation														
	Hawa	Wind	13.2	06/2016	Electricity - sale on the power exchange or in long term agreements. Green certificates - sale on the green certificates exchange or in long term agreements. Eligibility for certificates - 15 years after the date of commercial operation		Lease	81.5	-	74.2	4.4	3.6	3.6	3.6	12.0	10.1	10.1	10.1	100%
Total			258.3					1,424.6	1,051.5	1,264.9	67.9	56.9	48.6	38.8	177.0	147.2	117.2	72.5	

* For additional details regarding the Company's projects, and the financing thereof, see Notes 9 and 13 to Part C of the Annual Reports - Financial Statements, and Note 7 to the Consolidated Financial Statements.

** The results presented in the above table are excluding the impact of IFRS 16.

Projects under construction and in pre-construction

Projects of the Company which are under construction or whose actual construction is expected to begin in the near future

Country	Project	Technology	Capacity (MW)	Projected date of commercial operation	Revenue source	Electricity sale tariff per produced 1 KWh (in NIS)	The Company's land rights in the project	Expected financial closing	Projected construction cost	Total financing with respect to the project (NIS millions)	Cost invested as of the Reporting Date (NIS millions)	Projected project results per full year of operation (NIS millions)				Company's share in the project
												Revenues	Gross profit in project	Project-specific FFO	Net cash flows after debt service	
Israel	Systems of the second competitive process	Photovoltaic	65	3rd quarter of 2019	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 23 years after the date of commercial operation	0.198	Lease	Financial closing was reached in the 4th quarter of 2018	175-200	175	111.2	23-25	18-20	13-15	6-8	70% (*)
USA	Energix Caden	Photovoltaic	85	4th quarter of 2019 to 1st quarter of 2020	Electricity - Long term electricity price pegging agreement and actual sale of electricity on the power exchange. Green certificates - long term agreement for the sale of certificates at a pegged price.	In accordance with long term agreements	Lease	2nd quarter of 2019	320-370	N/A	31.0	17-23	14-18	N/A	N/A	(**) 58%

* The Company provides financing for a venture in Israel at interest of 8%-10% per year; 70% of the venture's distributable cash flows is paid to the Company for the purpose of repaying the financing, and the remaining 30% is divided between the partners, according to their respective shares.

** The Company invests senior capital in the US venture at a rate of return of LIBOR + 7%, and in any case no less than 8.5% per year. The total sum of distributable cash flows will be paid to the Company first, for the purpose of repaying the financing.

After the financing has been repaid in full, the distributable cash flows will be distributed to the owners, in accordance with their respective shares.

*** The results presented in the above table are excluding the impact of IFRS 16.

Projects in advanced stages of initiation

Projects in advanced stages of initiation include the series of Company projects regarding which the Company estimates that they can reach a financial closing or readiness for construction within the next 12 months
or projects in initiation stages which have won a guaranteed tariff.

Country	Project	Technology	Capacity (MW)	Revenue source	Electricity sale tariff per produced 1 KWh (in NIS)	The Company's land rights in the project	Status of permits	Expected financial closing	Total expected cost	Cost invested as of the Reporting Date	Expected annual revenue (NIS millions)	Company's share in the project
Israel	Systems of the third competitive process	Photovoltaic	104	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 23 years after the date of commercial operation	0.182	Lease	The Company is working to obtain building permits	1st quarter of 2020	275-325	0.5	33-35	70% (*)
	Clean wind energy (**)	Wind	130-150	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 20 years after the date of commercial operation	0.33	Lease	Stage of comments and objections at the National Infrastructure Committee, before the provision of approval by the National Infrastructure Committee and the Housing Cabinet	Second half of 2019	550-700	32.1	135-155	73% (***)
Poland	Projects ready for tenders	Wind	120	Price for 15 years subject to the tender terms	N/A	Rooftop rental agreements with Amot	Ready for construction, depends on winning tariff tenders in Poland	N/A	N/A	3.5	N/A	100%

* The Company provides financing for a venture in Israel at interest of 8%-10% per year; 70% of the venture's distributable cash flows is paid to the Company for the purpose of repaying the financing, and the remaining 30% is divided between the partners, according to their respective shares.

** The construction of the wind farm in Israel is conditional on solving and funding the technological solution. For additional details, see Section 6.2.1 below.

*** The Company provides financing for the project at interest of 17% per year. All distributable cash flows are paid first to the Company for the purpose of repaying the financing. After the financing has been repaid in full, the distributable cash flows will be distributed to the owners, in accordance with their respective shares.

**** The results presented in the above table are excluding the impact of IFRS 16.

Projects in (mid + early) stages of initiation

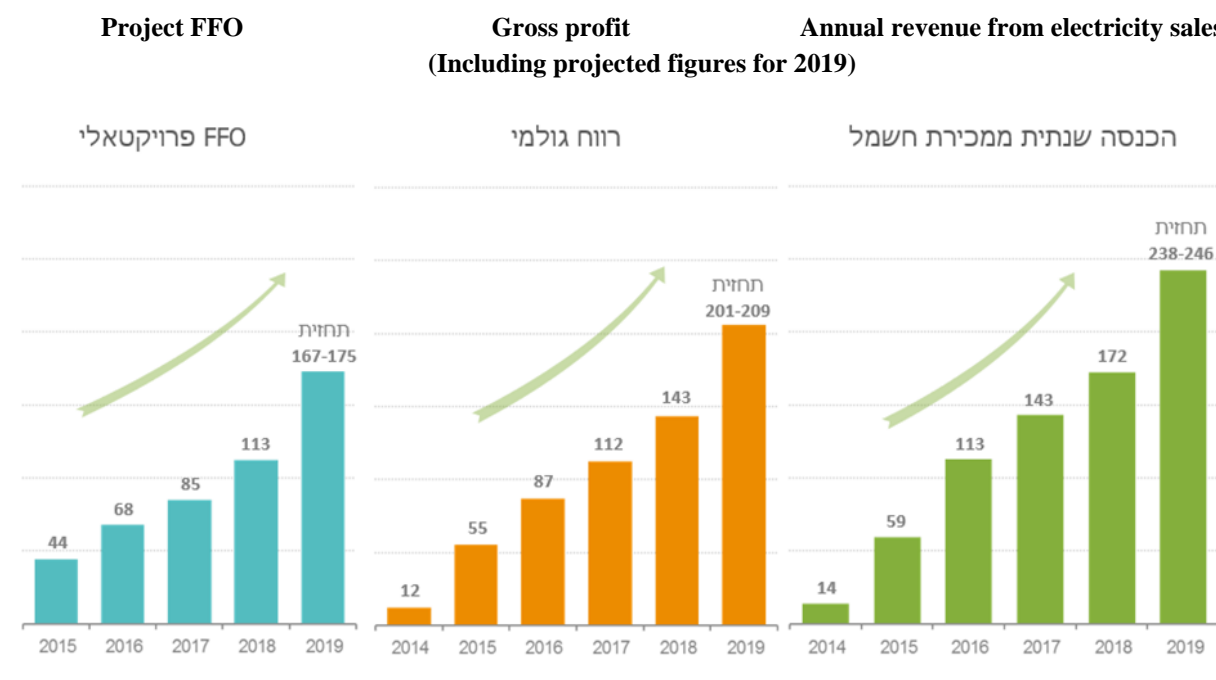
Projects in stages of initiation include the series of Company projects which are in various stages of development, and which may mature into projects under construction, regarding which the Company has ties to the land

Country	Technology	Capacity (MW)	Company's share in the project	Land ties	Status of development
Israel	Photovoltaic	300	70%	Lease	The Company is working to obtain, or already has, the permits and authorizations which are required for their construction
USA	Photovoltaic	650	58%	Lease	
Israel	Wind	50	100%	Lease	

Note regarding the information provided in section 3.1

The above information is presented for the purpose of reviewing the various stages of the Company's activities. It is hereby clarified, on all matters pertaining to projects which have not yet reached commercial operation, that information in connection with the completion of their construction, total actual project capacity, financial closing, revenue and results, total investment cost and projected date of commercial operation, constitute Forward-Looking Information, the materialization of which is not under the Company's control, and may change significantly.

3.2 Operating results and forecasts as of the Approval Date of the Report (systems in commercial operation):



Comments regarding the graph:

1. The Company's forecasts for 2019 are based on the forecast of revenue from photovoltaic projects, relative to the average output forecast (P50). The forecasted revenues and results with respect to the projects in Poland are based on the Company's estimates with respect to average output (P50), and an overall price per produced 1MWh (electricity + green certificate) of approximately PLN 385, with respect to capacities for which price pegging transactions were not made, in consideration of the fact that the Company pegged the selling price of black electricity and of green certificates with respect to approximately 75% and approximately 50% of the expected average production in that year, respectively. The output during the Reporting Period is calculated according to actual output. For details regarding capacities for which price pegging was performed, see Note 9f(3) in Part C of the Annual Report - Financial Statements. The exchange rate which served as the basis for the calculation was PLN 1 to NIS 0.96.
2. The Company's actual revenues from the wind farm in Poland are directly affected by changes in (i) the prices of electricity and green certificates, which are determined according to their prices on the relevant power exchanges in Poland, and are directly affected by legislative activity and market powers in Poland (relative to unhedged transactions); (ii) the NIS/PLN exchange rates; (iii) the weather conditions and wind quality in the areas of the wind farms; and (iv) the availability and proper functioning of the turbines in the electricity production wind farms. Changes in the revenues from wind farms in Poland may have a significant impact the Company's forecasts and expectations, as presented in this report.
3. The Company's results are presented according to proportionate consolidation, including its share in the results of the companies presented according to their carrying values. Not including initiation costs and the Company's general and administrative expenses, which are not attributable to projects.

Sensitivity analysis to the Company's revenue and results forecast for 2019:

The Company's forecasts may change according to different variables, primarily including weather conditions and production ability, the market prices of electricity and green certificates, and changes in exchange rates. Presented below is a partial sensitivity analysis with respect to these variables (each pertaining to itself only, without cross changes), which the Company performed:

- A change of PLN 20 in the price of black electricity per produced 1MWh would affect the Company's revenues and results by approximately NIS 2 million.
- A change of PLN 20 per 1MWh in the price of green certificates would affect the Company's revenues and results by approximately NIS 4 million.
- If the annual output in Poland is 10% less than the average annual output, the Company's revenues and results will decrease by approximately NIS 13 million.
- A change of 3 agorot in the PLN/NIS exchange rate would affect the Company's revenues and results by approximately NIS 4 million.

The forecasted income, gross profit and FFO data for 2019 constitute Forward-Looking Information, as the term is defined in this report. Actual results may be materially different from those expressed or implied in such Forward-Looking Information (in whole or in part).

3.3. Stock exchange indexes

The Company's shares are listed for trading on the Tel Aviv Stock Exchange Ltd. As of the Approval Date of the Report, it is one of the companies on the Tel Aviv 90 Index. Additional stock exchange indexes on which the Company's shares are listed for trading include TA 125, TA Global-Blue Tech, TA Tech-Elite and TA Technology.

4. The Board of Directors' explanation of the Company's business situation, results of operations, shareholders' equity, cash flows and other matters

4.1. Results of operations

Presented below is a summary of the business results, in thousands of NIS (after neutralizing the impact of the adoption of IFRS 16, Leases):

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
<u>Revenues</u>			
Revenues from the sale of electricity	48,001	28,074	123,229
Revenues from the production of green certificates	18,095	6,572	39,451
Fair value adjustment of green certificates, net of tax (*)	479	-	-
Other revenues, net (**)	35	3,591	7,954
	<u>66,610</u>	<u>38,237</u>	<u>170,634</u>
<u>Expenses</u>			
Rental expenses	2,139	1,769	6,905
Maintenance of systems and others (**)	8,972	5,274	31,245
Initiation expenses	64	299	1,205
Payroll and related expenses	2,490	1,889	8,999
Administrative, headquarters and other	2,605	2,611	10,964
	<u>16,270</u>	<u>11,842</u>	<u>59,318</u>
Profit before financing, taxes, depreciation and amortization	50,340	26,395	111,316
Depreciation and amortization	<u>(12,862)</u>	<u>(10,862)</u>	<u>(43,587)</u>

Profit before financing and taxes	<u>37,478</u>	<u>15,533</u>	<u>67,729</u>
Financing income	1,448	656	2,272
Financing expenses	(8,100)	(8,245)	(35,091)
Profit from the acquisition of loans	-	-	6,907
Financing expenses, net	<u>(6,652)</u>	<u>(7,589)</u>	<u>(25,912)</u>
Profit after financing, net	<u>30,826</u>	<u>7,944</u>	<u>41,817</u>
Company's share in the results of equity-accounted investees	182	188	1,263
Profit before taxes on income	<u>31,008</u>	<u>8,132</u>	<u>43,080</u>
Taxes on income	<u>(6,590)</u>	<u>(2,539)</u>	<u>(12,188)</u>
Profit for the period	<u>24,418</u>	<u>5,593</u>	<u>30,892</u>
Profit for the period attributable to the owners of the Company	24,210	5,833	31,373
Profit (loss) for the period attributable to non-controlling interests	208	(240)	(481)
Total profit for the period	<u>24,418</u>	<u>5,593</u>	<u>30,892</u>

(*) The fair value adjustment of green certificates was not included under the Company's results in its financial statements, where inventory was recorded at cost, and not at fair value.

(**) Maintenance of systems and others includes impairment, other revenues include reversal of impairment and sale of green certificates above the inventory price

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	(Unaudited)		(Audited)
Data regarding earnings per share			
Income per share (*)	0.17	0.10	0.46
Gross earnings per share (*) (**)	0.14	0.09	0.38
FFO per share (*) (**)	0.12	0.07	0.30
Earnings (loss) per share - basic (***)	0.06	0.02	0.08

(*) The data are presented according to a proportionate consolidation.

(**) Not including initiation costs and the Company's general and administrative expenses which are not attributable to projects.

(***) According to the data presented in Section 4.1.

Results of operations (NIS in thousands):

During the Reporting Period, the Company recorded profit attributable to the owners of the Company in the amount of approximately NIS 24.2 million, as compared with profit of approximately NIS 5.8 million in the corresponding period of last year. Presented below are the main items which affected the results of operations:

Revenues from the sale of electricity – amounted to approximately NIS 48 million in the Reporting Period, as compared to revenues of approximately NIS 28.1 million in the corresponding period of last year. The increase in revenue was due to the increase in electricity production, as compared with the corresponding period, and to the increase in electricity prices in Poland. Additionally, during the Reporting Period, revenue was recorded from photovoltaic systems which were not connected in the corresponding period, NIS 6.2 million

Revenues from the production of green certificates - The Company recorded, during the Reporting Period, revenues from the production of green certificates in the amount of approximately NIS 18 million, as compared

with revenues from the production of green certificates in the amount of approximately NIS 6.6 million in the corresponding period last year, an increase of 175%. The increase in revenue was due to both the increase in production of green certificates relative to the corresponding period, and the increase in the prices of green certificates.

Other revenues, net - Primarily include, during the Reporting Period, revenues from the operation of an investee company, in a negligible amount. In the corresponding period last year, other revenues primarily included profit from the sale of inventory of green certificates above carrying value, in the amount of approximately NIS 3.4 million.

System maintenance and other expenses – Amounted to approximately NIS 9 million in the Reporting Period, compared with approximately NIS 5.3 million in the corresponding period of last year, primarily due to the increase in maintenance expenses to the turbine provider in Poland, in accordance with the terms of the agreement which was signed with it.

Depreciation and amortization – amounted to approximately NIS 12.8 million during the Reporting Period (after neutralizing the effects of IFRS 16), compared with approximately NIS 10.8 million in the corresponding period of last year. The increase in depreciation expenses was primarily due to the depreciation of systems which were not connected in the corresponding period, which increased depreciation expenses in the amount of approximately NIS 2 million.

Financing expenses – amounted to approximately NIS 8.1 million during the Reporting Period after neutralizing the effects of IFRS 16), compared with approximately NIS 8.2 million in the corresponding period of last year. During the Reporting Period, financing expenses with respect to loans from financial institutions increased in the amount of approximately NIS 0.9 million, primarily due to amounts which were withdrawn from financing facilities after the corresponding period last year, while on the other hand, a decrease was recorded in financing expenses with respect to linkage differentials on liabilities to financial institutions in the amount of approximately NIS 1 million, due to the decrease of the CPI.

Equity – As of the Reporting Date, equity attributable to the Company's owners amounts to approximately NIS 833.3 million, compared with shareholders' equity attributable to the owners of the Company of approximately NIS 698 million as of March 31, 2018. The increase in equity was primarily due to profit attributable to the owners of the Company in the amount of approximately NIS 48.8 million, a decrease of capital reserves in the amount of approximately NIS 24 million, and share issues and options exercised in the total amount of approximately NIS 115.4 million.

4.2. Cash flows, liquidity and sources of financing**4.2.1. Cash flow**

During the Reporting Period, the Group's balance of cash and cash equivalents increased by approximately NIS 76 million.

The following table summarizes the sources and uses:

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS millions		
	(Unaudited)		(Audited)
Operating activities	22.7	19.3	73.1
Sources			
Long-term loan received from financial institutions	-	96.0	206.5
Short-term loans received from banking institutions	-	3.3	3.3
Consideration from issuance of shares	102.8	-	-
Decrease in pledged deposit and restricted cash, net	13.4	28.8	75.7
Consideration from exercise of share options	4.1	5.5	12.6
Investment of capital by non-controlling interests in consolidated companies	-	-	3.4
Repayment of loans to equity-accounted investees	0.4	0.4	3.7
	<u>120.7</u>	<u>134.0</u>	<u>305.2</u>
Uses			
Investment in electricity production systems	(53.3)	(123.8)	(319.5)
Repayment of long-term loans from financial institutions	(9.8)	(7.6)	(44.7)
Repayment of principal with respect to lease liability	(4.2)	-	-
Costs of credit raising	-	(0.4)	(0.6)
Investment in other fixed assets	(0.1)	(0.2)	(2.0)
Settlement of financial instruments	-	(1.1)	(9.1)
Payment with respect to the acquisition of loans	-	-	(3.5)
Repayment of short-term loans from banking institutions	-	-	(3.3)
	<u>(67.4)</u>	<u>(133.1)</u>	<u>(382.7)</u>
Total surplus of sources over uses (uses over sources)	76.0	20.2	(4.4)
Balance of cash and cash equivalents at beginning of period	92.0	96.4	96.4
Balance of cash and cash equivalents at end of period	<u>168.0</u>	<u>116.6</u>	<u>92.0</u>

4.2.2. Cash, cash equivalents and credit facilities

As of the Reporting Date, the Company has a balance of liquid sources of NIS 168 million. In addition, the Company has an amount of NIS 48 million on deposit in debt service reserve funds to secure the repayments of the Group's loans. For details regarding the capital raising which was performed by the Company on the Reporting Date, in the gross amount of approximately NIS 103.4 million, see Section 2.7 above.

4.2.3. Financing sources

- 4.2.3.1. As of the Approval Date of the Report, the Company's activity is financed by the cash balances at its disposal following financing rounds that which it executed, the exercise of share options and withdrawals that were made in the framework of financing transactions to which the Company is party.
- 4.2.3.2. The Company has a shelf prospectus which allows the Company to raise funds from the public, insofar as funds may be required in order to finance its operations, which is in effect until May 29, 2019. In light of the coming expiration of the shelf prospectus, the Company intends to publish a new shelf prospectus, subject to a permit from the Israel Securities Authority. For additional information regarding the Company's shelf prospectus, and the extension thereof, see the Company's immediate reports dated May 29, 2016 (reference no. 2016-01-036930) and April 8, 2018 (reference no. 2018-01-035134), which are presented herein, in their entirety, by way of reference.
- 4.2.3.3. For details regarding a private offer, during the Reporting Period, of 22,000,000 ordinary Company shares, see the immediate report dated January 13, 2019 (reference no. 2019-01-005307), section 2.7 above and Note 15C in Part C of the Annual Financial Report - Financial Statements.
- 4.2.3.4. As of the Reporting Date, the Company has financing agreements with third parties structured as project finance and on a non-recourse basis, which are secured by the systems owned by the Company (directly or indirectly). For additional details in connection with the aforementioned financing agreements, including the financial covenants by which the Company is bound, and the credit facilities which are available to the Company, see Note 13 to Part C of the Annual Report - Financial Statements.

4.2.4. Pledged assets

See Note 7g to the Consolidated Financial Statements for details regarding pledges and guarantees furnished by the Company as of the Reporting Date and the Approval Date of the Report.

Part B - Exposure to Market Risks and Management Thereof

The Company's Chief Risk Officer is Mr. Asa Levinger, the Company's CEO. For additional details regarding the Chief Risk Officer, see Regulation 26A in Part D of the Report - Additional Details.

5. The Company's policy for managing market risks

For information regarding the Company's policy for managing market risks and implementation of the hedging policy that was adopted by the Board of Directors, see Note 31b(3) to the Annual Financial Statements and Note 6a to the Consolidated Financial Statements. As of the Reporting Date, no changes occurred in the Company's policy relative to that stated in its annual financial statements.

5.1. Linkage bases report

See **Appendix A** hereunder for a linkage bases report as of March 31, 2019 and December 31, 2018.

5.2. Sensitivity tests

See **Appendix B** hereunder for sensitivity tables for sensitive instruments according to changes in market factors as of March 31, 2019.

5.3. The Corporation's liabilities according to payment date

See **Appendix C** below for information regarding the Corporation's liabilities according to payment dates.

Part C – Corporate Governance Aspects and Updates Concerning the Company's Activities
6. Material events during the Reporting Period in the Company's operating segments:
6.1. Details on material events in the photovoltaic activity in the Reporting Period until the Approval Date of the Report:
6.1.1. Update in the Photovoltaic Segment in Israel

- A. Construction of projects in the Photovoltaic Segment with a capacity of 65 MWp, which the Company is building, and its winning of another quota for the construction of projects in the Photovoltaic Segment, with a capacity of 104 MWp** - See Sections 2.2 and 2.3 above.
- B. Inclusion of the Company on the recommendation list of winners of guaranteed tariffs for the construction of a ultra-high voltage project** - On May 15, 2019, in accordance with an announcement which was published by the Electricity Authority, the Company was included on the list of candidates for winning a guaranteed tariff for the construction of an ultra-high voltage photovoltaic facility with a capacity of approximately 90 MWp. It is hereby clarified that the Authority has not yet reached a decision regarding the final list of winners, and in accordance with the announcement, the final decision regarding the list of winning projects depends on the receipt of additional information, and on the developments in Supreme Court Case 1298/19 Solad v. the Electricity Authority, for which the Electric Corporation is obligated to reserve space at the Electricity Authority. For the Electricity Authority's announcement, see: https://pua.gov.il/publications/documents/hodaha_pua_halich1.pdf
- C. Presented below is financial information regarding projects under construction and in pre-construction:**

	Second tender 65MWp	Third tender 104MWp	Total
Guaranteed tariff	NIS 0.1978	NIS 0.1818	
Total expected scope of investment (NIS millions)	175-200	275-325	450-525
Expected project financing (NIS millions)	175	280	455
Expected revenue (NIS millions)	23-25	33-35	56-60
Expected gross profit (NIS millions)	18-20	25-27	43-47
Expected project FFO (NIS millions)	13-15	21-23	34-38
Net cash flows after expected debt service (NIS millions)	6-8	13-15	19-23
Company's share in the results (*), (**)	70%	70%	
Connection and construction	By 3rd quarter of 2019	By 4th quarter of 2020	

- (*) In accordance with the Company's policy, under which it offers to kibbutzim / moshavim with which the Joint Venture has entered into agreements for the construction of the projects, to participate in the provision of the equity which will be required for the construction of the projects which are to be built on their areas, the Company's share may be lower than 70%, but in any case, no lower than approximately 52% with respect to each project.

- (**) The Company provides financing to the Joint Venture (Israel), at interest of 8%-10% per year. Until the entire financing amount has been repaid in full, 70% of the venture's distributable cash flows is being paid to the Company, and the remaining 30% is divided among the partners, in accordance with their respective shares.
- (***) Except for the guaranteed tariff, all of the information presented above constitutes Forward-Looking Information.

For additional details regarding the construction of projects in the Photovoltaic Segment, see Section 2.2 of the report above, and Note 7b to the Consolidated Financial Statements.

D. The Company's activities through the Joint Venture (Israel), and update in connection with a claim which was filed by the Company against Solaer Israel Ltd. ("Solaer"):

- (i) Further to the Company's reports and Note 14a(1) to Part C of the Annual Report - Consolidated Financial Statements, and unless explicitly agreed otherwise, the Company's activities in the Photovoltaic Segment in Israel is performed through a joint venture which the Company formed with Solaer in 2017. The activities of the Joint Venture (Israel) are performed through a Limited Partnership which is held 70% by the Company, and which is managed by a general partner under the Company's control (70%), excluding decisions involving the protection of minority interests, regarding which the venture must reach its decisions jointly with Solaer, the Company has full control over the venture's activities. Additionally, on all matters associated with the financing of the venture's activity, it was agreed that 70% of any distributable amount in the venture will be used to repay shareholders' loans which the partners have provided to the venture (as of the Reporting Date, the entire amount of financing for the venture's activities, in the amount of approximately NIS 15.8 million, has been provided by the Company), and the balance of the distributable amount, at a rate of 30%, will be divided between the limited partners in accordance with their respective shares in the Joint Venture (i.e., 70% to the Company and 30% to Solaer).
- (ii) Further to that stated in section 7.1.2d(4) in Part B of the Annual Report, regarding a claim which was filed by the Company against Solaer in the amount of NIS 10 million, and the suspension of all distributions which are due to it within the framework of distributions of distributable cash flows, which will be distributed to the partners in the Joint Venture, due to a breach of Solaer's undertakings regarding the initiation of the activities of the Joint Venture (Israel), and damages which the Company has incurred as a result, as of the Approval Date of the Report, Solaer's position regarding the statement of claim has not yet been received. It is hereby clarified that, due to the fact that the Company created, in parallel, an independent leading venture on its behalf, and the Company holds control of the venture's operating activities, the foregoing does not have an adverse effect the continuation of the Company's activity in the Photovoltaic Segment in Israel, whether through the Joint Venture or independently.

It is hereby clarified that the information presented in section 6.1.1, regarding the update to the Company's activity, within the framework of its activity in the Photovoltaic Segment in Israel, may include information which constitutes Forward-Looking Information, and which depends, inter alia, on the production scope and capabilities of the facilities which will be built in practice in accordance with financing commitments and transactions, and on the fulfillment of conditions for withdrawal thereunder, and also on decisions and authorizations which depend on third parties, and which are not under the Company's control.

6.1.2. Update regarding the Photovoltaic Segment in the United States

- A. Further to the Company's reports regarding an update to the operating structure of the US company, as part of the Joint Venture which it formed with an American entrepreneur, the Company's holdings in the venture were updated to 58%, and as part of the above, the venture acquired the series of photovoltaic projects which were developed by the entrepreneur, mostly in Virginia. In accordance with the agreements between the parties, the Company has full control over the management of the venture's activities, subject to protection of the rights of the entrepreneur's minority interests, according to the standard practice for transaction of this kind.

It is hereby clarified, in accordance with the understandings between the parties, that the Company has undertaken to finance the development activities of the venture (which will not be funded through external financing), by way of a capital investment or shareholder's loans, plus returns (interest) of 3 month LIBOR + 7%, and in any case no less than 8.5% per year, calculated on a quarterly basis, and in exchange, it was agreed that the Company will have priority with respect to the venture's distributable payments, up to the repayment of the entire amount of financing which was provided by the Company, plus the returns which have accrued thereupon. The balance of funds will be divided between the parties in accordance with their proportional parts in the venture.

- B. During the Reporting Period, and as of the Approval Date of the Report, the Company continued the advancement of the venture's activities and the development of the series of projects in the United States which are in various stages of initiation and development, and which could mature into the construction of projects with a total capacity of approximately 650 MWp.

As part of the above, as of the Approval Date of the Report, the Company is completing preparations for the construction of four projects with a capacity of approximately 85 MWp in Virginia during 2019. As part of the above, during the Reporting Period the Company continued advancing the negotiations towards the signing of binding agreements with some of the world's leading financial institutions, towards the signing of long term agreements for the sale of electricity which will be produced from the four projects, and all of the green certificates will be allocated to them (by way of a hedge transaction to secure the price of electricity which the project company will be entitled to receive from the sale of the electricity which will be produced in the projects), and towards the signing of agreements regarding an engagement with a tax partner. The Company estimates that the aforementioned projects, insofar as they will be built, will produce annual returns of 9-10% (without leveraging, after the tax benefit (ITC of 30%).

In parallel, for the purpose of advancing the Company's project construction in the United States, the Company is working on the construction of a series of independent construction and operation entities which it will use in the construction of projects in the United States, based on the workforce of the Company's related companies in the United States, and on engaging with various consultants and contractors for the purpose of advancing its activities.

It is hereby clarified that the information presented with respect to the Company's activity as part of its operations in the Photovoltaic Segment in the United States may include information which constitutes Forward-Looking Information, and which depends, inter alia, on the production scope and capability of the facilities which complete the development stage and reach actual construction, on the engagement in binding agreements for financing transactions and for the acquisition of electricity, and the fulfillment of conditions for their completion, as well as decisions and authorizations which depend on third parties, and which are not under the Company's control.

For details regarding the regulatory framework and the activity structure in the electricity sale market in the United States (including the engagement with a tax partner), see Section 7.1.3 in Part A of the annual report. For details regarding the Joint Venture and the primary understandings between the parties, including as regards an amendment to the agreement between the parties, see Section 7.1.3c in of the annual report, the immediate report dated March 11, 2019 (reference number 2019-01-020782), which is presented herein, in its entirety, by way of reference, Note 7c to the Consolidated Financial Statements, and Note 14a(2) to the annual financial statements.

- 6.1.3.** For details regarding the Company's engagement in a series of agreements for the acquisition of the inventory of panels for its activity in the Photovoltaic Segment, as part of the strategic cooperation with First Solar, at a scope of approximately USD 120 million, see Section 2.5 above, and the Company's immediate report dated May 15, 2019 (reference number 2019-01-046921), which is presented herein, in its entirety, by way of reference.

6.2. Details on material events in the wind energy activity in the Reporting Period until the Approval Date of the Report:

6.2.1. Updates regarding the Wind Energy Segment in Israel

Clean wind energy project with a capacity of approximately 130-150MW: During the Reporting Period, the Company continued its development activities towards the advancement of the Clean Wind Energy Project. As part of these efforts, during the Reporting Period, the National Infrastructure Committee decided to present the plan for comments and objections before submitting the plan. This period is expected to conclude at the end of June 2019. After the plan has passed the objections stage, final approval from the National Infrastructure Committee will be required, and then approval of the Housing Cabinet. For additional information regarding the Company's wind energy activity in Israel and the initiation of additional projects, see Section 2.6 above and Note 14b(1) to the Annual Financial Statements.

As reported by the Company, the construction of the project is conditional upon the completion of the statutory process and the regulatory process by the Electricity Authority, the completion of financial closing for the project, and also upon reaching (and financing) a technological solution for the IDF. To the best of the Company's knowledge, the said solution is required by the IDF due to security considerations arising from the construction of wind turbines in Israel (on a general basis, and not necessarily as a result of the construction of the Clean Wind Energy Project). Although the government ministries are currently conducting concrete negotiations towards finding the financing sources to serve the Ministry of Defense in reaching a technological solution, as of the Approval Date of the Report, there is no certainty regarding the date when the technological solution will be resolved.

6.2.2. Updates Regarding the Wind Energy Segment in Poland

To the best of the Company's knowledge, in the second half of 2019, a second tender tariff, for a wind farm with a total capacity of approximately 2,500MW, is expected to be published. In light of the currently positive trend of the wind energy market in Poland, the Company is evaluating the possibility of expanding its series of projects in Poland, as well as the possibility of building the wind farm which it owns with a capacity of up to 120MW, depending on its winning of the upcoming tenders, which are expected to be published in 2019.

For additional information regarding the Company's activity and the projects which it owns and is developing, see Section 7 in Part A of the Annual Report - "Description of the Company's Business",

Notes 9 and 14 to the Annual Financial Statements, and Note 7 to the Consolidated Financial Statements.

7. Update regarding transactions with controlling shareholders, bonuses and engagements with officers in the Reporting Period and until the Approval Date of the Report:

7.1. For details regarding the aforementioned transactions, see Notes 7h and 7k to the Consolidated Financial Statements.

7.2. Proximate to the date of approval of the financial statements, the Company's Board of Directors approved, with the Audit Committee's recommendation, the extension, by one year, of the Company's engagement with Alony Hetz, from time to time, and in accordance with the Company's needs, in forward transactions (including spot transactions), at a scope which will not exceed USD 60 million. For additional details, see the Company's report dated May 15, 2019, reference number 2019-01-046927, which is presented herein, in its entirety, by way of reference.

8. The Company's Board of Directors; Directors with accounting and financial expertise

As of the publication date of this report, the Company's Board of Directors includes six directors, of which two are outside directors, who therefore constitute independent directors, as this term is defined in the Companies Law. The Company has chosen not to adopt, in its articles of association, a provision regarding the number of independent directors. Among the six Board members, five have accounting and financial expertise (as compared with the minimum condition set by the Board of Directors, of at least 2 directors).

For additional details regarding the Board members, see Regulation 26 in Part D of the Annual Report - Additional Details.

9. Effectiveness of Internal Control over Financial Reporting and Disclosure in Accordance with Regulation 38c(a)

For details regarding the quarterly report regarding the Effectiveness of internal control over financial reporting and disclosure pursuant to Regulation 38c(a), see Appendix D below.

10. Disclosure requirements concerning financial reporting of the Corporation

Changes in accounting policies, changes in estimates or correction of errors during the Reporting Period:

The preparation of financial statements requires management of the Company to use estimates or assessments regarding transactions or matters that their final effect on the financial statements cannot be accurately determined at the time of their preparation.

For the critical estimates which apply to the Company, and for additional details, see Note 2(f) to the Annual Financial Statements and Note 2b to the Consolidated Financial Statements.

11. Additional information and events subsequent to the Reporting Date

For details regarding events subsequent to the Reporting Date, see Sections 2.2, 2.3, 2.4, 2.5, 3.2, 3.1.4.2, 6.1.1, 6.1.3 and 6.2 above, as well as Notes 7a(1), 7b(2), 7c, 7d, 7g(2), 7h, 7i and 7k(3) to the Consolidated Financial Statements.

The Company's Board of Directors would like to thank the holders of the Company's securities for their confidence in the Company.

May 15, 2019

**Signing Date of the
Interim Financial
Statements**

**Nathan Hetz
Chairman of Board of
Directors**

**Asa Levinger
CEO**

Appendices to the Board of Directors' Report concerning the state of the Company's affairs:

- Appendix A** – Linkage Bases Report for Monetary Balances.
- Appendix B** – Sensitivity Tables for Sensitive Instruments as of March 31, 2019, According to Changes in Market Factors.
- Appendix C** – The Corporation's Liabilities by Payment Dates.
- Appendix D** – Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38c(a).

Appendix A – Linkage Bases Report for Monetary Balances**As of March 31, 2019**

	EUR	PLN	USD (*)	Unlinked NIS	CPI- linked NIS	Non- financial assets (liabilities)	Total
	NIS in thousands						
Current assets							
Cash and cash equivalents	611	40,145	6,138	121,088	-	-	167,982
Trade receivables	-	12,825	-	12,712	-	-	25,537
Green certificates	-	-	-	-	-	25,845	25,845
Receivables and debit balances	-	-	-	8,501	-	20,618	29,119
Hedging financial instruments	-	1,607	-	-	-	-	1,607
	611	54,577	6,138	142,301	-	46,463	250,090
Non-current assets							
Long-term pledged deposit and restricted cash	-	16,803	-	31,222	-	-	48,025
Right-of-use asset	-	-	-	-	-	128,760	128,760
Connected electricity production systems	-	-	-	-	-	1,252,690	1,252,690
Systems under construction and inventory	-	-	-	-	-	194,384	194,384
Fixed assets	-	-	-	-	-	4,357	4,357
Investment in equity-accounted investees	-	-	-	-	-	11,000	11,000
Other receivables	-	-	-	-	4,743	1,105	5,848
Hedging financial instruments	-	2,795	-	-	-	-	2,795
Deferred taxes, net	-	-	-	-	-	1,626	1,626
	-	19,598	-	31,222	4,743	1,593,922	1,649,485
Total assets	611	74,175	6,138	173,523	4,743	1,640,385	1,899,575
Current maturities of long-term loans	-	18,619	-	-	36,921	(1,083)	54,457
Current maturities of lease liabilities	-	1,098	-	2,346	-	-	3,444
Trade payables, other payables and credit balances	7,161	8,340	4,288	16,450	4,231	15,426	55,896
Hedging financial instruments	-	2,162	-	-	-	-	2,162
	7,161	30,219	4,288	18,796	41,152	14,343	115,959
Non-current liabilities							
Liabilities for employee severance benefits	-	-	-	-	-	361	361
Loans from financial institutions	-	269,339	-	-	545,297	(10,201)	804,435
Lease liability	-	57,054	-	45,963	-	-	103,017
Other long-term liabilities	-	-	-	5,085	-	7,369	12,454
Hedging financial instruments	-	5,062	-	-	-	-	5,062
Deferred taxes	-	-	-	-	-	16,442	16,442
	-	331,455	-	51,048	545,297	13,971	941,771
Total liabilities	7,161	361,674	4,288	69,844	586,449	28,314	1,057,730
Total surplus of assets over liabilities	(6,550)	(287,499)	1,850	103,679	(581,706)	1,612,071	841,845
Financial derivatives	-	(302,944)	-	302,944	-	-	-
Surplus of financial assets over financial liabilities (financial liabilities over financial assets)	(6,550)	(590,443)	1,850	406,623	(581,706)	1,612,071	841,845
Distribution of non-monetary assets (liabilities), net - by linkage bases	(2)	770,684	45,807	795,582	-	(1,612,071)	-
Surplus of assets over liabilities (liabilities over assets)	(6,552)	180,241	47,657	1,202,205	(581,706)	-	841,845

(*) Includes cash balances in other currencies, in negligible amounts.

As of December 31, 2018

	EUR	PLN	USD (*)	Unlinked NIS	CPI- linked NIS	Non- financial assets (liabilities)	Total
	NIS in thousands						
<u>Current assets</u>							
Cash and cash equivalents	813	25,089	280	65,801	-	-	91,983
Pledged deposit	-	-	-	13,397	-	-	13,397
Trade receivables	-	13,300	-	5,609	-	-	18,909
Green certificates	-	-	-	-	-	11,413	11,413
Receivables and debit balances	-	-	-	7,817	-	23,218	31,035
Hedging financial instruments	-	844	-	-	-	-	844
	813	39,233	280	92,624	-	34,631	167,581
<u>Non-current assets</u>							
Long-term restricted cash	-	17,667	-	30,738	-	-	48,405
Prepaid land lease expenses	-	-	-	-	-	23,871	23,871
Connected electricity production systems	-	-	-	-	-	1,301,950	1,301,950
Systems under construction	-	-	-	-	-	151,388	151,388
Fixed assets	-	-	-	-	-	4,098	4,098
Investment in equity-accounted investees	-	-	-	-	-	11,685	11,685
Other receivables	-	-	-	-	4,627	622	5,249
Hedging financial instruments	-	27	-	-	-	-	27
Deferred taxes, net	-	-	-	-	-	9,385	9,385
	-	17,694	-	30,738	4,627	1,502,999	1,556,058
Total assets	813	56,927	280	123,362	4,627	1,537,630	1,723,639
<u>Current liabilities</u>							
Current maturities of long-term loans	-	19,417	-	-	36,517	(1,139)	54,795
Trade payables, other payables and credit balances	6,303	7,632	409	20,963	333	16,969	52,609
Hedging financial instruments	-	6,496	-	-	-	-	6,496
	6,303	33,545	409	20,963	36,850	15,830	113,900
<u>Non-current liabilities</u>							
Liabilities for employee severance benefits	-	-	-	-	-	361	361
Loans from financial institutions	-	289,277	-	-	553,899	(10,863)	832,313
Other long-term liabilities	-	-	3,748	7,239	-	7,721	18,708
Hedging financial instruments	-	10,791	-	-	-	-	10,791
Deferred taxes	-	-	-	-	-	15,457	15,457
	-	300,068	3,748	7,239	553,899	12,676	877,630
Total liabilities	6,303	333,613	4,157	28,202	590,749	28,506	991,530
Total surplus of assets over liabilities	(5,490)	(276,686)	(3,877)	95,160	(586,122)	1,509,124	732,109
Financial derivatives	-	(319,744)	-	319,744	-	-	-
Surplus of financial assets over financial liabilities (financial liabilities over financial assets)	(5,490)	(596,430)	(3,877)	414,904	(586,122)	1,509,124	732,109
Distribution of non-monetary assets (liabilities), net - by linkage bases	(2)	745,268	42,524	721,334	-	(1,509,124)	-
Surplus of assets over liabilities (liabilities over assets)	(5,492)	148,838	38,647	1,136,238	(586,122)	-	732,109

(*) Primarily comprised of balances in USD.

Appendix B –Sensitivity Tables for Sensitive Instruments as of March 31, 2019, According to Changes in Market Factors

Presented below is an analysis of the group's sensitivity to foreign currency: The the following table details the effect of a 5% change in the exchange rate on profit or loss in respect of financial assets and liabilities that are exposed to risk as aforesaid (before the tax effect):

	As of March 31, 2019		
	Increase of 5%	Carrying value	Decrease of 5%
	Profit (loss)		Profit (loss)
	NIS in thousands		
In EUR:			
Cash and cash equivalents	31	611	(31)
Trade payables, other payables and credit balances	(358)	(7,161)	358
In PLN:			
Cash and cash equivalents	2,007	40,145	(2,007)
Trade receivables, other receivables and debit balances	641	12,825	(641)
Long-term pledged deposit and restricted cash	840	16,803	(840)
Hedging financial instruments	(141)	(2,822)	141
Short and long-term loans from financial institutions	(14,398)	(287,958)	14,398
Lease liability	(2,908)	(58,152)	2,908
Trade payables, other payables and credit balances	(417)	(8,340)	417
In USD:			
Cash and cash equivalents	307	6,138	(307)
Trade payables, other payables and credit balances	(214)	(4,288)	214

Presented below is an analysis of the Group's sensitivity to the Consumer Price Index (CPI):

	As of March 31, 2019		
	Increase of 2%	Carrying value	Decrease of 2%
	Profit and loss		Profit and loss
	NIS in thousands		
Loans from financial institutions	(11,644)	(582,218)	2,654

(*) The impact of the decrease of the CPI on some of the aforementioned loans was limited to the amount of the base index.

Presented below is an analysis of the Group's sensitivity to changes in the interest rate:

The Company is exposed to changes in short and long-term interest rates on the international markets on which it operates. The Company's loans at variable interest are in Zloty, and as of March 31, 2019, amount to approximately NIS 72,011 thousand (*).

The following table presents sensitivity tests to the value of the fixed rate loans according to changes in the interest rate (in NIS thousands):

Sensitive instruments	As of March 31, 2019					
	Increase of 10%	Increase of 5%	Fair value	Decrease of 5%	Decrease of 10%	
	Loss from the changes (Before tax effect)			Profit from the changes (Before tax effect)		
	NIS in thousands					
Fixed rate instruments						
CPI-linked loans in NIS	12,209	6,154	583,677	(6,254)	(12,609)	
Loans in PLN (*)	5,428	2,739	216,033	(2,789)	(5,631)	
Total	17,637	8,893	799,710	(9,043)	(18,240)	

(*) The Company's loan in PLN is variable rate. According to the financing agreement the Company is obligated to fix 75% of the loan to a fixed rate by means of hedging instruments, and accordingly the hedged part of the loan is presented as a fixed rate instrument.

Appendix C – The Corporation's Liabilities by Payment Dates

Presented below are the Group's liabilities that are payable after March 31, 2019:

	Loans from financial institutions	Percentage
Current maturities	55,715	6%
Second year	57,391	7%
Third year	59,242	7%
Fourth year	61,134	7%
Fifth year and thereafter	636,695	73%
Total payments	870,177	100%
Balance of loan discount	(11,285)	
Total financial debt	858,892	

The total sum of off-balance sheet liabilities as of March 31, 2019, in respect of guarantees amounted to approximately NIS 53.3 million.

Appendix D - Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38C(a) for the first quarter of 2019

Management, under the supervision of the Board of Directors of Energix Renewable Energies Ltd. (hereinafter: the "Corporation"), is responsible for designing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

In this respect, the members of management are:

1. Asa Levinger, CEO;
2. Elad Cohen, CFO;

Internal control over financial reporting and disclosure includes controls and procedures in place in the Corporation, which were planned by the CEO and the most senior finance officer or under their supervision, or by whoever actually performs such duties, under the supervision of the Corporation's Board of Directors, with the aim of providing reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with law, and to assure that information the Corporation is required to disclose in the financial statements it issues according to law has been collected, processed, summarized and reported at the time and in the manner required by law.

Internal control includes, inter alia, controls and procedures that were designed in order to assure that information the Corporation is required to disclose is accumulated and transferred to management of the Corporation, including the CEO and the most senior finance officer or to whoever performs such duties, so that timely decisions may be made concerning the disclosure requirement.

Because of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that a misstatement or omission of information will be prevented or detected.

In the annual report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the quarterly report for the period ended December 31, 2018 (hereinafter: the "Last Annual Report Regarding Internal Control"), the Board of Directors and management evaluated the internal control in the corporation; Based on this evaluation, the Board of Directors and management of the Corporation reached the conclusion that the aforesaid internal control over financial reporting and disclosure, as of March 31, 2019, is effective.

Until the date of this report, the Board of Directors and management have not become aware of any event or matter that could change the assessment of the effectiveness of internal control, as found in the Last Quarterly Report Regarding Internal Control.

As of the Reporting Date, based on that stated in the last Quarterly Report Regarding Internal Control, and based on information which was brought to the attention of management and the Board of Directors, as aforesaid, internal control is effective.

Officers' Declarations:**(A) Declaration of CEO according to Regulation 38C(d)(1)**

I, Asa Levinger, declare that:

1. I have reviewed the quarterly report of Energix Renewable Energies Ltd. (hereinafter: the "Corporation") for the first quarter of 2019 (hereinafter: the "Reports");
2. Based on my knowledge, the reports do not contain any untrue statement of a material fact or omit to state a material fact which is necessary in order to make the statements which were made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the reports;
3. Based on my knowledge, the financial statements and other financial information included in the reports, fairly present in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods presented in the reports.
4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Corporation's Auditors, Board of Directors, and Audit and Financial Statements Review Committees:
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of financial the reporting and the preparation of the financial statements in accordance with law; and -
 - B. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, declare that:
 - A. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated corporations within their meaning in the Securities Regulations (Annual Financial Statements) - 2010, is made known to me by others in the Corporation and within those consolidated corporations, particularly during the period in which the reports are being prepared; and -
 - B. I have designed such controls and procedures, or caused such controls and procedures to be designed and applied under my supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - C. I have not become aware of the occurrence of any event or matter during the period between the date of the last report (quarterly or periodic, as applicable) and the date of this report, that could change the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the entity.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other person under the law.

May 15, 2019

Asa Levinger, CEO

Officers' Declarations:**(B) Declaration of the most senior finance officer according to Regulation 38c(d)(2)**

I, Elad Cohen, declare that:

1. I have reviewed the interim financial statements and the other financial information which is included in the interim reports of Energix Renewable Energies Ltd. (hereinafter: the "Corporation") for the first quarter of 2019 (hereinafter: the "Reports" or the "Interim Reports");
2. Based on my knowledge, the interim financial statements and the other financial information which is included in the interim reports do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the reports;
3. Based on my knowledge, the interim financial statements and other financial information included in the interim reports fairly represent, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods presented in the reports;
4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Corporation's Auditors, Board of Directors, and Audit and Financial Statements Review Committees:
 - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure to the extent it relates to the interim financial statements and other financial information included in the interim reports, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of the financial reporting and the preparation of the Financial Statements in accordance with law; and –
 - B. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, declare that:
 - A. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated corporations within their meaning in the Securities Regulations (Annual Financial Statements) - 2010, is made known to me by others in the Corporation and within those consolidated corporations, particularly during the period in which the reports are being prepared; and -
 - B. I have designed such controls and procedures, or caused such controls and procedures to be designed and applied under my supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - C. I have not become aware of the occurrence of any event or matter during the period between the date of the last periodic report (quarterly or periodic, as applicable) and the date of this report, which pertains to the interim financial statements or to any other financial information which is included in the interim reports, that could change, in my assessment, the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the entity.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other person under the law.

May 15, 2019

Elad Cohen, CFO

Energix - Renewable Energies Ltd.

Condensed Consolidated Interim Financial Statements

As of March 31, 2019

(Unaudited)

Auditor's Review Report to the Shareholders of Energix - Renewable Energies Ltd.

Introduction

We have reviewed the attached financial information of **Energix - Renewable Energies Ltd.** and its subsidiaries (hereinafter: the "**Group**"), which includes the condensed consolidated statement of financial position as of March 31, 2019, and the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows, for the three month period then ended. The board of directors and management are responsible for the preparation and presentation of the financial information for this interim period in accordance with IAS 34, "Interim Financial Reporting", and are also responsible for compiling the financial information for this interim period in accordance with Chapter IV of the Securities Regulations (Periodic and Immediate Reports) - 1970. Our responsibility is to express a conclusion with regard to the financial information for this interim period, based on our review.

Scope of the Review

We have conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor." A review of interim financial information consists of inquiries, mainly with the people responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to become certain that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we have not become aware of any matter which would have caused us to believe that the aforementioned financial information has not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34.

In addition to that stated in the previous paragraph, based on our review, we have not become aware of any matter which would have caused us to believe that the aforementioned financial information does not comply, in all material respects, with the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Brightman Almagor Zohar & Co.

Certified Public Accountants

Member of Deloitte Touche Tohmatsu Limited

Tel Aviv, May 15, 2019

תל אביב - משרד ראשי

מרכז עזריאלי 1 תל אביב, 6701101 ת.ד. 16593

תל אביב, 6116402 | טלפון: 03-6085555 | פקס: 03-6094022 | info@deloitte.co.il

Seker - Deloitte גיבורי ישראל 7 ת.ד. 8458 נתניה דרום, 4250407	Deloitte Analytics הטיבים 7 ת.ד. 7796 פתח תקווה, 4959368	Deloitte מרכז עזריאלי 3 תל אביב, 6701101	משרד אילת המרכז העירוני ת.ד. 583 אילת, 8810402	משרד באר שבע אלומות 12 פארק התעשייה עומר ת.ד. 1369 עומר, 8496500	משרד חיפה מעלה השחרור 5 ת.ד. 5648 חיפה, 3105502	משרד ירושלים קרית המדע 3 מגדל הר חוצבים ירושלים, 9777603 ת.ד. 45396 ירושלים, 9145101
טלפון: 09-8922444 פקס: 09-8922440 info@deloitte.co.il	טלפון: 077-8322221 פקס: 03-9190372 info@deloitte.co.il	טלפון: 03-6070500 פקס: 03-6070501 info@deloitte.co.il	טלפון: 08-6375676 פקס: 08-6371628 info-يلات@deloitte.co.il	טלפון: 08-6909500 פקס: 08-6909600 info-beersheva@deloitte.co.il	טלפון: 04-8607333 פקס: 04-8672528 info-haifa@deloitte.co.il	טלפון: 02-5018888 פקס: 02-5374173 info-jer@deloitte.co.il

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Energix - Renewable Energies Ltd.

Condensed Consolidated Interim Statements of Financial Position

		As of	
		As of March 31	December 31
		2019	2018
Note		NIS in thousands	
		(Unaudited)	(Audited)
Assets			
<u>Current assets</u>			
Cash and cash equivalents		167,982	91,983
Pledged deposit		-	13,397
Trade receivables and income receivable from customers		25,537	18,909
Green certificates		25,845	11,413
Receivables and debit balances		30,726	31,879
Total current assets		250,090	167,581
Long-term pledged deposit and restricted cash	7(g)1	48,025	48,405
Prepaid land lease expenses		-	23,871
Right-of-use asset	3	128,760	-
Connected electricity production systems		1,252,690	1,301,950
Systems under construction and initiation	7	194,384	151,388
Fixed assets		4,357	4,098
Investment in equity-accounted investees		11,000	11,685
Other receivables		8,643	5,276
Deferred tax assets, net		1,626	9,385
Total non-current assets		1,649,485	1,556,058
Total assets		1,899,575	1,723,639
Liabilities and equity			
<u>Current liabilities</u>			
Short-term credit from financial institutions		-	-
Current maturities of long-term loans		54,457	54,795
Trade payables		29,664	32,552
Current maturities of lease liabilities	3	3,444	-
Payables and credit balances		28,394	26,553
Total current liabilities		115,959	113,900
<u>Non-current liabilities</u>			
Liability for employee severance benefits, net		361	361
Loans from financial institutions		804,435	832,313
Lease liability	3	103,017	-
Other long-term liabilities		17,516	29,499
Deferred tax liability, net		16,442	15,457
Total non-current liabilities		941,771	877,630
<u>Equity</u>			
Share capital		4,032	3,798
Premium and capital reserves		768,371	677,783
Retained earnings		60,892	42,186
Total equity attributable to the owners of the Company		833,295	723,767
Non-controlling interests		8,550	8,342
Total equity		841,845	732,109
Total liabilities and equity		1,899,575	1,723,639

May 15, 2019

**Signing Date of the
Interim Financial
Statements**

**Nathan Hetz
Chairman of Board of
Directors**

**Asa Levinger
CEO**

**Elad Cohen
CFO**

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Income

		For the three month period ended March 31		For the year ended December 31
		2019	2018	2018
Note	NIS in thousands			
		(Unaudited)		(Audited)
Revenues from the sale of electricity		48,001	28,074	123,229
Revenues from the production of green certificates		18,095	6,572	39,451
Other revenues, net (*)		35	3,591	7,954
		<u>66,131</u>	<u>38,237</u>	<u>170,634</u>
<u>Expenses</u>				
Rental expenses	3	-	1,769	6,905
Maintenance of systems and others (*)		8,972	5,274	31,245
Initiation expenses		64	299	1,205
Payroll and related expenses		2,400	1,889	8,999
Administrative, headquarters and other		2,359	2,611	10,964
		<u>13,795</u>	<u>11,842</u>	<u>59,318</u>
Profit before financing, taxes, depreciation and amortization		52,336	26,395	111,316
Depreciation and amortization	3	(14,614)	(10,862)	(43,587)
Profit before financing and taxes		<u>37,722</u>	<u>15,533</u>	<u>67,729</u>
Financing income		1,448	656	2,272
Financing expenses	3	(9,511)	(8,245)	(35,091)
Profit from the acquisition of loans		-	-	6,907
Financing expenses, net		<u>(8,063)</u>	<u>(7,589)</u>	<u>(25,912)</u>
Profit after financing, net		29,659	7,944	41,817
Company's share in the results of equity-accounted investees		157	188	1,263
Profit before taxes on income		29,816	8,132	43,080
Taxes on income		(6,442)	(2,539)	(12,188)
Profit for the period		<u>23,374</u>	<u>5,593</u>	<u>30,892</u>
Total profit (loss) for the period attributable to:				
Profit for the period attributable to the owners of the Company		23,166	5,833	31,373
Profit/(loss) for the period attributable to non-controlling interests		208	(240)	(481)
Total profit for the period		<u>23,374</u>	<u>5,593</u>	<u>30,892</u>
Net earnings per share attributable to the equity holders of the Company (NIS):				
Basic		<u>0.058</u>	<u>0.016</u>	<u>0.083</u>
Diluted		<u>0.057</u>	<u>0.015</u>	<u>0.083</u>
Weighted average share capital used to compute the earnings per share (thousands of shares):				
Basic		<u>399,613</u>	<u>374,706</u>	<u>377,281</u>
Diluted		<u>404,796</u>	<u>376,557</u>	<u>379,981</u>

(*) Other revenues, net, primarily included profit from the sale of inventory of green certificates, and reversal of impairment of inventory of green certificates. Expenses for the maintenance of systems and others include impairment of green certificates.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Statements of Comprehensive Income (Loss)

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
Income for the period	23,374	5,593	30,892
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss			
Foreign currency translation differences for foreign operation	(26,900)	14,598	4,419
Income (loss) from foreign currency differences with respect to derivatives which were designated for the hedging of investments in subsidiaries which constitute foreign operations, net of tax	10,736	(9,453)	(6,564)
Change in the fair value of cash flow hedging instruments, net of tax	(373)	(1,064)	(1,892)
Total comprehensive income for the period	6,837	9,674	26,855
Total comprehensive income (loss) attributable to:			
Owners of the Company	6,629	9,969	27,737
Non-controlling interests	208	(295)	(882)
Total comprehensive income for the period	6,837	9,674	26,855

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2019 (unaudited)

	Share capital	Premium	Hedge reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholders	Retained earnings (accumulated loss)	Total equity attributable to the shareholders of the Company	Non-controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2019	3,798	715,695	(1,641)	(33,721)	(3,062)	512	42,186	723,767	8,342	732,109
Initial adoption of IFRS 16 (*)	-	-	-	-	-	-	(4,536)	(4,536)	-	(4,536)
Income for the period	-	-	-	-	-	-	23,166	23,166	208	23,374
Other comprehensive loss for the period	-	-	(373)	(16,164)	-	-	-	(16,537)	-	(16,537)
Issuance of shares (**)	220	102,532	-	-	-	-	-	102,752	-	102,752
Exercise of share options	14	4,593	-	-	-	-	(490)	4,117	-	4,117
Share-based payment	-	-	-	-	-	-	566	566	-	566
Balance as of March 31, 2019	<u>4,032</u>	<u>822,820</u>	<u>(2,014)</u>	<u>(49,885)</u>	<u>(3,062)</u>	<u>512</u>	<u>60,892</u>	<u>833,295</u>	<u>8,550</u>	<u>841,845</u>

(*) For additional information, see Note 3.

(**) For additional information, see Note 7k.

For the three months ended March 31, 2018 (unaudited)

	Share capital	Premium	Hedge reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholders	Retained earnings (accumulated loss)	Total equity attributable to the shareholders of the Company	Non-controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2018	3,743	701,636	251	(31,977)	(1,000)	512	9,364	682,529	2,065	684,594
Income (loss) for the period	-	-	-	-	-	-	5,833	5,833	(240)	5,593
Other comprehensive income (loss) for the period	-	-	(1,064)	5,200	-	-	-	4,136	(55)	4,081
Exercise of share options	25	6,001	-	-	-	-	(1,007)	5,019	-	5,019
Share-based payment	-	-	-	-	-	-	487	487	-	487
Change in non-controlling interests	-	-	-	-	-	-	-	-	1,714	1,714
Balance as of March 31, 2018	<u>3,768</u>	<u>707,637</u>	<u>(813)</u>	<u>(26,777)</u>	<u>(1,000)</u>	<u>512</u>	<u>14,677</u>	<u>698,004</u>	<u>3,484</u>	<u>701,488</u>

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

For the year ended December 31, 2018 (audited)

	Share capital	Premium	Hedge reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholders	Retained earnings (accumulated loss)	Total equity attributable to the shareholders of the Company	Non-controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2018	3,743	701,636	251	(31,977)	(1,000)	512	9,364	682,529	2,065	684,594
Income (loss) for the period	-	-	-	-	-	-	31,373	31,373	(481)	30,892
Other comprehensive income (loss) for the period	-	-	(1,892)	(1,744)	-	-	-	(3,636)	(401)	(4,037)
Exercise of share options	55	14,059	-	-	-	-	(1,923)	12,191	-	12,191
Share-based payment	-	-	-	-	-	-	3,372	3,372	-	3,372
Change in non-controlling interests	-	-	-	-	(2,062)	-	-	(2,062)	7,159	5,097
Balance as of December 31, 2018	<u>3,798</u>	<u>715,695</u>	<u>(1,641)</u>	<u>(33,721)</u>	<u>(3,062)</u>	<u>512</u>	<u>42,186</u>	<u>723,767</u>	<u>8,342</u>	<u>732,109</u>

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Cash Flows

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
Cash flows - operating activities			
Income for the period	23,374	5,593	30,892
Expenses not involving cash flows (Appendix A)	20,713	14,498	61,290
	44,087	20,091	92,182
Changes in working capital (Appendix B)	(20,048)	(2,177)	(19,729)
Net cash from operating activities	24,039	17,914	72,453
Cash flows - investing activities			
Investment in electricity production systems	(53,318)	(123,792)	(319,508)
Increase in pledged deposit and restricted cash	(20)	(20)	(26,011)
Decrease in pledged deposit and restricted cash	13,403	28,806	101,388
Settlement of financial instruments	-	(1,125)	(9,062)
Repayment of loans to equity-accounted investees	400	400	3,700
Investment in other fixed assets	(55)	(187)	(1,954)
Net cash used in investing activities	(39,590)	(95,918)	(251,447)
Cash flows - financing activities			
Consideration from issuance of shares	102,752	-	-
Consideration from exercise of share options	4,117	5,460	12,632
Repayment of principal with respect to lease liability	(4,187)	-	-
Investment of capital by non-controlling interests in consolidated companies	-	-	3,383
Costs of credit raising	-	(386)	(626)
Payment with respect to the acquisition of loans	-	-	(3,510)
Short-term loans received from banking institutions	-	3,300	3,300
Repayment of short-term loans from banking institutions	-	-	(3,300)
Long-term loan received from financial institutions	-	96,000	206,502
Repayment of long-term loans from financial institutions	(9,773)	(7,575)	(44,686)
Net cash from financing activities	92,909	96,799	173,695
Change in cash and cash equivalents	77,358	18,795	(5,299)
Balance of cash and cash equivalents at beginning of period	91,983	96,444	96,444
Effect of exchange rate fluctuations on cash and cash equivalents	(1,359)	1,394	838
Balance of cash and cash equivalents at end of period	167,982	116,633	91,983

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Consolidated Interim Statements of Cash Flows

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
<u>Appendix - Adjustments Required to Present Cash Flows from Operating Activities</u>			
a. Expenses (income) not involving cash flows:			
Financing expenses, net	848	524	378
Maintenance expenses not associated with cash flows	-	-	7,867
Prepaid rent	-	390	1,560
Revaluation of loans, deposits and marketable securities, net	(1,600)	(288)	2,150
Depreciation and amortization	14,614	10,862	43,587
Company's share in the results of equity- accounted investees	(157)	(188)	(1,263)
Tax expenses recognized in profit for the period	6,442	2,711	10,602
Share-based payment	566	487	3,372
Profit from the acquisition of loans	-	-	(6,907)
Other	-	-	(56)
	<u>20,713</u>	<u>14,498</u>	<u>61,290</u>
b. Changes in asset and liability items (changes in working capital):			
Increase in trade receivables and other receivables and debit balances	(8,467)	(5,328)	(15,855)
Decrease (increase) in inventory of green certificates	(15,255)	4,089	(3,154)
Increase (decrease) in trade payables and other payables and credit balances	<u>3,674</u>	<u>(938)</u>	<u>(720)</u>
	<u>(20,048)</u>	<u>(2,177)</u>	<u>(19,729)</u>
<u>Non-cash activity</u>			
Investment in electricity production facilities against financial liabilities	-	-	2,792
Investment in electricity production facilities against supplier credit and payables	<u>647</u>	<u>4,702</u>	<u>1,296</u>
Acquisition of other fixed assets against supplier credit	<u>460</u>	<u>-</u>	<u>-</u>
<u>Additional information</u>			
Interest paid in respect of operating activities	<u>8,804</u>	<u>7,507</u>	<u>30,312</u>
Interest received in respect of operating activities	<u>27</u>	<u>-</u>	<u>122</u>
Interest payments with respect to lease	<u>1,411</u>	<u>-</u>	<u>-</u>
Taxes paid	<u>-</u>	<u>-</u>	<u>5,608</u>

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 1 - General

A. General description of the Company and its operations

Energix - Renewable Energies Ltd. (hereinafter: the “**Company**”) is a public company whose securities are listed for trading on the Tel Aviv Stock Exchange since May 2011. Since its formation, the Company has been engaged in the initiation, development, construction, financing, management and operation of systems for the production of electricity from renewable energy sources, with the aim of holding such systems as the owner over the long term. The Company’s controlling shareholder is Alony Hetz Properties and Investments Ltd. (hereinafter: “**Alony Hetz**”).

The Company’s activities are divided into two segments:

- (i) **Activities to produce electricity using photovoltaic technology (the “Photovoltaic Segment”)** - As of the Reporting Date, the Company has activities in the Photovoltaic Segment which are wholly owned or jointly owned through joint ventures in Israel and in the United States.
- (ii) **Activities to produce electricity from wind energy (the “Wind Energy Segment”)** - As of the Reporting Date, the Company has activities in the Wind Energy Segment in Israel and in Poland.

As part of the Company’s overall activities in Israel, the United States and Poland, the total capacity of its systems amounts to a total of 258MW in projects in commercial operation, approximately 150MWp in projects under construction and pre-construction, Approximately 374MW of projects in advanced stages of initiation, and approximately 1,000MW of projects in initiation stages.

- B. Definitions:** Except where otherwise stated, the definitions in these Financial Statements are the same as those in the Annual Consolidated Financial Statements.

Note 2 - Basis of Preparation

- A.** These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. They should be read in conjunction with the Financial Statements as of and for the year ended December 31, 2018 (hereinafter “**the Annual Financial Statements**”). These reports were also prepared in accordance with the disclosure provisions in chapter D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on May 15, 2019.

- B.** The preparation of the condensed consolidated interim financial statements in conformity with IFRSs requires management of the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It is hereby clarified that actual results may differ from these estimates.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 2 - Basis of Preparation (Cont'd)

C. Exchange rates and linkage base

Balances in foreign currency, or linked thereto, are included in the Financial Statements according to the representative exchange rates which were published by the Bank of Israel and by the Central Bank of Poland as of the Reporting Date.

Balances linked to the consumer price index are presented according to the last known index at the end of the Reporting Period (the index for the month preceding the month of the Reporting Date), or in accordance with the index in lieu for the last month of the Reporting Period (the index for the month of the Reporting Date), in accordance with the terms of the transaction.

Presented below are details regarding the consumer price index and the exchange rates of the following currencies vs. the NIS, and regarding the increase (decrease) of the consumer price index and changes in the exchange rates of the following currencies vs. the NIS:

	As of March 31 / for the month of March		As of December 31 / for the month of December	Change during the three month period ended March 31		Change during the year ended December 31
	2019	2018	2018	2019	2018	2018
				%	%	%
Consumer Price Index						
(According to base 2000)						
In Israel (index in lieu)	133.43	131.58	132.76	0.50	(0.10)	0.80
In Israel (known index)	132.77	131.19	133.16	(0.29)	(0.30)	1.20
Exchange rate vs. the NIS						
PLN	0.95	1.03	1.00	(5.25)	3.01	0.39
EUR	4.07	4.33	4.29	(5.12)	4.24	3.35
USD	3.63	3.51	3.75	(3.09)	1.36	8.10

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 3 - Significant Accounting Policies Applied in the Condensed Interim Financial Statements

The judgments made by management in applying the Group's accounting policies and the principal assumptions used in the estimation of uncertainty, as well as the presentation principles and the calculation methods, were the same as those that applied to the Annual Financial Statements, except as described below.

New standards and interpretations which have been adopted

Accounting policy with respect to leases as from January 1, 2019:

1. IFRS 16 - Leases

Further to that stated in Note 3t(1) to the Annual Financial Statements, as from January 1, 2019, the Company has been adopting the standard according to the partial retrospective adoption approach. In accordance with the standard, the Company recognizes right-of-use assets and lease liabilities with respect to lease agreement in which it is the lessee. The cumulative effect of the adoption of the standard on leases which began before the adoption date is recognized as a correction of retained earnings as of the adoption date.

Assets with respect to right-of-use asset

The Group assesses whether a contract is a lease (or includes a lease) on the date when it enters into the contract. The Group recognizes a right-of-use asset on the one hand, and a lease liability on the other hand, with respect to all lease contracts in which it is the lessee.

The lease period is the non-cancelable period regarding which the lessee has the right to use the leased property together with the periods which are covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option. Additionally, in its determination of the lease period, the Group took into account options for extension which, as of January 1, 2019, it is reasonably certain to exercise. The probability that the options for extension will be exercised was evaluated in consideration of, inter alia, significant improvements which the Group has made to the leased property, which are expected to have a significant economic benefit for the Group during the extension period and an assessment of the lease period such that it overlaps with the operating period of the electricity production facilities. Costs attributable to the termination of the lease, the importance of the asset to the Group's activities, the regulatory framework with respect to the property which forms the subject of the lease, the location of the leased property and the availability of suitable alternatives.

The right-of-use asset is measured at cost and amortized in a straight line over the shorter period of either the lease period or the useful lifetime. The amortization of the asset is recorded under amortization, and begins from the commencement date of the lease. If the lease involves a transfer, to the Group, of the ownership of the underlying asset, or if the cost of the right-of-use asset reflects the exercise of a call option by the Group, the right-of-use asset is amortized in a straight line throughout the underlying asset's useful lifetime. The useful lifetimes of properties which are leased by the Group is 20-23 years and 29 years, in Israel and in Poland, respectively.

Right-of use assets are presented under a separate item in the statement of financial position. Assets with respect to prepaid land lease expenses which were recorded in previous periods, under the item with the abovereferenced name, are added to right-of-use assets beginning from the application date of the standard.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Lease liability

The lease liability is presented under the item for long term lease liabilities. Liabilities due for repayment in the coming 12 months are recorded under the item for current maturities of short term lease liabilities in the statement of financial position.

Lease payments which are included in the measurement of the lease liability are comprised of the following payments:

- Fixed payments.
- Index-linked variable lease payments which are initially measured according to the index which is available on the valuation date.

The lease liability is initially measured according to the present value of the lease payments which are not paid on the application date, discounted by the lessee's incremental borrowing rate of interest.

The lease liability is subsequently measured by increasing the carrying value in order to reflect the interest on the lease liability according to the effective interest method, and by decreasing the carrying value in order to reflect the lease payments which have been made.

On the date of initial adoption, the Company chose the partial retrospective adoption approach, according to which the Company determined the lessee's incremental borrowing rate of interest for the measurement of the lease liability and the right-of-use asset on the date of the standard's initial adoption, in consideration of the lease period and the leased property's characteristics. The right-of-use asset is measured on the date of the standard's initial adoption as if the standard had been adopted since the commencement date of the lease, discounted by the lessee's incremental borrowing rate of interest on the date of initial adoption. The range of capitalization rates which were used to measure lease liabilities ranged between 3.78% and 6.3% in Israel, and 5.65% in Poland. This range is affected by differences in the length of the lease period and the lease type.

Variable lease payments which are not linked to any index or currency (for example, lease payments which are determined as a certain percentage of the electricity output of the facilities which are installed on the leased properties) are not included in the measurement of the lease liability and right-of-use asset. These lease payments are recognized as an operating expense during the period when the event took place, or when the condition for activating such payments was fulfilled, and are included under the item for "other expenses" in the statement of income.

The Group remeasures the lease liability (against an adjustment for the right-of-use asset) when a change has occurred in the future lease payments which are due to changes in the index which is used to determine such payments.

The partial retrospective adoption approach under IFRS 16 resulted in a decrease of retained earnings in the amount of approximately NIS 4,536 thousand.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Impact of the adoption of the standard on the Group's statement of financial position as of March 31, 2019:

Leased asset	Right-of-use asset	Lease liability	Deferred taxes	Total change in equity, net
Real estate, rooftops and others - Israel	46,740	(48,334)	367	(1,227)
Real estate - Israel (reclassification from long term prepaid expenses to right-of-use assets)	24,553	-	-	-
Real estate - Poland	57,467	(61,603)	786	(3,350)
Total	128,760	(109,937)	1,152	(4,578)

Impact of the adoption of the standard on profit or loss for the three month period ended March 31, 2019:

Leased asset	Decrease in rental expenses	Decrease in other expenses	Increase in depreciation expenses	Total decrease in profit before financing and taxes	Increase in financing expenses	Decrease in tax expenses	Total decrease in profit for the period
Real estate, rooftops and others - Israel	1,118	311	(1,186)	243	(555)	72	(240)
Real estate - Poland	1,021	-	(566)	455	(856)	76	(325)
Total	2,139	311	(1,752)	698	(1,411)	148	(565)

Impact of the application of the standard on cash flows in the three month period ended March 31, 2019:

Leased asset	Increase in cash flows from operating activities	Decrease in cash flows from financing activities
Real estate, rooftops and others - Israel	580	580
Real estate - Poland	3,607	3,607
Total	4,187	4,187

The Group has no financial covenants the fulfillment of which could be affected by the adoption of the new standard, and therefore, the adoption of the standard is not expected to have an effect on the Group's engagements.

Note 4 - Seasonality

The sunlight and the speed of the wind in the different seasons naturally have an effect on the output of the photovoltaic systems and wind farms. As regards the photovoltaic activity, in the spring and summer, in which the sunlight is stronger, the output of the photovoltaic systems is higher. In the fall and winter, in which the sunlight is relatively weak, the output of the systems decreases. In regards to the wind energy activity, the production of electricity is subject to changes in wind patterns over the seasons of the year, according to the specific area in which the turbines are located, and also to variations in wind patterns between the years. Based on the wind measurements which were made in the area of the Company's wind farms in Poland, the expectation is that the autumn and winter periods (first and fourth quarters), which are characterized by strong winds, will be the months of increased output in the wind farms. It is hereby clarified that actual weather conditions during a certain period may have a significant impact on the ability of the Company's facilities to produce electricity, and accordingly on its operating results as well, whether in the Photovoltaic Segment or in the Wind Energy Segment.

Energix - Renewable Energies Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

Note 5 - Information Regarding Operating Segments

The basis of segmentation and the measurement basis for the segmental profit or loss are the same as those presented in Note 29 regarding operating segments in the Annual Consolidated Financial Statements. It is also noted that following the initial adoption of IFRS 16, as from January 1, 2019, as described in Note 3 above, the Company's Chief Operating Decision Maker is continuing to review the segmental results, with the lease payments being included and presented as operating lease expenses, and not as depreciation expenses or as financing expenses, and as a result, the segmental results are presented in a manner whereby the adjustments to the aforementioned data, regarding the method for presentation and measurement in the interim financial statements, in accordance with IFRS 16, are presented under the column for adjustments.

	For the three month period ended March 31, 2019							
	Photovoltaic		Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
	Israel	USA (*)	Poland	Israel (*)				
	NIS in thousands							
	(Unaudited)							
Revenues from the sale of electricity	17,511	-	30,293	-	47,804	-	197	48,001
Revenues from the production of green certificates			18,262	-	18,262	-	(167)	18,095
Other revenues, net	35	-	-	-	35	-	-	35
Other shared expenses	(4,484)	-	(7,684)	(91)	(12,259)	(4,570)	3,034	(13,795)
Profit (loss) before financing, taxes, depreciation and amortization	13,062	-	40,871	(91)	53,842	(4,570)	3,064	52,336
Depreciation and amortization	(5,624)	-	(7,218)	(28)	(12,870)	(159)	(1,585)	(14,614)
Financing expenses, net	(4,503)	-	(3,944)	-	(8,447)	2,037	(1,653)	(8,063)
Profit (loss) before taxes on income	2,935	-	29,709	(119)	32,525	(2,692)	(174)	29,659
Taxes on income	-	-	-	-	-	(6,442)	-	(6,442)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	157	157
Net profit (loss)	2,935	-	29,709	(119)	32,525	(9,134)	(17)	23,374
Assets of reportable segments and other operations	668,995	46,005	694,324	32,138	1,441,462	-	148,594	1,590,056
Other amounts	88,847	-	98,306	6,414	193,567	115,952	-	309,519
Total consolidated assets	757,842	46,005	792,630	38,552	1,635,029	115,952	148,594	1,899,575
Liabilities of reportable segments and other operations	568,128	625	304,459	12,644	885,856	23,098	148,776	1,057,730
Total consolidated liabilities	568,128	625	304,459	12,644	885,856	23,098	148,776	1,057,730

(*) Projects under development.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 5 - Data Regarding Operating Segments (Cont'd)

For the three month period ended March 31, 2018								
	Photovoltaic		Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
	Israel	USA (*)	Poland	Israel (*)				
NIS in thousands								
(Unaudited)								
Revenues from the sale of electricity	11,800	-	16,454	-	28,254	-	(180)	28,074
Revenues from the production of green certificates	-	-	6,711	-	6,711	-	(139)	6,572
Other revenues, net	34	-	3,557	-	3,591	-	-	3,591
Other shared expenses	(3,947)	-	(5,566)	(270)	(9,783)	(2,250)	191	(11,842)
Profit (loss) before financing, taxes, depreciation and amortization	7,887	-	21,156	(270)	28,773	(2,250)	(128)	26,395
Depreciation and amortization	(3,601)	-	(7,285)	(112)	(10,998)	(91)	227	(10,862)
Financing expenses, net	(3,298)	-	(4,224)	-	(7,522)	56	(123)	(7,589)
Profit (loss) before taxes on income	988	-	9,647	(382)	10,253	(2,285)	(24)	7,944
Taxes on income	-	-	-	-	-	(2,539)	-	(2,539)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	188	188
Net profit (loss)	988	-	9,647	(382)	10,253	(4,824)	164	5,593
Assets of reportable segments and other operations	480,884	18,622	778,267	26,723	1,304,496	-	8,512	1,313,008
Other amounts	96,682	-	83,118	5,246	185,046	132,099	-	317,145
Total consolidated assets	577,566	18,622	861,385	31,969	1,489,542	132,099	8,512	1,630,153
Liabilities of reportable segments and other operations	492,840	-	383,846	13,480	890,166	22,419	16,080	928,665
Total consolidated liabilities	492,840	-	383,846	13,480	890,166	22,419	16,080	928,665

(*) Projects under development.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 5 - Information Regarding Operating Segments (Cont'd)

	Year ended December 31, 2018							
	Photovoltaic		Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
	Israel	USA (*)	Poland	Israel (*)				
	NIS in thousands							
	(Audited)							
Revenues from the sale of electricity	59,235	-	64,727	-	123,962	-	(733)	123,229
Revenues from the production of green certificates	-	-	39,974	-	39,974	-	(523)	39,451
Other revenues, net	195	-	7,760	-	7,955	-	(1)	7,954
Other shared expenses	(10,079)	-	(22,911)	(776)	(33,766)	(27,292)	1,740	(59,318)
Profit (loss) before financing, taxes, depreciation and amortization	49,351	-	89,550	(776)	138,125	(27,292)	483	111,316
Depreciation and amortization	(17,886)	-	(25,620)	(112)	(43,618)	(742)	773	(43,587)
Profit from the acquisition of loans	-	-	-	-	-	6,907	-	6,907
Financing expenses, net	(13,792)	-	(17,405)	-	(31,197)	(1,049)	(573)	(32,819)
Consolidated profit (loss) before taxes on income	17,673	-	46,525	(888)	63,310	(22,176)	683	41,817
Taxes on income	-	-	-	-	-	(12,188)	-	(12,188)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	1,263	1,263
Net profit (loss)	17,673	-	46,525	(888)	63,310	(34,364)	1,946	30,892
Assets of reportable segments and other operations	634,557	36,883	741,474	31,409	1,444,323	-	23,707	1,468,030
Other amounts	107,097	-	71,658	5,653	184,408	71,201	-	255,609
Total consolidated assets	741,654	36,883	813,132	37,062	1,628,731	71,201	23,707	1,723,639
Liabilities of reportable segments and other operations	580,040	379	338,307	12,817	931,543	32,619	27,368	991,530
Total consolidated liabilities	580,040	379	338,307	12,817	931,543	32,619	27,368	991,530

(*) Projects under development.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 6 - Financial Instruments

A. Hedge transactions:

Further to that stated in Note 31b(3)(a) to the Consolidated Annual Financial Statements, as of the Reporting Date, the Company has hedge transactions in the amount of approximately PLN 320 million out of the Company's total exposure to the PLN as of the Reporting Date, which amounted to a total of approximately PLN 470 million. As of the Reporting Date, the hedge was being implemented through forward transactions. In April 2019, after the Reporting Date, the Company executed hedge transactions to peg the price of equipment denominated in foreign currency, and designated foreign currency in cash for the construction of solar energy projects in Israel, in the amount of approximately NIS 24.2 million.

B. Presentation according to fair value:

The financial instruments of the Group consist primarily of cash and cash equivalents, restricted deposits and restricted cash, trade receivables, derivatives, other receivables and payables and credit balances, trade payables, short-term credit, loans and other long-term liabilities. The Group believes that the carrying value of the aforesaid financial assets and liabilities, as presented in the Financial Statements, is close or identical to their fair value.

As of March 31		As of
2019	2018	December 31
		2018
Level 2		
NIS in thousands		

Financial assets at fair value

Derivatives:

Financial derivatives (foreign currency swap transactions) designated for hedging

4,402	383	871
<u>4,402</u>	<u>383</u>	<u>871</u>

Financial liabilities at fair value

Derivatives:

Financial derivatives (interest rate swap transactions) designated for hedging

2,422	1,044	2,073
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Financial derivatives (foreign currency swap transactions) designated for hedging

4,803	26,175	15,213
<u>7,225</u>	<u>27,219</u>	<u>17,286</u>

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date

A. Projects in the commercial operation stage in the Photovoltaic Segment in Israel

- (1) **Winning projects in the first competitive tender (90MWp) - completion of the last withdrawal within the framework of the financing transaction:** Further to that stated in Notes 9b and 13a to the Annual Consolidated Financial Statements, shortly after the Reporting Date, the Company withdrew a total of approximately NIS 33 million, within the framework of a financing transaction to finance the construction of the aforementioned projects, and in accordance with its terms. Upon the completion of this withdrawal, the entire financing facility for these projects, in the amount of NIS 240 million, was used.

B. Projects in Construction and Initiation Stages in the Photovoltaic Segment in Israel

- (1) **Winning projects in the second competitive tender (65MWp) - construction works:** Further to that stated in Note 9c to the annual consolidated financial statements, during the Reporting Period, the construction works on these projects are progressing as planned, in accordance with the timetables which were determined for this purpose in the competitive process.

For additional details regarding the Company's activity in the Wind Energy Segment in Israel, see Notes 9c and 14a(1) to the Annual Consolidated Financial Statements.

- (2) **Winning of additional capacity of approximately 104MWp, within the framework of the third competitive tender for the construction of high voltage facilities:** In April 2019, subsequent to the Reporting Date, the Electricity Authority published the list of winners in the third competitive process for high voltage facilities. As part of this tender, the Joint Venture (Israel) won with a capacity of approximately 104MWp (the Company's share in the venture - 70%). The tariff which was determined in the tender is NIS 0.1818 per produced 1KWh, for 23 years. The Joint Venture (Israel) is working on the promotion and development of the projects which will be built within the framework of this process.

C. Pre-construction projects in the Photovoltaic Segment in the United States

- (1) During the Reporting Period, the Company continued preparing for the construction of four projects with a capacity of approximately 85MWp, in Virginia, in 2019. As part of the above, the Company continued, during the Reporting Period, to advance the negotiations towards the signing of binding agreements with some of the world's leading financial institutions, towards signing long term agreements for the sale of the electricity which will be produced in the four projects and all of the green certificates which have been designated for allocation. For additional information, see Notes 9d and 14a(2) to the Consolidated Annual Financial Statements.

D. Photovoltaic Segment - General

- (1) In April 2019, subsequent to the Reporting Date, the Company signed an agreement with a leading panel manufacturer for an order of panels at a total scope of up to USD 120 million, for the years 2019-2021. The ordered panels will be recognized as advances on account of systems under construction, until the date when they will be used for the construction of projects.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont'd)

E. Projects in the Wind Energy Segment in Israel

- (1) **Clean Wind Energy Project:** Further to that stated in Note 9e to the Annual Consolidated Financial Statements, during the Reporting Period, the Company continued its activities towards the advancement and development of the Clean Wind Energy Project, with a capacity of approximately 130-150MW. As part of the above, in February 2019, the National Infrastructure Committee approved the presentation of the plan for comments and objections, before submitting the plan. The construction of the project is conditional upon the completion of the licensing processes and of the statutory process by the National Infrastructure Committee, and the reaching (and financing) of a technological solution which is required by the IDF due to the installation of the turbines of wind farms which will be built throughout the country.

As of the Reporting Date property, the Company recognized an asset in the amount of approximately NIS 32.1 million, against current costs and its contingent debts in the amount of approximately NIS 12.3 million.

For additional details regarding the Company's activity in the Wind Energy Segment in Israel, see Note 14b to the Annual Consolidated Financial Statements.

F. Projects in the commercial operation stage in the Wind Energy Segment in Poland

(1) **Revenue from wind farms in Poland**

Revenues from the sale of electricity: The Company sells the electricity which is produced in its wind projects in Poland to a local electricity trader with whom it has engaged in an agreement for this purpose. The price of electricity with respect to 75% of the production capacity during the Reporting Period was determined in transaction to peg the price, in which the Company engaged with the electricity trader, which amounted to approximately PLN 267 per produced 1MWh, and the remainder was sold according to the market prices of electricity.

Revenues from the sale of green certificates: Beginning on January 1, 2019, the Group has sold all of the green certificates which were issued to it with respect to the production of electricity in the wind farms in Poland, independently on the market or in transactions for pegging the prices of the certificates. The price of green certificates with respect to 50% of the total production during the Reporting Period was determined in price pegging transactions in which the Company engaged, which amounted to approximately PLN 152 per 1MWh of green certificates, and the remainder was listed according to the market prices of green certificates.

For additional information regarding the Company's wind projects in Poland, see Note 9f to the Consolidated Annual Financial Statements. For details regarding the Company's activity in the Wind Energy Segment in Poland, see Note 14b to the Annual Consolidated Financial Statements.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont'd)

G. Contingencies, Guarantees and Liens

(1) Liens

As of the Reporting Date, the pledged assets of the Group are identical to those presented in the Consolidated Annual Financial Statements, except for the release of pledged deposits at the bank in the amount of approximately NIS 13.4 million. For additional information, see Note 30 to the Consolidated Annual Financial Statements.

(2) Guarantees

As of the Reporting Date, the Company has bank guarantees in connection with its connected projects in the amount of approximately NIS 10.5 million, and bank guarantees in connection with projects under construction, for the construction period only, in the amount of approximately NIS 42.8 million. The Company also provided company guarantees within the framework of the Group's financing transactions in the total amount of NIS 320 million, of which a total of NIS 207 million was provided with respect to the construction period only. Subsequent to the Reporting Date, the Company provided additional company guarantees in the amount of approximately NIS 139 million. Additionally, subsequent to the Reporting Date, guarantees were provided (net of release) in favor of the construction of projects and tenders in a net total of approximately NIS 31 million.

(3) Financial covenants

The Group, through companies and partnerships that it controls, has received long-term loans and credit facilities from financial institutions that prescribe customary financial covenants. As of the Reporting Date and as of the Approval Date of the Report, the Company is in compliance with the aforesaid covenants, by significant margins. For additional information regarding the financial covenant, see Note 13 to the Consolidated Annual Financial Statements.

H. Options granted to employees

On March 11, 2019, the Company's Board of Directors approved a grant of an annual tranche by virtue of the 2014 plan, in which 4,563,000 share options were effectively granted on April 17, 2019 (the "**Actual Grant Date**", as applicable). For additional details regarding the granted share options, see Note 32d to the Annual Consolidated Financial Statements. On May 15, 2019, the Company's Board of Directors approved the granting of 1,616,000 share options, of which 1,000,000 share options were re-granted to an officer in a subsidiary, by virtue of the 2014 plan, instead of the Board of Directors' resolution regarding the granting of those share options, on March 11, 2019, and the remaining options were granted in a private grant to the Company's employees.

Energix - Renewable Energies Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)

Note 7 - Additional Information Regarding Events During the Reporting Period and Events Subsequent to the Reporting Date (Cont'd)

Presented below are the terms of the options plan dated May 15, 2019:

	<u>Equity compensation to employees</u>
Number of options	1,616,000
Number of recipients	3
Share price (in NIS)	6.290
Exercise price (NIS)	6.793
Fair value of option	0.8606
Expected volatility	23.81%
Lifetime of the option (in years)	2.83
Last exercise date	36 months after the actual grant date
Risk-free interest rate	0.803%
Expected dividend rate	-

I. Credit facilities

As of the Reporting Date, out of the total credit facilities which are available to the Company, a total of approximately NIS 53.2 million is used in favor of bank guarantees. As of the Approval Date of the Report, out of the total credit facilities which are available to the Company, a total of approximately NIS 84.2 million is used in favor of bank guarantees. For additional details, see Note 13 to the Annual Consolidated Financial Statements. In May 2019, subsequent to the Reporting Date, approvals were received for additional credit facilities from banking corporations. The total sum of credit facilities as of the Approval Date of the Report amounts to NIS 112 million.

J. Pledged deposits

During the Reporting Period, cash was released from a pledged deposit in the amount of approximately NIS 13.4 million, which was used, in previous periods, for guarantees which were provided as part of the construction of the Winning Projects of the first competitive process. This amount was added to the Company's balance of cash and cash equivalents.

K. Details regarding material transaction with related and interested parties

- (1) **Engagement with Alony Hetz, the controlling shareholder, in forward transactions to hedge its exposure to foreign currency:** For details, see Note 25a(5) to the Consolidated Annual Financial Statements. On May 15, 2019, the Company's Board of Directors approved, after approval was received from the Audit Committee, the extension of the engagement by an additional 12 months.
- (2) **Management agreement with Alony Hetz:** For details, see Note 25a(1) to the Consolidated Annual Financial Statements.

- L.** On January 10, 2019, the Company completed a capital raising through a private issuance in the gross total of approximately NIS 103.4 million, against an issuance of shares by the Company. Due to the capital raising, the Company's issued and paid-up capital increased by 22,000,000 shares.

Energix - Renewable Energies Ltd.

**Condensed Separate Interim Financial Information
As of March 31, 2019**

(Unaudited)

Attn.:
Shareholders of Energix - Renewable Energies Ltd.

2 Jabotinsky St.
Ramat Gan

Dear Sir / Madam,

Re: Special Review Report Regarding the Separate Interim Financial Information
In accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970

Introduction

We have reviewed the separate interim financial information which is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970 of Energix - Renewable Energies Ltd. (hereinafter: the “**Company**”) as of March 31, 2019, and for the three month period then ended. The Company’s Board of Directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion regarding the separate interim financial information for this interim period, based on our review.

Scope of the Review

We have conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, “Review of Interim Financial Information Prepared by the Entity’s Auditor.” A review of separate interim financial information consists of making inquiries, primarily with the individuals who are responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted Israeli auditing standards, and therefore does not allow us to reach certainty that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we have not become aware of any information which would have caused us to believe that the aforementioned separate interim financial information has not been not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
Member of Deloitte Touche Tohmatsu Limited

Tel Aviv, May 15, 2019

תל אביב - משרד ראשי

מרכז עזריאלי 1 תל אביב, 6701101 ת.ד. 16593

תל אביב, 6116402 | טלפון: 03-6085555 | פקס: 03-6094022 | info@deloitte.co.il

Seker - Deloitte ג'בוירי ישראל 7 ת.ד. 8458 נתניה דרום, 4250407	Deloitte Analytics הסיבים 7 ת.ד. 7796 פתח תקווה, 4959368	Deloitte מרכז עזריאלי 3 תל אביב, 6701101	משרד אילת המרכז העירוני ת.ד. 583 אילת, 8810402	משרד באר שבע אלומות 12 פארק התעשייה עומר ת.ד. 1369 עומר, 8496500	משרד חיפה מעלה השחרור 5 ת.ד. 5648 חיפה, 3105502	משרד ירושלים קרית המדע 3 מגדל הר חוצבים ירושלים, 9777603 ת.ד. 45396 ירושלים, 9145101
טלפון: 09-8922444 פקס: 09-8922440 info@deloitte.co.il	טלפון: 077-8322221 פקס: 03-9190372 info@deloitte.co.il	טלפון: 03-6070500 פקס: 03-6070501 info@deloitte.co.il	טלפון: 08-6375676 פקס: 08-6371628 info-elat@deloitte.co.il	טלפון: 08-6909500 פקס: 08-6909600 info-beersheva@deloitte.co.il	טלפון: 04-8607333 פקס: 04-8672528 info-haifa@deloitte.co.il	טלפון: 02-5018888 פקס: 02-5374173 info-jer@deloitte.co.il

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Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Financial Position Data

	As of March 31		As of December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
Assets			
<u>Current assets</u>			
Cash and cash equivalents	99,635	20,346	44,688
Pledged deposit	-	65,013	12,896
Trade receivables and income receivable from customers	193	209	125
Receivables - investee companies	6,533	2,643	4,750
Receivables and debit balances	6,253	867	5,270
Total current assets	112,614	89,078	67,729
<u>Non-current assets</u>			
Pledged deposit	52	-	52
Connected electricity production systems	3,402	3,643	3,405
Systems under construction and inventory	308	244	244
Right-of-use asset	6,484	-	-
Fixed assets	4,357	2,981	4,098
Investment in investee companies	837,184	731,511	779,810
Loan to an investee company	2,823	5,968	3,339
Other receivables	7,904	4,626	5,017
Total non-current assets	862,514	748,973	795,965
Total assets	975,128	838,051	863,694
Liabilities and equity			
<u>Current liabilities</u>			
Short-term credit from financial institutions	-	3,300	-
Current maturities of long-term loans	1,153	1,374	1,147
Trade payables	4,458	1,972	1,958
Payables and credit balances	6,954	15,739	10,725
Current maturities of lease liabilities	1,098	-	-
Total current liabilities	13,663	22,385	13,830
<u>Non-current liabilities</u>			
Liabilities with respect to financial instruments	2,641	16,704	8,718
Liability for employee severance benefits, net	361	417	361
Loans from financial institutions	11,055	12,062	11,380
Lease liability	5,691	-	-
Loans from investee companies	87,075	82,630	84,918
Payables – investee companies	535	532	2,157
Other long-term liabilities	1,500	3,500	3,500
Deferred tax liabilities, net	19,312	1,817	15,063
Total non-current liabilities	128,170	117,662	126,097
<u>Equity</u>			
Share capital	4,032	3,768	3,798
Capital reserves	768,371	679,559	677,783
Retained earnings	60,892	14,677	42,186
Total equity attributable to the owners of the Company	833,295	698,004	723,767
Total liabilities and equity	975,128	838,051	863,694

May 15, 2019

**Signing date of the
interim (separate)
financial information**

**Nathan Hetz
Chairman of Board of
Directors**

**Asa Levinger
CEO**

**Elad Cohen
CFO**

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Comprehensive Income Data

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
<u>Revenues</u>			
Revenues from the sale of electricity	183	179	869
Operating and other income, net	768	361	1,690
	<u>951</u>	<u>540</u>	<u>2,559</u>
<u>Expenses</u>			
Rental expenses	-	18	87
Maintenance of systems	896	472	2,960
Initiation expenses	64	299	1,205
Payroll and related expenses	2,400	1,889	8,999
Administrative, headquarters and other	1,834	2,244	8,933
	<u>5,194</u>	<u>4,922</u>	<u>22,184</u>
Loss before financing, taxes, depreciation and amortization	(4,243)	(4,382)	(19,625)
Depreciation and amortization	(647)	(287)	(1,191)
Loss before financing and taxes	(4,890)	(4,669)	(20,816)
Financing income	5,603	3,530	17,551
Financing expenses	(1,001)	(623)	(3,136)
Financing income, net	<u>4,602</u>	<u>2,907</u>	<u>14,415</u>
Loss after financing, net	(288)	(1,762)	(6,401)
Company's share in the results of equity-accounted investees	24,812	7,211	48,022
Profit before taxes on income	<u>24,524</u>	<u>5,449</u>	<u>41,621</u>
Tax benefit (taxes on income)	(1,358)	384	(10,248)
Profit for the period attributable to the owners of the Company	<u>23,166</u>	<u>5,833</u>	<u>31,373</u>
Net earnings per share attributable to the equity holders of the Company (NIS):			
Basic	<u>0.058</u>	<u>0.016</u>	<u>0.083</u>
Diluted	<u>0.057</u>	<u>0.015</u>	<u>0.083</u>
Weighted average share capital used to compute the earnings per share (thousands of shares):			
Basic	<u>399,613</u>	<u>374,706</u>	<u>377,281</u>
Diluted	<u>404,796</u>	<u>376,557</u>	<u>379,981</u>
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss			
Foreign currency translation differences for foreign operation	(26,900)	14,653	4,820
Income (loss) from foreign currency differences with respect to derivatives which were designated for the hedging of investments in subsidiaries which constitute foreign operations, net of tax	10,736	(9,453)	(6,564)
Net change in the fair value of cash flow hedging instruments	<u>(373)</u>	<u>(1,064)</u>	<u>(1,892)</u>
Total comprehensive income for the year attributable to the equity holders of the Company	<u>6,629</u>	<u>9,969</u>	<u>27,737</u>

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Cash Flow Data

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
Cash flows - operating activities			
Income for the period	23,166	5,833	31,373
Expenses not involving cash flows (Appendix A)	(27,192)	(9,555)	(25,167)
	(4,026)	(3,722)	6,206
Changes in working capital (Appendix B)	(952)	712	700
Net cash from operating activities	(4,978)	(3,010)	6,906
Cash flows - investing activities			
Investment in electricity production systems	(102)	-	(15)
Decrease (increase) in pledged deposit	12,903	25,537	77,862
Repayment of loans given to investee companies	-	13,998	106,221
Repayment of investment in investee companies	400	400	3,700
Investment in other fixed assets	(55)	(186)	(1,954)
Settlement of financial instruments	-	(1,125)	(9,062)
Investment in partnerships and investees	(59,269)	(68,292)	(195,378)
Net cash used in investing activities	(46,123)	(29,668)	(18,626)
Cash flows - financing activities			
Consideration from exercise of share options	4,117	5,460	12,632
Consideration from issuance of shares	102,752	-	-
Repayment of principal with respect to lease liability	(269)	-	-
Repayment of long-term loans from financial institutions	(283)	-	(1,106)
Short-term loans received from banking institutions	-	3,300	3,300
Repayment of short-term loans from banking institutions	-	-	(3,300)
Net cash from financing activities	106,317	8,760	11,526
Change in cash and cash equivalents	55,216	(23,918)	(194)
Balance of cash and cash equivalents at beginning of period	44,688	43,970	43,970
Effect of fluctuations in exchange rates on cash and cash equivalents	(269)	294	912
Balance of cash and cash equivalents at end of period	99,635	20,346	44,688

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Energix - Renewable Energies Ltd.
Condensed Interim (Separate) Cash Flow Data

	For the three month period ended March 31		For the year ended December 31
	2019	2018	2018
	NIS in thousands		
	(Unaudited)		(Audited)
<u>Appendix - Adjustments Required to Present Cash Flows from Operating Activities</u>			
a. Income (expenses) not involving cash flows:			
Financing income, net	(4,908)	(2,692)	(15,597)
Revaluation of loans, deposits, marketable securities and hedging instruments, net	(43)	(42)	109
Tax income recognized in profit (loss) for the period	1,358	(384)	10,248
Company's share in the results of equity-accounted investees	(24,812)	(7,211)	(24,434)
Depreciation and amortization	647	287	1,191
Change in provision for employee severance pay	-	-	(56)
Share-based payment	566	487	3,372
	<u>(27,192)</u>	<u>(9,555)</u>	<u>(25,167)</u>
b. Changes in asset and liability items (changes in working capital):			
Increase in trade receivables and other receivables and debit balances	(338)	(340)	(61)
Decrease in receivables and debit balances in respect of investee companies	(1,199)	(214)	214
Increase in trade payables and other payables and credit balances	585	1,266	547
	<u>(952)</u>	<u>712</u>	<u>700</u>
<u>Non-cash activity</u>			
Acquisition of other fixed assets against supplier credit	460	-	-
<u>Additional information</u>			
Interest received in respect of operating activities	27	-	355
Interest paid in respect of operating activities	99	-	433
Dividend received from investee companies	-	-	23,589
Interest payments with respect to lease	65	-	-

The accompanying supplementary information to the condensed interim separate financial information is an integral part thereof.

Note 1 - General:

A. General

The interim separate financial information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970 and does not include all the information that is required under Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports) - 1970 concerning separate financial information of the entity. It should be read in conjunction with the separate financial information as of and for the year ended December 31, 2018 (hereinafter **“Separate Annual Financial Statements”**) and in conjunction with the condensed consolidated interim financial statements as of March 31, 2019.

B. Definitions for this Condensed Separate Interim Financial Information

Company - Energix - Renewable Energies Ltd.

Investee - As defined in Note 1 to the Consolidated Financial Statements of the Company as of December 31, 2018.

Note 2 - Significant Accounting Policies Applied to the Condensed Interim Separate Financial Information

The separate financial information was drawn up in accordance with the accounting policies that are set out in Note 1c to the Company's separate Annual Financial Statements.

For details regarding new standards and interpretations which were adopted, including IFRS 16, Leases, see Note 3 to the Consolidated Financial Statements for the period.

Note 3 - Additional Information Regarding Events During the Reporting Period

A. Photovoltaic projects in Israel in commercial operation, as part of the first competitive tender, with a capacity of approximately 90MWp (the Company's share - 94%)

For details regarding the supplementation of the final withdrawal within the framework of the financing transaction, see Note 7a(1) to the Consolidated Financial Statements for the period.

B. Construction of photovoltaic projects in Israel as part of the second competitive tender (65MWp)

For details regarding the construction works of projects with a capacity of approximately 65MWp, which are under joint ownership and which are held 70% by the Company, see Note 7b(1) to the Consolidated Financial Statements for the period.

C. Winning of a tender for the construction of photovoltaic projects in Israel, as part of the third competitive tender (104MWp)

For details regarding the Company's winning of a tender through a partnership which is held 70% by the Company, see Note 7b(2) to the Consolidated Financial Statements for the period.

D. Projects in pre-construction in the United States

For additional details regarding the Company's activities in the United States, see Note 7c to the Consolidated Financial Statements for the period.

E. Clean Wind Energy Project

For details regarding the promotion of a Clean Wind Energy Project, see Note 7(e)1 to the Consolidated Financial Statements for the period.

Note 3 - Additional Information Regarding Events During the Reporting Period (Cont'd)

F. Revenue from wind farms in Poland

For details regarding transactions to peg the price of black electricity and green certificates, which were executed by a wholly owned partnership of the Company in Poland, see Note 7f to the Consolidated Financial Statements for the period.

G. Bank Guarantees and Company Guarantees

See Note 7g to the Consolidated Financial Statements for the period regarding guarantees of the Company.

H. Credit facilities

For details regarding the Company's credit facilities as of the Reporting Date and as of the Approval Date of the Report, see Note 7i to the Consolidated Financial Statements for the period.

I. Options granted to employees and to the Company's CEO

For details regarding the granting of options, see Note 7h to the Consolidated Financial Statements for the period.

J. Material transactions with related and interested parties

For details regarding the engagement with Alony Hetz, the controlling shareholder, in forward transactions to hedge the exposure to foreign currency, and the management agreement with Alony Hetz, see Note 7k to the Consolidated Financial Statements for the period.

K. Private issuance

For details regarding a capital raising through a private issuance in the gross amount of NIS 103.4 million, in consideration of the issuance of 22,000,000 shares, see Note 7l to the Consolidated Financial Statements for the period.

L. For additional information regarding events during the Reporting Period and events subsequent to the Reporting Date, see Note 7 to the Consolidated Financial Statements for the period.

May 15, 2019

Attn.:
Board of Directors of
Energix - Renewable Energies Ltd.
2 Jabotinsky St.
Ramat Gan

Dear Sir / Madam,

Re: **Letter of Consent in Connection with the Shelf Prospectus of Energix Renewable Energies Ltd. from May 2016**

We hereby inform you that we consent to the inclusion (including by way of reference) of our reports, as specified below, in connection with the shelf prospectus from May 2016:

1. The review report dated May 15, 2019, regarding the Company's condensed interim financial information as of March 31, 2019, and for the three month period then ended.
2. The auditor's special report dated May 15, 2019, regarding the Company's separate interim financial information as of March 31, 2019, and for the three month period then ended, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Sincerely,

Brightman Almagor Zohar & Co.
Certified Public Accountants
Member of Deloitte Touche Tohmatsu Limited

תל אביב - משרד ראשי

מרכז עזריאלי 1 תל אביב, 6701101 ת.ד. 16593
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