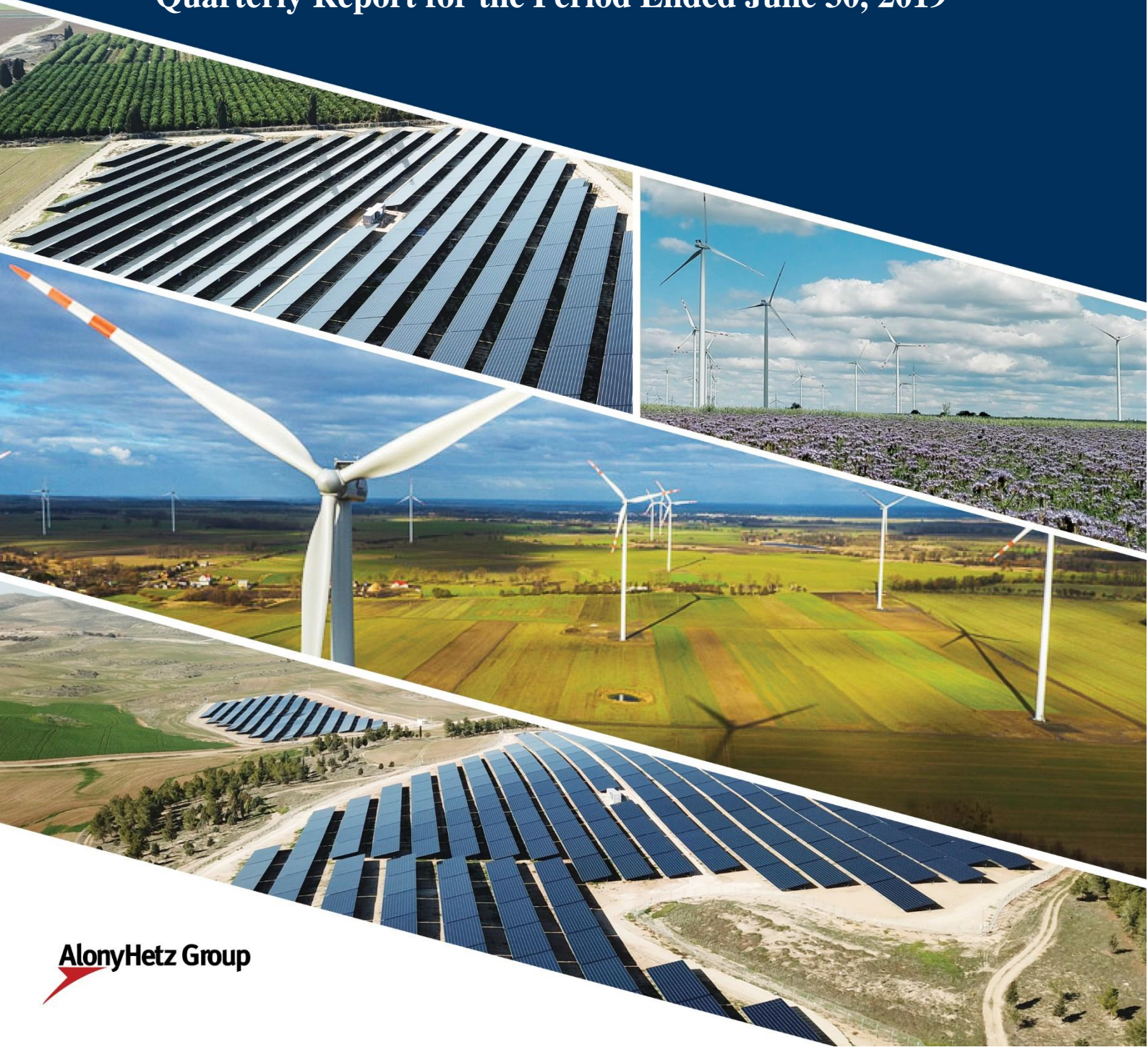


# אנרג'יקס אנרגיות מתחדשות בע"מ

Quarterly Report for the Period Ended June 30, 2019





**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Interim Financial Statements**  
**As of June 30, 2019**  
**(Unaudited)**

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**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 six months ended June 30, 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 August 18, 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 is in possession of 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.<sup>1</sup> ("**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.<sup>2</sup>

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.

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<sup>1</sup> 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.

<sup>2</sup> 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. It is noted that following the decline in Wertheim's stake in Alony Hetz shares in early June 2019, they are evaluating the subject of his and Hetz's control. It is noted that the voting agreement between the parties is in effect so long as each of the parties holds shares which constitute 5% of the issued and paid-up capital (fully diluted). To the best of the Company's knowledge, Wertheim is a part of the control group of Mizrahi Tefahot Bank Ltd., which is a significant real corporation. The provisions of section 35b(c) of the Banking Law (Licensing) - 1981, which will enter into effect on December 11, 2019, prescribe that any entity holding over 5% of the means of control of a significant real corporation, may not hold control of a banking corporation which is a significant financial entity. For details regarding the scope of application, see Section 39 of the Law to Promote Competition and Reduce Centralization - 2013, and see also section 22 of the Company's periodic report for 2018, which was published on March 12, 2019 (reference number: 2019-01-020187).

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 147MWp in projects under construction and pre-construction, approximately 454MW in projects in advanced stages of initiation, and approximately 1,000MW in projects in the initiation stages<sup>3</sup>.

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.

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

- 2.1. **Significant increase in the Company's profits and revenues** - The Company recorded an increase of approximately 62% in revenues during the Reporting Period relative to the corresponding period last year, in parallel with an increase of approximately 122% in net profit during the Reporting Period, relative to the first half of 2018. For additional details regarding the Company's revenues, see Section 4.1.
- 2.2. **Capital raising from the public** - In July 2019, subsequent to the Reporting Date, the Company completed a capital raising from the public by way of publication of a shelf offering report in a gross total of approximately NIS 139 million, through an issuance of marketable shares and share options of the Company. For additional details regarding the capital raising, and regarding a private issuance which was performed by the Company in January 2019, in the amount of approximately NIS 103 million, see Section 3 below.
- 2.3. **Winning a capacity of 90MWp in an ultra-high voltage tender** - In May 2019, the Company won (through a partnership which is held 70% by the Company) an additional quota for the construction of photovoltaic facilities with a capacity of 90 MWp, as part of the first competitive process for the construction of ultra-high voltage facilities, which was published by the Electricity Authority. For additional details regarding the Company's activities through the Joint Venture, see Section 6.1.1 below and Note 7b(1) to the Consolidated Financial Statements.
- 2.4. **Winning of additional quotas for the construction of photovoltaic facilities with a total capacity of approximately 114 MWp in Israel and in Judea and Samaria** - The Company has additional quotas for the construction of photovoltaic facilities with a capacity of approximately 114 MWp. For additional details regarding the Company's activities in the Photovoltaic Segment, see Section 6.1.1 below and Note 7b(3) and 7b(4) to the Consolidated Financial Statements.
- 2.5. **Construction of photovoltaic projects in Israel** - As of the Approval Date of the Report, the Company is continuing work on the construction of photovoltaic facilities with a capacity of approximately 65 MWp (the Company's share - 70%), as part of its winning of the second competitive tender for high voltage facilities, which was published by the Electricity Authority. For additional details regarding the Company's activities in the Photovoltaic Segment in Israel, as part of the activities of the Joint Venture (Israel), see Note 7b(2) to the Consolidated Financial Statements.

<sup>3</sup> 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.

- 2.6. **Photovoltaic projects in the United States** - During the Reporting Period, the Company completed preparations for the construction of four projects with a capacity of approximately 82 MWp in Virginia, as part of a joint venture through which the Company is operating in the United States, and the construction works are expected to begin shortly after the Approval Date of the Report. As part of the process of completing the projects' financial closing, proximate to the Approval Date of the Report, the Company entered into an agreement with Shell Energy North America (US), L.P. ("Shell") to peg the price of electricity with respect to approximately 80% of the expected production capacity in the project, and regarding the sale of all of the green certificates from the project over a period of approximately 12 years, while the actual sale of electricity will take place in accordance with agreements which have been signed vis-à-vis the local electric company. The total revenues from the project are expected to amount to approximately NIS 16-22 million per year. In parallel, the Company is approaching signing a series of binding agreements with one of the world's leading financial institutions (the tax partner), subject to the receipt of final approvals from that financial institution. 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.
- 2.7. **Clean wind energy project: wind farm with a capacity of 130-150 MW** - Subsequent to the Reporting Date, in August 2019, the plenum of the Electricity Authority approved the granting of a conditional license for the project with a capacity of 142.5 MW. In parallel, upon the conclusion of the period for submission of objections and comments regarding the plan, the plenum of the National Infrastructure Committee approved the project plan, with respect to the environmental and health aspects. An additional discussion in the National Infrastructure Committee regarding the final approval of the plan (before submitting it to the Housing Cabinet) is expected after several evaluations have been completed vis-à-vis the Israel Land Authority. For additional details, see Section 6.2.1 below.
- 2.8. **Revenues from wind farms in Poland** - The Company entered into transactions to peg the price of the electricity which is produced in the wind farms which it owns in Poland for 2020, with respect to 75% of the expected production capacity during that year, at a price of approximately PLN 282 per produced 1MWh. This came in addition to transactions to peg the price of electricity with respect to 75% of the expected production capacity in 2019, at a price of approximately PLN 267 per produced 1 MWh. The remaining electricity is sold at market prices. It is hereby clarified that the final price of electricity which will be taken into account as part of pegging transactions will be determined subject to adjustment of the price according to the wind farm's actual profile of electricity production hours. For details regarding price pegging transactions, see Note 7f(1) to the Consolidated Financial Statements.
- 2.9. **Preparations towards participating in tenders in Poland** - The Company is completing the required preparations in order to allow the wind farms which it owns, with a total capacity of approximately 120 MW, to participate in a tender over a guaranteed tariff for electricity production, which is expected to be published in 2019. For additional details, including regarding the Company's activity towards increasing its series of wind farms under development, see Section 6.2.2 below.
- 2.10. **Acquisition of panels through the Company's strategic collaboration with the American panel company First Solar** - During the Reporting Period, 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 within the framework 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.

### **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 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), 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	FFO Project-specific	Net cash flows after debt service	Revenues	Gross profit in project	FFO Project-specific	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	236.8	22.3	21.0	15.9	6.3	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	270.6	240	264.6	15.7	12.8	9.6	5.1	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	64.3	9.5	7.0	5.4	2.6	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	618.7	70.8	60.1	52.9	43.7	100.5	80.7	65.0	46.7	100%
	Ilawa	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	7.6	6.1	6.1	6.1	12.0	10.1	10.1	10.1	100%
Total			258.3					1,425.6	1,051.5	1,258.6	125.9	107.0	89.9	63.8	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 approaching 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	Sale tariff of produced electricity (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	FFO Project-specific	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	Up to 180	125.1	23-25	18-20	13-15	6-8	(*) 70%
USA	Energix Caden	Photovoltaic	82	4th quarter of 2019 to 1st quarter of 2020	Electricity - Long term price pegging agreement and actual sale of electricity to the local electric company according to the trading price 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	42.0	16-22	13-17	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 financial figures based on a USD/NIS exchange rate of 3.5.

\*\*\* 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	Sale tariff of produced electricity (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% (*)
	First competitive tender for ultra-high voltage systems	Photovoltaic	90	Sale to the Electric Corporation at a fixed, CPI-linked tariff, for 23 years after the date of commercial operation	0.156	Lease	In planning stages	In 2020	240-280	0.5	25-27	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	33.2	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	3.9	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 project in Israel, and the financial closing, are conditional upon the arrangement and financing of the technological solution. For additional details, see Section 6.2.1 of the Board of Directors' Report. The Company's estimate regarding the financial closing date pertains to the receipt of tariff approval and the signing of a memorandum of understanding to finance the project, depending on the approval of the project plan.

\*\*\* 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.

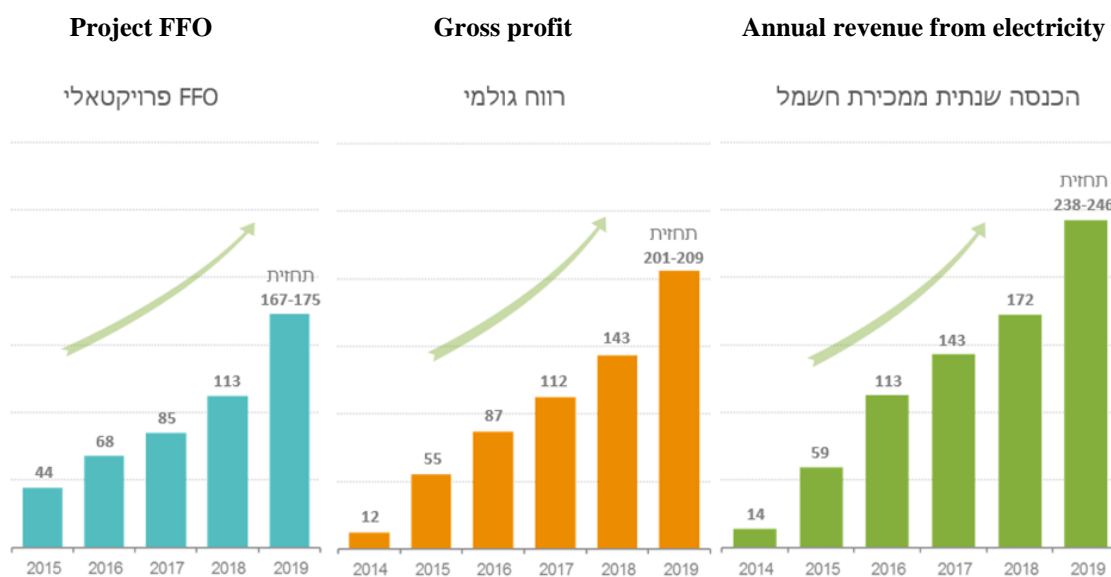
\*\*\*\*\* The Company also won a capacity of 10 MWp (the Company's share - 100%) as part of the competitive tender for the construction of high voltage facilities in Judea and Samaria. The main terms regarding the arrangement with respect to this facility, and regarding the tariff which the Company is entitled to receive, are identical to those of the third competitive tender for high voltage facilities.

### Initiated projects

Projects in mid and early 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 and the Company is working to obtain, or already has obtained, the permits and authorizations which are required for their construction.

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 obtained, the permits and authorizations which are required for their construction
USA	Photovoltaic	700	58%	Lease	
Israel	Wind	50	100%	Lease	

### 3.2 Results of operations 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 Company's actual performance during the Reporting Period and the projected revenue from photovoltaic projects, relative to the average output forecast (P50) for the remaining period until the end of 2019. 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 383, 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 calculating the forecast was PLN 1 to NIS 0.92.
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 for 2019, in light of the pegging transactions which the Company performed:

- A change of PLN 20 in the price of black electricity per produced 1MWh in Poland 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, TA Technology and TA Energy Infrastructures.



#### 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):

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2019	2018	2019	2018	2018
	NIS in thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b><u>Revenues</u></b>					
Revenues from the sale of electricity	92,030	58,949	44,029	30,875	123,229
Revenues from the production of green certificates	29,640	13,168	11,545	6,596	39,451
Fair value adjustment of green certificates, net of tax (*)	549	-	70	-	-
Other revenues, net (**)	247	3,600	212	9	7,954
	<u>122,466</u>	<u>75,717</u>	<u>55,856</u>	<u>37,480</u>	<u>170,634</u>
<b><u>Expenses</u></b>					
Rental expenses	4,465	3,434	2,326	1,665	6,905
Maintenance of systems and others (**)	14,695	10,244	5,723	4,970	31,245
Initiation expenses	107	426	43	127	1,205
Payroll and related expenses	4,872	4,177	2,382	2,288	8,999
Administrative, headquarters and other	5,243	5,686	2,638	3,075	10,964
	<u>29,382</u>	<u>23,967</u>	<u>13,112</u>	<u>12,125</u>	<u>59,318</u>
<b>Profit before financing, taxes, depreciation and amortization</b>	93,084	51,750	42,744	25,355	111,316
Depreciation and amortization	(26,489)	(21,730)	(13,627)	(10,868)	(43,587)
<b>Profit before financing and taxes</b>	<u>66,595</u>	<u>30,020</u>	<u>29,117</u>	<u>14,487</u>	<u>67,729</u>
Financing income	2,181	1,283	733	627	2,272
Financing expenses	(26,456)	(17,831)	(18,356)	(9,586)	(35,091)
Profit from the acquisition of loans	-	6,907	-	6,907	6,907
Financing expenses, net	(24,275)	(9,641)	(17,623)	(2,052)	(25,912)
<b>Profit after financing, net</b>	<u>42,320</u>	<u>20,379</u>	<u>11,494</u>	<u>12,435</u>	<u>41,817</u>
Company's share in the results of equity-accounted investees	629	675	447	487	1,263
<b>Profit before taxes on income</b>	<u>42,949</u>	<u>21,054</u>	<u>11,941</u>	<u>12,922</u>	<u>43,080</u>
Taxes on income	(9,081)	(5,814)	(2,491)	(3,275)	(12,188)
<b>Profit for the period</b>	<u><u>33,868</u></u>	<u><u>15,240</u></u>	<u><u>9,450</u></u>	<u><u>9,647</u></u>	<u><u>30,892</u></u>
<b>Profit for the period attributable to the owners of the Company</b>	32,698	15,781	8,488	9,948	31,373
Profit (loss) for the period attributable to non-controlling interests	1,170	(541)	962	(301)	(481)
<b>Total profit for the period</b>	<u><u>33,868</u></u>	<u><u>15,240</u></u>	<u><u>9,450</u></u>	<u><u>9,647</u></u>	<u><u>30,892</u></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, and other revenues include reversal of impairment and sale of green certificates above the inventory price

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2019	2018	2019	2018	2018
	(Unaudited)		(Unaudited)		(Audited)
<u>Data regarding earnings per share</u>					
Income per share (*)	0.30	0.20	0.14	0.10	0.46
Gross earnings per share (*) (**)	0.26	0.17	0.12	0.08	0.38
FFO per share (*) (**)	0.22	0.13	0.10	0.06	0.30
Earnings per share - basic (***)	0.08	0.04	0.02	0.02	0.08

(\*) According to the data presented in Section 3.1, based on 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 32.7 million, as compared with profit of approximately NIS 15.8 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 92 million in the Reporting Period, as compared to revenues of approximately NIS 58.9 million in the corresponding period of last year. The increase in revenue was primarily due to the increase in revenue in Poland in the amount of approximately NIS 17 million, due to the increase in total electricity produced relative to the corresponding period last year, and 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 15.8 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 29.6 million, as compared with revenues from the production of green certificates in the amount of approximately NIS 13.2 million in the corresponding period last year, an increase of 125%. 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 profit from the sale of inventory of green certificates above its carrying value, and 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 3.5 million.

**Systems maintenance and other expenses** – Amounted to approximately NIS 14.7 million in the Reporting Period, compared with approximately NIS 10.2 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, and maintenance expenses from photovoltaic systems which were not connected in the corresponding period last year.

**Depreciation and amortization** – amounted to approximately NIS 26.5 million during the Reporting Period (after neutralizing the effects of IFRS 16), compared with approximately NIS 21.7 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 5 million.

**Financing expenses** – amounted to approximately NIS 26.5 million during the Reporting Period after neutralizing the effects of IFRS 16), compared with approximately NIS 17.8 million in the corresponding period of last year. During the Reporting Period, financing expenses with respect to linkage differentials on loans from financial institutions increased in the amount of approximately NIS 7 million, due to the increase of the CPI during the period. Additionally, financing expenses increased with respect to loans from financial institutions which were withdrawn from financing facilities in 2018 and in April 2019 in the amount of approximately NIS 2 million, which did not exist during the corresponding period.

**Equity** – As of the Reporting Date, the shareholders' equity of the Company amounts to approximately NIS 844.8 million, as compared with shareholders' equity of the Company in the amount of approximately NIS 697.3 million as of June 30, 2018. The increase in equity was primarily due to profit attributable to the owners of the Company in the amount of approximately NIS 48.3 million, a decrease of capital reserves in the amount of approximately NIS 11.6 million, share issues in January 2019 in the total amount of approximately NIS 102.8 million, and options exercised in the total amount of approximately NIS 10.8 million. For details regarding an additional capital raising, see Section 2.2 above.

## 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 78.3 million.

The following table summarizes the sources and uses:

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2019	2018	2019	2018	2018
	NIS millions				
	(Unaudited)		(Unaudited)		(Audited)
Operating activities	73.8	35.1	51.1	15.8	73.1
<b>Sources</b>					
Long-term loan received from financial institutions	33.5	105.2	33.5	9.2	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	5.6	79.5	(7.8)	50.7	75.7
Consideration from exercise of share options	5.3	5.9	1.2	0.4	12.6
Investment of capital by non-controlling interests in consolidated companies	-	1.8	-	1.8	3.4
Repayment of loans to equity-accounted investees	0.8	1.3	0.4	0.9	3.7
	<u>148.0</u>	<u>197.0</u>	<u>27.3</u>	<u>63.0</u>	<u>305.2</u>
<b>Uses</b>					
Investment in electricity production systems	(110.3)	(186.9)	(57.0)	(63.1)	(319.5)
Repayment of long-term loans from financial institutions	(26.2)	(20.1)	(16.4)	(12.5)	(44.7)
Repayment of principal with respect to lease liability	(4.6)	-	(0.4)	-	-
Costs of credit raising	-	(0.4)	-	-	(0.6)
Investment in other fixed assets	(0.7)	(0.5)	(0.6)	(0.3)	(2.0)
Settlement of financial instruments	(1.7)	(5.1)	(1.7)	(4.0)	(9.1)
Payment with respect to the acquisition of loans	-	(3.5)	-	(3.5)	(3.5)
Repayment of short-term loans from banking institutions	-	(3.3)	-	(3.3)	(3.3)
	<u>(143.5)</u>	<u>(219.8)</u>	<u>(76.1)</u>	<u>(86.7)</u>	<u>(382.7)</u>
<b>Total surplus of sources over uses (uses over sources)</b>	78.3	12.3	2.3	(7.9)	(4.4)
Balance of cash and cash equivalents at beginning of period	92.0	96.4	168.0	116.6	96.4
Balance of cash and cash equivalents at end of period	<u>170.3</u>	<u>108.7</u>	<u>170.3</u>	<u>108.7</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 170 million. In addition, the Company has an amount of NIS 56 million on deposit in debt service reserve funds to secure the repayments of the Group's loans.

**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. During the Reporting Period, the Company published 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 28, 2021.

For details regarding the Company's shelf prospectus, see the Company's immediate report dated May 28, 2019 (reference no. 2019-01-052066), which is presented herein, in its entirety, by way of reference.

4.2.3.3. In July 2019, subsequent to the Reporting Date, the Company completed a capital raising from the public in the gross amount of NIS 139 million, through the publication of a shelf offering report. For details, see the Company's immediate reports dated July 9, 2019 (reference number 2019-01-070072), July 9, 2019 (reference number 2019-01-059229) and July 11, 2019 (reference number 2019-01-070912), as well as Note 7m to the Consolidated Financial Statements.

4.2.3.4. 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.

4.2.3.5. As of the Reporting Date, the Company has financing agreements with third parties structured as project finance 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 as of 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** below for a linkage bases report as of June 30, 2019 and December 31, 2018.

##### **5.2. Sensitivity tests**

See **Appendix B** below for sensitivity tables for sensitive instruments according to changes in market factors as of June 30, 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. Presented below is the Company's estimate regarding financial information with respect to projects which the Company is currently building or intends to build, within the framework of quotas it has won:**

	Second tender 65MWp	Third tender 104MWp	Ultra-high voltage 90MWp	Total
Guaranteed tariff	NIS 0.1978	NIS 0.1818	NIS 0.156	
Total expected scope of investment (NIS millions)	175-200	275-325	240-280	690-805
Expected project financing (NIS millions)	180	280	210	670
Expected revenue (NIS millions)	23-25	33-35	25-27	81-87
Expected gross profit (NIS millions)	18-20	25-27	21-23	64-70
Expected project FFO (NIS millions)	13-15	21-23	15-18	49-56
Net cash flows after expected debt service (NIS millions)	6-8	13-15	8-11	27-34
Company's share in the results (*), (**)	<b>70%</b>	<b>70%</b>	<b>70%</b>	
Connection and construction	By 3rd quarter of 2019	By 4th quarter of 2020	By 4th quarter of 2021	

\* 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.

In addition to the data presented in the table, the Company also won a capacity of 10 MWp (the Company's share - 100%) in the competitive tender for the construction of high voltage facilities in Judea and Samaria. The main terms of the arrangement for this facility, and the tariff which the Company is entitled to receive, are identical to those of the third competitive tender for high voltage facilities.

B. For additional details regarding additional quotas which the Company won for the construction of photovoltaic facilities, see Note 7b to the Consolidated Financial Statements.

**C. 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 2016. 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 22.4 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).

Proximate to the approval date of the financial statements, the Company notified Solaer of the termination of the joint venture agreement with respect to future activity in the Photovoltaic Segment in Israel, due to a fundamental breach of Solaer's undertakings with respect to the joint activity as part of the Joint Venture.

It should be clarified that, due to the fact that during the period of the Joint Venture's activity, the Company built independent and leading initiation and construction systems, which provided those services to the Venture, and in any case, the Company is the party which controlled the activities of the Joint Venture, the foregoing should not adversely affect the Company's continued activity in the Photovoltaic Segment in Israel, whether through the Joint Venture or independently.

(ii) Further to that stated in section 7.1.2d(4) in Part A of the Annual Report - Description of the Corporation's Business, 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 owed 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. The pleadings in the case have been filed, and a pre-trial hearing has been scheduled for December 2019.

**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. Activities through the Joint Venture (USA) (the Company's share - 58%):**

- (i) 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.

- (ii) During the Reporting Period, and as of the Approval Date of the Report, as of the Approval Date of the Report, the Company is completing preparations for the construction of four projects with a capacity of approximately 82 MWp in Virginia during 2019. The Company acquired the main equipment for the projects from some of the world's leading equipment suppliers, and the construction works are expected to begin shortly after the Approval Date of the Report. As part of the financial closing of the projects, the Company (through member companies in the Group or subsidiaries of the Joint Venture (USA)) signed binding agreements with Shell to peg the price of electricity with respect to approximately 80% of the expected production capacity in the projects in Virginia, and regarding the sale of all of the green certificates<sup>4</sup> which will be allocated to the projects, over a period of approximately 12 years. The actual sale of electricity will take place in accordance

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<sup>4</sup> Renewable Energy Credits ("RECs") under American regulation.

with agreements which have been signed with the local electric company over a period of 13 years, beginning with the commercial operation of each project. Based on the foregoing, total revenues in the project are expected to amount to approximately NIS 16-22 million per year.

- (iii) For additional details regarding the transaction to peg the price of electricity and regarding the sale of green certificates in the United States, see the Company's immediate report dated August 18, 2019, reference number 2019-01-085597. Upon the signing of the series of agreements with Shell, the conditions for signing the series of agreements with the tax partner were fulfilled, and the Company expects the said agreements to be signed in the coming weeks, subject to the receipt of final approvals from the tax partner. The tax partner will invest approximately USD 45 million, and will receive the federal tax benefit for the project (ITC) in the amount of 30% of the benefit-eligible project costs, a proportional part of the project's accelerated depreciation benefits, and a share of approximately 25% of the project's cash flows during its first five to six years of operation.

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).

In addition to the foregoing, the Company is continuing to advance 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 700 MWp.

**B. Engagement in a memorandum of understanding to acquire a series of projects with a capacity of approximately 115 MW (the Company's share - 100%):**

In August 2019, subsequent to the Reporting Date, the Company entered into a non-binding memorandum of understanding for the acquisition of a series of projects ready for construction with a total capacity of approximately 115 MW, in Virginia. The completion of the transaction is subject to the due diligence process which the Company is performing with respect to these projects, and to the signing of binding agreements, which, as of the Approval Date of the Report, are in preliminary stages of negotiation.

**C. Creation of the construction and operation division:**

For the purpose of advancing the construction of the Company's projects in the United States during the Reporting Period, and as of the Approval Date of the Report, the Company is working on the creation 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 engagements 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 includes 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, and see also Note 7d(1) to the Consolidated Financial Statements.

**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 130-150 MW:** Subsequent to the Reporting Date, in August 2019, the plenum of the Electricity Authority approved the granting of a conditional license for a project with a capacity of 142.5 MW. In parallel, the Company is continuing to work on advancing the approval process of the plan for the construction of the project as a national infrastructure project, vis-à-vis the National Infrastructure Committee. Subsequent to the Reporting Date, the plenum of the National Infrastructure Committee convened to discuss the comments and objections which had been submitted with respect to the plan. The committee approved the project with respect to the environmental and health aspects, and requested an additional evaluation by the Israel Land Authority, regarding the lands on which several turbines are planned for construction, in light of the fact that the project is located on unregulated land. At the end of this process, which is expected to take place in the coming weeks, a discussion will be held in the National Infrastructure Committee regarding the final approval of the plan, and the determination of the number of turbines which will be built in the project, before it is transferred to the Housing Cabinet for approval.

It is hereby clarified that the issuance of the conditional license constitutes a part of the project development process, and the issuance thereof is subject to the Minister of Energy's signature, which is expected to be received in the near future.

The actual construction of the project is subject to the completion of the licensing processes vis-à-vis the Electricity Authority, and the receipt of statutory authorizations and permits and other approvals, and also subject to reaching financial closing. Additionally, the construction of a wind farm in Israel is also subject to the arrangement (and financing) of the technological solution for the defense establishment. To the best of the Company's knowledge, the said solution is required by the defense establishment due to security considerations arising from

the construction of wind turbine farms 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.

For additional information regarding the Company's wind energy activity in Israel and the initiation of additional projects, see Section 2.7 above and Note 14b(1) to the Annual Financial Statements.

#### **6.2.2. Updates Regarding the Wind Energy Segment in Poland**

Shortly before the Approval Date of the Report, an amendment to the Renewable Energy Law in Poland entered into effect, in which the Polish legislator left unchanged the main principles of the tender arrangement structure which is currently in effect. Accordingly, the amendment to the law determines that the winner of a tender is expected to be entitled to revenues from the sale of the electricity which will be produced by it, in accordance with the price which it won in the tender, for the period which it offered in the tender. However, the amendment to the law allows the tender participant, after winning, to update, on a one-time basis, the wind farm's installed capacity, and accordingly, the commencement date of commercial operation and the annual quantity of produced electricity, provided that the construction period of wind farms such as those which are owned by the Company does not exceed 33 months.

Additionally, as part of the adoption of the amendment to the law, it was determined that, until the end of 2019, tariff tenders will be published with a total capacity of 2,500 MW, which are intended for the construction of photovoltaic facilities and wind farms with a capacity exceeding 1 MW.

The Company is continuing to prepare for participation in the tariff tenders which are expected in 2019, with respect to the wind farms which it owns that are currently in advanced development stages / are ready for construction, with a total capacity of approximately 120 MW. As part of the above, the Company is working to increase the capacity of projects under development and to increase the planning efficiency thereof, by updating the building permits which have been issued for the projects, subject to the receipt of all of the authorizations which are required for this purpose from the authorities.

The Company is also approaching the signing of agreements for the acquisition of 68% of the rights to a wind farm with a capacity of up to 56MW, which is located near the site of Stage 3 of the Banie project, against the Company's undertaking to complete, at its own expense, the development of the wind farm, and arranging the process of connecting it to the grid. Subject to the completion of the transaction, the Company intends to complete the development of this wind farm and to integrate it as an additional stage of the Banie project.

It is hereby clarified that the information presented in this section 6.2 with respect to the Company's activity, future tenders and the construction of the wind farms which are owned by the Company includes Forward-Looking Information, which depends, inter alia, on the production scope and capability of the wind farms which are owned by the Company and which will reach actual construction, depending on the fulfillment of conditions and the

winning of tenders, as well as decisions and authorizations which depend on third parties, and which are not under the Company's control.

**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 extraordinary transactions with controlling shareholders and the employment terms of the Company's CEO during the Reporting Period and until the Approval Date of the Report:**

- 7.1. On July 30, 2019, the general meeting adopted an updated compensation policy for officers, and approved the Board of Directors' resolution to grant a compensation package and to update the employment terms of the Company's CEO, effective July 1, 2019. For additional details, see Note 7k(3) to the Consolidated Financial Statements, and the notice regarding the convention of a meeting of Company shareholders, dated June 24, 2019, reference number 2019-01-062929, and the immediate report regarding the results of the general meeting on July 30, 2019, reference number 2019-01-079168, which are presented herein, in their entirety, by way of reference.
- 7.2. During the Reporting Period, the Company's Board of Directors approved, with the Audit Committee's recommendation, the one year extension 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.
- 7.3. For details regarding additional transactions, see Notes 7h and 7k to the Consolidated Financial Statements.
- 7.4. For details regarding the conclusion of tenure of the Company's CFO, Elad Cohen, C.P.A., and the appointment of Nevo Brenner, C.P.A., as the Company's CFO, beginning on September 1, 2019, see the Company's immediate reports dated August 18, 2019 (reference numbers 2019-01-085849 and 2019-01-085855, respectively).

**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 3 are independent directors, as this term is defined in the Companies Law (including two outside directors). 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, 2.6, 2.7, 3.1, 3.2, 4.2, 6.1.1, 6.1.2, 6.2 and 7 above, as well as Notes 7a(1), 7b(2), 7c, 7d, 7g, 7h, 7i, 7k(3) and 7m 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.**

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**August 18, 2019**  
**Signing Date of the**  
**Interim Financial**  
**Statements**

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**Nathan Hetz**  
**Chairman of Board of**  
**Directors**

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**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 June 30, 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 June 30, 2019**

	EUR	PLN	USD (*)	Unlinked NIS	CPI- linked NIS	Non- financial assets (liabilities)	Total
	NIS in thousands						
<b><u>Current assets</u></b>							
Cash and cash equivalents	14,791	65,454	3,274	86,826	-	-	170,345
Trade receivables	-	10,117	-	13,073	-	-	23,190
Green certificates	-	-	-	-	-	19,699	19,699
Receivables and debit balances	-	-	-	4,911	-	28,977	33,888
Hedging financial instruments	-	1,346	-	-	-	-	1,346
	<u>14,791</u>	<u>76,917</u>	<u>3,274</u>	<u>104,810</u>	<u>-</u>	<u>48,676</u>	<u>248,468</u>
<b><u>Non-current assets</u></b>							
Long-term pledged deposit and restricted cash	-	16,990	-	39,235	-	-	56,225
Right-of-use asset	-	-	-	-	-	137,009	137,009
Connected electricity production systems	-	-	-	-	-	1,246,634	1,246,634
Systems under construction and inventory	-	-	-	-	-	237,722	237,722
Fixed assets	-	-	-	-	-	4,220	4,220
Investment in equity-accounted investees	-	-	-	-	-	11,500	11,500
Other receivables	-	-	-	-	4,950	884	5,834
Hedging financial instruments	-	1,866	-	-	-	-	1,866
Deferred taxes, net	-	-	-	-	-	712	712
	<u>-</u>	<u>18,856</u>	<u>-</u>	<u>39,235</u>	<u>4,950</u>	<u>1,638,681</u>	<u>1,701,722</u>
<b>Total assets</b>	<b><u>14,791</u></b>	<b><u>95,773</u></b>	<b><u>3,274</u></b>	<b><u>144,045</u></b>	<b><u>4,950</u></b>	<b><u>1,687,357</u></b>	<b><u>1,950,190</u></b>
Current maturities of long-term loans	-	19,016	-	-	39,171	(1,099)	57,088
Current maturities of lease liabilities	-	1,297	-	-	2,027	-	3,324
Trade payables, other payables and credit balances	5,174	6,922	4,198	15,767	2,023	19,371	53,455
Hedging financial instruments	-	3,443	-	-	-	-	3,443
	<u>5,174</u>	<u>30,678</u>	<u>4,198</u>	<u>15,767</u>	<u>43,221</u>	<u>18,272</u>	<u>117,310</u>
<b><u>Non-current liabilities</u></b>							
Liabilities for employee severance benefits	-	-	-	-	-	361	361
Loans from financial institutions	-	266,996	-	-	574,061	(10,187)	830,870
Lease liability	-	60,020	-	-	53,390	-	113,410
Other long-term liabilities	-	-	-	5,159	-	7,491	12,650
Hedging financial instruments	-	4,311	-	-	-	-	4,311
Deferred taxes	-	-	-	-	-	16,936	16,936
	<u>-</u>	<u>331,327</u>	<u>-</u>	<u>5,159</u>	<u>627,451</u>	<u>14,601</u>	<u>978,538</u>
<b>Total liabilities</b>	<b><u>5,174</u></b>	<b><u>362,005</u></b>	<b><u>4,198</u></b>	<b><u>20,926</u></b>	<b><u>670,672</u></b>	<b><u>32,873</u></b>	<b><u>1,095,848</u></b>
<b>Total surplus of assets over liabilities</b>	<b><u>9,617</u></b>	<b><u>(266,232)</u></b>	<b><u>(924)</u></b>	<b><u>123,119</u></b>	<b><u>(665,722)</u></b>	<b><u>1,654,484</u></b>	<b><u>854,342</u></b>
<b>Financial derivatives</b>	<b><u>6,092</u></b>	<b><u>(305,752)</u></b>	<b><u>-</u></b>	<b><u>299,660</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Surplus of financial assets over financial liabilities (financial liabilities over financial assets)</b>	<b><u>15,709</u></b>	<b><u>(571,984)</u></b>	<b><u>(924)</u></b>	<b><u>422,779</u></b>	<b><u>(665,722)</u></b>	<b><u>1,654,484</u></b>	<b><u>854,342</u></b>
<b>Distribution of non-monetary assets (liabilities), net - by linkage bases</b>	<b><u>(2)</u></b>	<b><u>766,308</u></b>	<b><u>63,434</u></b>	<b><u>771,088</u></b>	<b><u>53,656</u></b>	<b><u>(1,654,484)</u></b>	<b><u>-</u></b>
<b>Surplus of assets over liabilities (liabilities over assets)</b>	<b><u>15,707</u></b>	<b><u>194,324</u></b>	<b><u>62,510</u></b>	<b><u>1,193,867</u></b>	<b><u>(612,066)</u></b>	<b><u>-</u></b>	<b><u>854,342</u></b>

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

**December 31, 2018**

	EUR	PLN	USD (*)	Unlinked NIS	CPI- linked NIS	Non- financial assets (liabilities)	Total
	NIS in thousands						
<b>Current assets</b>							
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
<b>Non-current assets</b>							
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
<b>Total assets</b>	<b>813</b>	<b>56,927</b>	<b>280</b>	<b>123,362</b>	<b>4,627</b>	<b>1,537,630</b>	<b>1,723,639</b>
<b>Current liabilities</b>							
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
<b>Non-current liabilities</b>							
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
<b>Total liabilities</b>	<b>6,303</b>	<b>333,613</b>	<b>4,157</b>	<b>28,202</b>	<b>590,749</b>	<b>28,506</b>	<b>991,530</b>
<b>Total surplus of assets over liabilities</b>	<b>(5,490)</b>	<b>(276,686)</b>	<b>(3,877)</b>	<b>95,160</b>	<b>(586,122)</b>	<b>1,509,124</b>	<b>732,109</b>
<b>Financial derivatives</b>	<b>-</b>	<b>(319,744)</b>	<b>-</b>	<b>319,744</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus of financial assets over financial liabilities (financial liabilities over financial assets)</b>	<b>(5,490)</b>	<b>(596,430)</b>	<b>(3,877)</b>	<b>414,904</b>	<b>(586,122)</b>	<b>1,509,124</b>	<b>732,109</b>
<b>Distribution of non-monetary assets (liabilities), net - by linkage bases</b>	<b>(2)</b>	<b>745,268</b>	<b>42,524</b>	<b>721,334</b>	<b>-</b>	<b>(1,509,124)</b>	<b>-</b>
<b>Surplus of assets over liabilities (liabilities over assets)</b>	<b>(5,492)</b>	<b>148,838</b>	<b>38,647</b>	<b>1,136,238</b>	<b>(586,122)</b>	<b>-</b>	<b>732,109</b>

(\*) Primarily comprised of balances in USD.

### **Appendix B – Sensitivity Tables for Sensitive Instruments as of June 30, 2019, According to Changes in Market Factors**

**Presented below is an analysis of the group's sensitivity to foreign currency:** 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 June 30, 2019		
	Increase of 5%	Carrying value	Decrease of 5%
	Profit (loss)		Profit (loss)
	NIS in thousands		
<b>In EUR:</b>			
Cash and cash equivalents	740	14,791	(740)
Trade payables, other payables and credit balances	(259)	(5,174)	259
<b>In PLN:</b>			
Cash and cash equivalents	3,273	65,454	(3,273)
Trade receivables, other receivables and debit balances	506	10,117	(506)
Long-term pledged deposit and restricted cash	850	16,990	(850)
Hedging financial instruments	(227)	(4,542)	227
Short and long-term loans from financial institutions	(14,301)	(286,012)	14,301
Lease liability	(3,066)	(61,317)	3,066
Trade payables, other payables and credit balances	(346)	(6,922)	346
<b>In USD:</b>			
Cash and cash equivalents	164	3,274	(164)
Trade payables, other payables and credit balances	(210)	(4,198)	210

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

	As of June 30, 2019		
	Increase of 2%	Carrying value	Decrease of 2%
	Profit and loss		Profit and loss
	NIS in thousands		
Loans from financial institutions	(12,265)	(613,232)	11,205

(\*) The impact of the decrease of the CPI on some of the aforementioned loans is restricted 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 June 30, 2019, amount to approximately NIS 70,871 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 June 30, 2019			
	Increase of 10%	Increase of 5%	Decrease of 5%	Decrease of 10%
	Loss from the changes (Before tax effect)	Fair value	Profit from the changes (Before tax effect)	
	NIS in thousands			
<b>Fixed rate instruments</b>				
CPI-linked loans in NIS	12,856	6,479	614,487	(6,585) (13,276)
Loans in PLN (*)	5,244	2,645	212,612	(2,693) (5,436)
<b>Total</b>	<u>18,100</u>	<u>9,124</u>	<u>827,099</u>	<u>(9,278)</u> <u>(18,712)</u>

(\*) 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 June 30, 2019:**

	<b>Loans from financial institutions</b>	<b>Percentage</b>
Current maturities	58,361	6%
Second year	60,179	7%
Third year	62,068	7%
Fourth year	64,035	7%
Fifth year and thereafter	654,602	73%
Total payments	899,245	100%
Balance of loan discount	(11,287)	
<b>Total financial debt</b>	<b>887,958</b>	

The total sum of off-balance sheet liabilities as of June 30, 2019, in respect of guarantees, amounted to a total of approximately NIS 89.7 million.



**Appendix D - Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38C(a) for the Second 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 quarterly report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the quarterly report for the period ended March 31, 2019 (hereinafter: the "Last Quarterly Report Regarding Internal Control"), control was found to be 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 pursuant 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 second 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.

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August 18, 2019

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Asa Levinger, CEO

**Officers' Declarations:**

**(B) Declaration of the most senior finance officer pursuant 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 second 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.

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August 18, 2019

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Elad Cohen, CFO

**Energix - Renewable Energies Ltd.**

**Condensed Consolidated Interim Financial Statements**

**As of June 30, 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 June 30, 2019, and the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows, for the six and three month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and are also responsible for compiling the financial information for these interim periods 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 these interim periods, 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**

**A Member Firm of the Deloitte Global Network**

**Tel Aviv, August 18, 2019**

#### תל אביב - משרד ראשי

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

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**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Interim Statements of Financial Position**

	Note	June 30		December 31
		2019	2018	2018
		NIS in thousands		
		(Unaudited)		(Audited)
<b>Assets</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents		170,345	108,700	91,983
Pledged deposit		-	14,383	13,397
Trade receivables and income receivable from customers		23,190	11,477	18,909
Green certificates		19,699	6,648	11,413
Receivables and debit balances		35,234	26,213	31,879
<b>Total current assets</b>		<b>248,468</b>	<b>167,421</b>	<b>167,581</b>
Long-term pledged deposit and restricted cash	7(g)1	56,225	42,862	48,405
Prepaid land lease expenses		-	24,663	23,871
Right-of-use asset	3	137,009	-	-
Connected electricity production systems		1,246,634	1,037,359	1,301,950
Systems under construction and initiation	7	237,722	266,117	151,388
Fixed assets		4,220	3,098	4,098
Investment in equity-accounted investees		11,500	13,837	11,685
Other receivables		7,700	18,680	5,276
Deferred tax assets, net		712	10,652	9,385
<b>Total non-current assets</b>		<b>1,701,722</b>	<b>1,417,268</b>	<b>1,556,058</b>
<b>Total assets</b>		<b>1,950,190</b>	<b>1,584,689</b>	<b>1,723,639</b>
<b>Liabilities and equity</b>				
<b><u>Current liabilities</u></b>				
Current maturities of long-term loans		57,088	45,016	54,795
Trade payables		25,378	27,725	32,552
Current maturities of lease liabilities	3	3,324	-	-
Payables and credit balances		31,520	13,059	26,553
<b>Total current liabilities</b>		<b>117,310</b>	<b>85,800</b>	<b>113,900</b>
<b><u>Non-current liabilities</u></b>				
Liability for employee severance benefits, net		361	417	361
Loans from financial institutions		830,870	755,569	832,313
Lease liability	3	113,410	-	-
Other long-term liabilities		16,961	25,213	29,499
Deferred tax liability, net		16,936	13,684	15,457
<b>Total non-current liabilities</b>		<b>978,538</b>	<b>794,883</b>	<b>877,630</b>
<b><u>Equity</u></b>				
Share capital		4,037	3,781	3,798
Premium and capital reserves		771,497	668,616	677,783
Retained earnings		69,296	24,882	42,186
<b>Total equity attributable to the owners of the Company</b>		<b>844,830</b>	<b>697,279</b>	<b>723,767</b>
<b>Non-controlling interests</b>		<b>9,512</b>	<b>6,727</b>	<b>8,342</b>
<b>Total equity</b>		<b>854,342</b>	<b>704,006</b>	<b>732,109</b>
<b>Total liabilities and equity</b>		<b>1,950,190</b>	<b>1,584,689</b>	<b>1,723,639</b>

August 18, 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**

		Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
		2019	2018	2019	2018	2018
Note		NIS in thousands				
		(Unaudited)		(Unaudited)		(Audited)
Revenues from the sale of electricity		92,030	58,949	44,029	30,875	123,229
Revenues from the production of green certificates		29,640	13,168	11,545	6,596	39,451
Other revenues, net (*)		247	3,600	212	9	7,954
		121,917	75,717	55,786	37,480	170,634
<b>Expenses</b>						
Rental expenses	3	-	3,434	-	1,665	6,905
Maintenance of systems and others (*)		14,695	10,244	5,723	4,970	31,245
Initiation expenses		107	426	43	127	1,205
Payroll and related expenses		4,872	4,177	2,472	2,288	8,999
Administrative, headquarters and other		4,751	5,686	2,392	3,075	10,964
		24,425	23,967	10,630	12,125	59,318
<b>Profit before financing, taxes, depreciation and amortization</b>		97,492	51,750	45,156	25,355	111,316
Depreciation and amortization	3	(29,872)	(21,730)	(15,258)	(10,868)	(43,587)
<b>Profit before financing and taxes</b>		67,620	30,020	29,898	14,487	67,729
Financing income		2,181	1,283	733	627	2,272
Financing expenses	3	(29,270)	(17,831)	(19,759)	(9,586)	(35,091)
Profit from the acquisition of loans		-	6,907	-	6,907	6,907
Financing expenses, net		(27,089)	(9,641)	(19,026)	(2,052)	(25,912)
<b>Profit after financing, net</b>		40,531	20,379	10,872	12,435	41,817
Company's share in the results of equity-accounted investees		592	675	435	487	1,263
<b>Profit before taxes on income</b>		41,123	21,054	11,307	12,922	43,080
Taxes on income		(8,815)	(5,814)	(2,373)	(3,275)	(12,188)
<b>Profit for the period</b>		32,308	15,240	8,934	9,647	30,892
<b>Total profit (loss) for the period attributable to:</b>						
Profit for the period attributable to the owners of the Company		31,138	15,781	7,972	9,948	31,373
Profit (loss) for the period attributable to non-controlling interests		1,170	(541)	962	(301)	(481)
<b>Total profit for the period</b>		32,308	15,240	8,934	9,647	30,892
<b>Net earnings per share attributable to the equity holders of the Company (NIS):</b>						
Basic		0.078	0.042	0.020	0.026	0.083
Diluted		0.076	0.042	0.019	0.026	0.083
<b>Weighted average share capital used to compute the earnings per share (thousands of shares):</b>						
Basic		401,628	376,010	402,228	377,044	377,281
Diluted		408,948	378,332	411,240	379,090	379,981

(\*) 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 Interim Statements of Comprehensive Income (Loss)**

	<b>Six-month period ended June 30</b>		<b>Three-month period ended June 30</b>		<b>Year ended December 31</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>NIS in thousands</b>				
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Income for the period</b>	32,308	15,240	8,934	9,647	30,892
<b>Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss</b>					
Foreign currency translation differences for foreign operation	(22,621)	(7,207)	4,279	(21,805)	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	8,096	1,154	(2,640)	10,607	(6,564)
Change in the fair value of cash flow hedging instruments, net of tax	(313)	(1,161)	60	(97)	(1,892)
<b>Total comprehensive income (loss) for the period</b>	<u>17,470</u>	<u>8,026</u>	<u>10,633</u>	<u>(1,648)</u>	<u>26,855</u>
<b>Total comprehensive income (loss) attributable to:</b>					
Owners of the Company	16,300	8,952	9,671	(1,017)	27,737
Non-controlling interests	1,170	(926)	962	(631)	(882)
<b>Total comprehensive income (loss) for the period</b>	<u>17,470</u>	<u>8,026</u>	<u>10,633</u>	<u>(1,648)</u>	<u>26,855</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 six months ended June 30, 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									
<b>Balance as of January 1, 2019</b>	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	-	-	-	-	-	-	31,138	31,138	1,170	32,308
Other comprehensive loss for the period	-	-	(313)	(14,525)	-	-	-	(14,838)	-	(14,838)
Issuance of shares (**)	220	102,532	-	-	-	-	-	102,752	-	102,752
Exercise of share options	19	6,020	-	-	-	-	(657)	5,382	-	5,382
Share-based payment	-	-	-	-	-	-	1,165	1,165	-	1,165
<b>Balance as of June 30, 2019</b>	<u>4,037</u>	<u>824,247</u>	<u>(1,954)</u>	<u>(48,246)</u>	<u>(3,062)</u>	<u>512</u>	<u>69,296</u>	<u>844,830</u>	<u>9,512</u>	<u>854,342</u>

(\*) For additional information, see Note 3.

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

For the six months ended June 30, 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									
<b>Balance as of January 1, 2018</b>	3,743	701,636	251	(31,977)	(1,000)	512	9,364	682,529	2,065	684,594
Income (loss) for the period	-	-	-	-	-	-	15,781	15,781	(541)	15,240
Other comprehensive income (loss) for the period	-	-	(1,161)	(5,668)	-	-	-	(6,829)	(385)	(7,214)
Exercise of share options	38	8,085	-	-	-	-	(1,307)	6,816	-	6,816
Share-based payment	-	-	-	-	-	-	1,044	1,044	-	1,044
Change in non-controlling interests	-	-	-	-	(2,062)	-	-	(2,062)	5,588	3,526
<b>Balance as of June 30, 2018</b>	<u>3,781</u>	<u>709,721</u>	<u>(910)</u>	<u>(37,645)</u>	<u>(3,062)</u>	<u>512</u>	<u>24,882</u>	<u>697,279</u>	<u>6,727</u>	<u>704,006</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 three months ended June 30, 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	Total equity attributable to the shareholders of the Company	Non-controlling interests	Total equity
	NIS in thousands									
<b>Balance as of April 1, 2019</b>	4,032	822,820	(2,014)	(49,885)	(3,062)	512	60,892	833,295	8,550	841,845
Income for the period	-	-	-	-	-	-	7,972	7,972	962	8,934
Other comprehensive income for the period	-	-	60	1,639	-	-	-	1,699	-	1,699
Exercise of share options	5	1,427	-	-	-	-	(167)	1,265	-	1,265
Share-based payment	-	-	-	-	-	-	599	599	-	599
<b>Balance as of June 30, 2019</b>	<u>4,037</u>	<u>824,247</u>	<u>(1,954)</u>	<u>(48,246)</u>	<u>(3,062)</u>	<u>512</u>	<u>69,296</u>	<u>844,830</u>	<u>9,512</u>	<u>854,342</u>

For the three months ended June 30, 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	Total equity attributable to the shareholders of the Company	Non-controlling interests	Total equity
	NIS in thousands									
<b>Balance as of April 1, 2018</b>	3,768	707,637	(813)	(26,777)	(1,000)	512	14,677	698,004	3,484	701,488
Income (loss) for the period	-	-	-	-	-	-	9,948	9,948	(301)	9,647
Other comprehensive income (loss) for the period	-	-	(97)	(10,868)	-	-	-	(10,965)	(330)	(11,295)
Exercise of share options	13	2,084	-	-	-	-	(300)	1,797	-	1,797
Share-based payment	-	-	-	-	-	-	557	557	-	557
Change in non-controlling interests	-	-	-	-	(2,062)	-	-	(2,062)	3,874	1,812
<b>Balance as of June 30, 2018</b>	<u>3,781</u>	<u>709,721</u>	<u>(910)</u>	<u>(37,645)</u>	<u>(3,062)</u>	<u>512</u>	<u>24,882</u>	<u>697,279</u>	<u>6,727</u>	<u>704,006</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									
<b>Balance as of January 1, 2018</b>	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 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
<b>Balance as of December 31, 2018</b>	<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**

	<b>Six-month period ended June 30</b>		<b>Three-month period ended June 30</b>		<b>Year ended December 31</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>NIS in thousands</b>				
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Cash flows - operating activities</b>					
Income for the period	32,308	15,240	8,934	9,647	30,892
Expenses not involving cash flows (Appendix A)	47,727	22,211	27,014	7,713	61,290
	80,035	37,451	35,948	17,360	92,182
Changes in working capital (Appendix B)	(5,593)	(2,724)	14,455	(547)	(19,729)
<b>Net cash from operating activities</b>	<b>74,442</b>	<b>34,727</b>	<b>50,403</b>	<b>16,813</b>	<b>72,453</b>
<b>Cash flows - investing activities</b>					
Investment in electricity production systems	(110,272)	(186,900)	(56,954)	(63,108)	(319,508)
Increase in pledged deposit and restricted cash	(7,768)	(14,555)	(7,748)	(14,535)	(26,011)
Decrease in pledged deposit and restricted cash	13,403	94,044	-	65,238	101,388
Settlement of financial instruments	(1,658)	(5,142)	(1,658)	(4,017)	(9,062)
Repayment of loans to equity-accounted investees	800	1,300	400	900	3,700
Investment in other fixed assets	(652)	(507)	(597)	(320)	(1,954)
<b>Net cash used in investing activities</b>	<b>(106,147)</b>	<b>(111,760)</b>	<b>(66,557)</b>	<b>(15,842)</b>	<b>(251,447)</b>
<b>Cash flows - financing activities</b>					
Consideration from issuance of shares	102,752	-	-	-	-
Consideration from exercise of share options	5,318	5,908	1,201	448	12,632
Repayment of principal with respect to lease liability	(4,618)	-	(431)	-	-
Investment of capital by non-controlling interests in consolidated companies	-	1,812	-	1,812	3,383
Costs of credit raising	-	(449)	-	(63)	(626)
Payment with respect to the acquisition of loans	-	(3,510)	-	(3,510)	(3,510)
Short-term loans received from banking institutions	-	3,300	-	-	3,300
Repayment of short-term loans from banking institutions	-	(3,300)	-	(3,300)	(3,300)
Long-term loan received from financial institutions	33,498	105,234	33,498	9,234	206,502
Repayment of long-term loans from financial institutions	(26,200)	(20,134)	(16,427)	(12,559)	(44,686)
<b>Net cash from (used in) financing activities</b>	<b>110,750</b>	<b>88,861</b>	<b>17,841</b>	<b>(7,938)</b>	<b>173,695</b>
<b>Change in cash and cash equivalents</b>	<b>79,045</b>	<b>11,828</b>	<b>1,687</b>	<b>(6,967)</b>	<b>(5,299)</b>
<b>Balance of cash and cash equivalents at beginning of period</b>	<b>91,983</b>	<b>96,444</b>	<b>167,982</b>	<b>116,633</b>	<b>96,444</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>(683)</b>	<b>428</b>	<b>676</b>	<b>(966)</b>	<b>838</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>170,345</b>	<b>108,700</b>	<b>170,345</b>	<b>108,700</b>	<b>91,983</b>

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**

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2019	2018	2019	2018	2018
	NIS in thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b><u>Appendix - Adjustments Required to Present Cash Flows from Operating Activities</u></b>					
<b>a. Expenses (income) not involving cash flows:</b>					
Financing expenses (income), net	1,276	102	428	(422)	378
Maintenance expenses not associated with cash flows	-	-	-	-	7,867
Prepaid rent	-	780	-	390	1,560
Revaluation of loans, deposits and marketable securities, net	7,420	1,066	9,020	1,354	2,150
Depreciation and amortization	29,872	21,730	15,258	10,868	43,587
Company's share in the results of equity-accounted investees	(592)	(675)	(435)	(487)	(1,263)
Tax expenses recognized in profit for the period	8,586	5,071	2,144	2,360	10,602
Share-based payment	1,165	1,044	599	557	3,372
Profit from the acquisition of loans	-	(6,907)	-	(6,907)	(6,907)
Other	-	-	-	-	(56)
	<u>47,727</u>	<u>22,211</u>	<u>27,014</u>	<u>7,713</u>	<u>61,290</u>
<b>b. Changes in asset and liability items (changes in working capital):</b>					
Decrease (increase) in trade receivables and other receivables and debit balances	(2,090)	(1,788)	6,377	3,540	(15,855)
Decrease (increase) in inventory of green certificates	(8,758)	1,453	6,497	(2,636)	(3,154)
Increase (decrease) in trade payables and other payables and credit balances	<u>5,255</u>	<u>(2,389)</u>	<u>1,581</u>	<u>(1,451)</u>	<u>(720)</u>
	<u>(5,593)</u>	<u>(2,724)</u>	<u>14,455</u>	<u>(547)</u>	<u>(19,729)</u>
<b><u>Non-cash activity</u></b>					
Investment in electricity production facilities against financial liabilities	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>1,152</u>	<u>2,792</u>
Receivables from non-cash exercise of share options	<u>64</u>	<u>1,348</u>	<u>64</u>	<u>1,348</u>	<u>-</u>
Investment in electricity production facilities against supplier credit and payables	<u>1,611</u>	<u>2,658</u>	<u>964</u>	<u>-</u>	<u>1,296</u>
Increase in right-of-use asset against right-of-use liability	<u>7,291</u>	<u>-</u>	<u>7,291</u>	<u>-</u>	<u>-</u>
<b><u>Additional information</u></b>					
Interest paid in respect of operating activities	<u>16,444</u>	<u>14,532</u>	<u>7,640</u>	<u>7,025</u>	<u>30,312</u>
Interest received in respect of operating activities	<u>42</u>	<u>47</u>	<u>15</u>	<u>47</u>	<u>122</u>
Interest payments with respect to lease	<u>2,023</u>	<u>-</u>	<u>612</u>	<u>-</u>	<u>-</u>
Taxes paid	<u>369</u>	<u>1,560</u>	<u>369</u>	<u>1,560</u>	<u>5,608</u>
Interest paid with respect to properties under construction	<u>3,761</u>	<u>-</u>	<u>3,761</u>	<u>-</u>	<u>-</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 have been 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 approximately 258MW in projects in commercial operation, approximately 147MWp in projects under construction and pre-construction, approximately 454MW in projects in advanced stages of initiation, and approximately 1,000MW in projects in the 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.

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

**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 August 18, 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.

**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.

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**Note 2 - Basis of Preparation (Cont'd)**

**C. Exchange rates and linkage base (Cont'd)**

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 June 30 / for the month of June		As of December 31 / for the month of December	Change during the six-month period ended June 30		Change during the year ended December 31
	2019	2018	2018	2019	2018	2018
				%	%	%
<b>Consumer Price Index (According to base 2000)</b>						
In Israel (index in lieu)	133.96	132.89	132.76	0.90	0.90	0.80
In Israel (known index)	134.75	132.76	133.16	1.20	0.90	1.20
<b>Exchange rate vs. the NIS</b>						
PLN	0.96	0.98	1.00	(4.37)	(2.03)	0.39
EUR	4.06	4.26	4.29	(5.36)	2.47	3.35
USD	3.57	3.65	3.75	(4.86)	5.28	8.10



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**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 extension of the lease period such that it overlaps will 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. 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

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with the abovereferenced name, are added to right-of-use assets beginning from the application date of the standard.

**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, using the original interest rate of the lease, 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.

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

**Impact of the adoption of the standard on the Group's statement of financial position as of June 30, 2019:**

<b>Leased asset</b>	<b>Right-of-use asset</b>	<b>Lease liability</b>	<b>Deferred taxes</b>	<b>Total change in equity, net</b>
Real estate, rooftops and others - Israel	53,656	(55,415)	404	(1,355)
Real estate - Israel (reclassification from long term prepaid expenses to right-of-use assets)	24,163	-	-	-
Real estate - Poland	59,190	(64,609)	1,030	(4,389)
<b>Total</b>	<b>137,009</b>	<b>(120,024)</b>	<b>1,434</b>	<b>(5,744)</b>

**Impact of the adoption of the standard on profit or loss for the six month period ended June 30, 2019:**

<b>Leased asset</b>	<b>Decrease in rental expenses</b>	<b>Decrease in other expenses</b>	<b>Increase in depreciation expenses</b>	<b>Total increase in profit before financing and taxes</b>	<b>Increase in financing expenses</b>	<b>Decrease in tax expenses</b>	<b>Total decrease in profit for the period</b>
Real estate, rooftops and others - Israel	2,328	455	(2,237)	546	(1,120)	132	(442)
Real estate - Poland	2,137	-	(1,146)	991	(1,694)	134	(569)
<b>Total</b>	<b>4,465</b>	<b>455</b>	<b>(3,383)</b>	<b>1,537</b>	<b>(2,814)</b>	<b>266</b>	<b>(1,011)</b>

**Impact of the adoption of the standard on profit or loss for the three month period ended June 30, 2019:**

<b>Leased asset</b>	<b>Decrease in rental expenses</b>	<b>Decrease in other expenses</b>	<b>Increase in depreciation expenses</b>	<b>Total increase in profit before financing and taxes</b>	<b>Increase in financing expenses</b>	<b>Decrease in tax expenses</b>	<b>Total decrease in profit for the period</b>
Real estate, rooftops and others - Israel	1,210	143	(1,051)	302	(565)	60	(203)
Real estate - Poland	1,116	-	(580)	536	(838)	57	(245)
<b>Total</b>	<b>2,326</b>	<b>143</b>	<b>(1,631)</b>	<b>838</b>	<b>(1,403)</b>	<b>117</b>	<b>(448)</b>

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Impact of the adoption of the standard on cash flows in the six month period ended June 30, 2019:

	<b>Increase in cash flows from operating activities</b>	<b>Decrease in cash flows from financing activities</b>
<b>Leased asset</b>		
Real estate, rooftops and others - Israel	1,011	1,011
Real estate - Poland	3,607	3,607
<b>Total</b>	4,618	4,618

Impact of the application of the standard on cash flows in the three month period ended June 30, 2019:

	<b>Increase in cash flows from operating activities</b>	<b>Decrease in cash flows from financing activities</b>
<b>Leased asset</b>		
Real estate, rooftops and others - Israel	431	431
Real estate - Poland	-	-
<b>Total</b>	431	431

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.

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**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.

	Six-month period ended June 30, 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	44,073	-	47,466	-	91,539	-	491	92,030
Revenues from the production of green certificates			30,003	-	30,003	-	(363)	29,640
Other revenues, net	70	-	177	-	247	-	-	247
Other shared expenses	(7,360)	-	(12,402)	(125)	(19,887)	(9,084)	4,546	(24,425)
<b>Profit (loss) before financing, taxes, depreciation and amortization</b>	<b>36,783</b>	<b>-</b>	<b>65,244</b>	<b>(125)</b>	<b>101,902</b>	<b>(9,084)</b>	<b>4,674</b>	<b>97,492</b>
Depreciation and amortization	(13,702)	-	(12,664)	(56)	(26,422)	(326)	(3,124)	(29,872)
Financing expenses, net	(17,572)	-	(7,767)	-	(25,339)	1,567	(3,317)	(27,089)
<b>Profit (loss) before taxes on income</b>	<b>5,509</b>	<b>-</b>	<b>44,813</b>	<b>(181)</b>	<b>50,141</b>	<b>(7,843)</b>	<b>(1,767)</b>	<b>40,531</b>
Taxes on income	-	-	-	-	-	(8,815)	-	(8,815)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	592	592
<b>Net profit (loss)</b>	<b>5,509</b>	<b>-</b>	<b>44,813</b>	<b>(181)</b>	<b>50,141</b>	<b>(16,658)</b>	<b>(1,175)</b>	<b>32,308</b>
Assets of reportable segments and other operations	686,374	62,253	695,320	33,155	1,477,102	-	159,153	1,636,255
Other amounts	110,179	2,428	109,902	6,174	228,683	85,252	-	313,935
<b>Total consolidated assets</b>	<b>796,553</b>	<b>64,681</b>	<b>805,222</b>	<b>39,329</b>	<b>1,705,785</b>	<b>85,252</b>	<b>159,153</b>	<b>1,950,190</b>
Liabilities of reportable segments and other operations	591,742	601	302,540	12,452	907,335	27,449	161,064	1,095,848
<b>Total consolidated liabilities</b>	<b>591,742</b>	<b>601</b>	<b>302,540</b>	<b>12,452</b>	<b>907,335</b>	<b>27,449</b>	<b>161,064</b>	<b>1,095,848</b>

(\*) Projects under development.

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

	Six-month period ended June 30, 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	28,969	-	30,473	-	59,442	-	(493)	58,949
Revenues from the production of green certificates	-	-	13,423	-	13,423	-	(255)	13,168
Other revenues, net	69	-	3,531	-	3,600	-	-	3,600
Other shared expenses	(4,245)	-	(10,944)	(378)	(15,567)	(8,798)	398	(23,967)
<b>Profit (loss) before financing, taxes, depreciation and amortization</b>	<b>24,793</b>	-	<b>36,483</b>	<b>(378)</b>	<b>60,898</b>	<b>(8,798)</b>	<b>(350)</b>	<b>51,750</b>
Depreciation and amortization	(8,718)	-	(13,047)	(112)	(21,877)	(294)	441	(21,730)
Profit from the acquisition of loans	-	-	-	-	-	6,907	-	6,907
Financing expenses, net	(6,616)	-	(9,246)	-	(15,862)	(432)	(254)	(16,548)
<b>Profit (loss) before taxes on income</b>	<b>9,459</b>	-	<b>14,190</b>	<b>(490)</b>	<b>23,159</b>	<b>(2,617)</b>	<b>(163)</b>	<b>20,379</b>
Taxes on income	-	-	-	-	-	(5,814)	-	(5,814)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	675	675
<b>Net profit (loss)</b>	<b>9,459</b>	-	<b>14,190</b>	<b>(490)</b>	<b>23,159</b>	<b>(8,431)</b>	<b>512</b>	<b>15,240</b>
Assets of reportable segments and other operations	528,478	20,453	734,618	27,939	1,311,488	-	8,994	1,320,482
Other amounts	134,839	-	54,349	5,919	195,107	69,100	-	264,207
<b>Total consolidated assets</b>	<b>663,317</b>	<b>20,453</b>	<b>788,967</b>	<b>33,858</b>	<b>1,506,595</b>	<b>69,100</b>	<b>8,994</b>	<b>1,584,689</b>
Liabilities of reportable segments and other operations	497,491	-	334,593	13,137	845,221	19,405	16,057	880,683
<b>Total consolidated liabilities</b>	<b>497,491</b>	-	<b>334,593</b>	<b>13,137</b>	<b>845,221</b>	<b>19,405</b>	<b>16,057</b>	<b>880,683</b>

(\*) Projects under development.

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

	Three-month period ended June 30, 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	26,562	-	17,173	-	43,735	-	294	44,029
Revenues from the production of green certificates	-	-	11,741	-	11,741	-	(196)	11,545
Other revenues, net	35	-	177	-	212	-	-	212
Other shared expenses	(2,876)	-	(4,718)	(34)	(7,628)	(4,514)	1,512	(10,630)
<b>Profit (loss) before financing, taxes, depreciation and amortization</b>	<b>23,721</b>	-	<b>24,373</b>	<b>(34)</b>	<b>48,060</b>	<b>(4,514)</b>	<b>1,610</b>	<b>45,156</b>
Depreciation and amortization	(8,078)	-	(5,446)	(28)	(13,552)	(167)	(1,539)	(15,258)
Financing expenses, net	(13,069)	-	(3,823)	-	(16,892)	(470)	(1,664)	(19,026)
<b>Profit (loss) before taxes on income</b>	<b>2,574</b>	-	<b>15,104</b>	<b>(62)</b>	<b>17,616</b>	<b>(5,151)</b>	<b>(1,593)</b>	<b>10,872</b>
Taxes on income	-	-	-	-	-	(2,373)	-	(2,373)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	435	435
<b>Net profit (loss)</b>	<b>2,574</b>	-	<b>15,104</b>	<b>(62)</b>	<b>17,616</b>	<b>(7,524)</b>	<b>(1,158)</b>	<b>8,934</b>
Assets of reportable segments and other operations	686,374	62,253	695,320	33,155	1,477,102	-	159,153	1,636,255
Other amounts	110,179	2,428	109,902	6,174	228,683	85,252	-	313,935
<b>Total consolidated assets</b>	<b>796,553</b>	<b>64,681</b>	<b>805,222</b>	<b>39,329</b>	<b>1,705,785</b>	<b>85,252</b>	<b>159,153</b>	<b>1,950,190</b>
Liabilities of reportable segments and other operations	591,742	601	302,540	12,452	907,335	27,449	161,064	1,095,848
<b>Total consolidated liabilities</b>	<b>591,742</b>	<b>601</b>	<b>302,540</b>	<b>12,452</b>	<b>907,335</b>	<b>27,449</b>	<b>161,064</b>	<b>1,095,848</b>

(\*) Projects under development.

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

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

	Three-month period ended June 30, 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	17,169	-	14,019	-	31,188	-	(313)	30,875
Revenues from the production of green certificates	-	-	6,712	-	6,712	-	(116)	6,596
Other revenues, net	35	-	(26)	-	9	-	-	9
Other shared expenses	(2,187)	-	(5,378)	(108)	(7,673)	(4,659)	207	(12,125)
<b>Profit (loss) before financing, taxes, depreciation and amortization</b>	<b>15,017</b>	<b>-</b>	<b>15,327</b>	<b>(108)</b>	<b>30,236</b>	<b>(4,659)</b>	<b>(222)</b>	<b>25,355</b>
Depreciation and amortization	(5,117)	-	(5,762)	-	(10,879)	(203)	214	(10,868)
Profit from the acquisition of loans	-	-	-	-	-	6,907	-	6,907
Financing expenses, net	(3,318)	-	(5,022)	-	(8,340)	(488)	(131)	(8,959)
<b>Profit (loss) before taxes on income</b>	<b>6,582</b>	<b>-</b>	<b>4,543</b>	<b>(108)</b>	<b>11,017</b>	<b>1,557</b>	<b>(139)</b>	<b>12,435</b>
Taxes on income	-	-	-	-	-	(3,275)	-	(3,275)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	487	487
<b>Net profit (loss)</b>	<b>6,582</b>	<b>-</b>	<b>4,543</b>	<b>(108)</b>	<b>11,017</b>	<b>(1,718)</b>	<b>348</b>	<b>9,647</b>
Assets of reportable segments and other operations	528,478	20,453	734,618	27,939	1,311,488	-	8,994	1,320,482
Other amounts	134,839	-	54,349	5,919	195,107	69,100	-	264,207
<b>Total consolidated assets</b>	<b>663,317</b>	<b>20,453</b>	<b>788,967</b>	<b>33,858</b>	<b>1,506,595</b>	<b>69,100</b>	<b>8,994</b>	<b>1,584,689</b>
Liabilities of reportable segments and other operations	497,491	-	334,593	13,137	845,221	19,405	16,057	880,683
<b>Total consolidated liabilities</b>	<b>497,491</b>	<b>-</b>	<b>334,593</b>	<b>13,137</b>	<b>845,221</b>	<b>19,405</b>	<b>16,057</b>	<b>880,683</b>

(\*) Projects under development.



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**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)
<b>Profit (loss) before financing, taxes, depreciation and amortization</b>	<b>49,351</b>	<b>-</b>	<b>89,550</b>	<b>(776)</b>	<b>138,125</b>	<b>(27,292)</b>	<b>483</b>	<b>111,316</b>
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)
<b>Consolidated profit (loss) before taxes on income</b>	<b>17,673</b>	<b>-</b>	<b>46,525</b>	<b>(888)</b>	<b>63,310</b>	<b>(22,176)</b>	<b>683</b>	<b>41,817</b>
Taxes on income	-	-	-	-	-	(12,188)	-	(12,188)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	1,263	1,263
<b>Net profit (loss)</b>	<b>17,673</b>	<b>-</b>	<b>46,525</b>	<b>(888)</b>	<b>63,310</b>	<b>(34,364)</b>	<b>1,946</b>	<b>30,892</b>
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
<b>Total consolidated assets</b>	<b>741,654</b>	<b>36,883</b>	<b>813,132</b>	<b>37,062</b>	<b>1,628,731</b>	<b>71,201</b>	<b>23,707</b>	<b>1,723,639</b>
Liabilities of reportable segments and other operations	580,040	379	338,307	12,817	931,543	32,619	27,368	991,530
<b>Total consolidated liabilities</b>	<b>580,040</b>	<b>379</b>	<b>338,307</b>	<b>12,817</b>	<b>931,543</b>	<b>32,619</b>	<b>27,368</b>	<b>991,530</b>

(\*) 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 486 million. As of the Reporting Date, the hedge was being implemented through forward transactions. In April 2019, the Company executed hedge transactions to peg the exchange rate for the purchase of equipment denominated in foreign currency, and designated foreign currency in cash for the acquisition of equipment 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.

**Financial assets at fair value**

**Derivatives:**

Financial derivatives (foreign currency swap transactions) designated for hedging

<b>June 30</b>		<b>As of December 31</b>
<b>2019</b>	<b>2018</b>	<b>2018</b>
<b>Level 2</b>		
<b>NIS in thousands</b>		

3,212	1,364	871
<u>3,212</u>	<u>1,364</u>	<u>871</u>

**Financial liabilities at fair value**

**Derivatives:**

Financial derivatives (interest rate swap transactions) designated for hedging

Financial derivatives (foreign currency swap transactions) designated for hedging

2,370	1,125	2,073
5,384	9,593	15,213
<u>7,754</u>	<u>10,718</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, in April 2019, the Company withdrew a total of approximately NIS 33 million, within the framework of a financing transaction for 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 and Judea and Samaria**

- (1) **Winning of the first competitive tender for ultra-high voltage facilities with a capacity of 90 MWp:** In May 2019, the Electricity Authority published the results of the first competitive tender for ultra-high voltage facilities. The projects which won guaranteed tariffs in these processes included a project of the Joint Venture (Israel) (the Company's share - 70%), with a capacity of approximately 70MW (approximately 90MWp). In accordance with the notice which was published, and the terms of the arrangement, the project has a guaranteed tariff of NIS 0.156 per produced KWh, CPI-linked, for 23 years after the date of the facility's commercial operation. The Company has a period of approximately 3.5 years after the date of the winning notice to complete the development and construction of the project.
- (2) **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.

- (3) **Winning of additional capacity of approximately 104 MWp, as part of the third competitive tender for the construction of high voltage facilities:** During the Reporting Period, the Joint Venture (Israel) won the third competitive process which was published by the Electricity Authority for the construction of high voltage facilities with a capacity of approximately 104MWp (Company's share in the venture: 70%). The tariff which was determined in the tender is NIS 0.1818 per produced 1KWh, for 23

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

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.

- (4) **Winning of capacity of approximately 10MWp in the competitive tender for the construction of high voltage facilities in Judea and Samaria:** The Company is working on the promotion and development of a project with a capacity of 10 MWp in Judea and Samaria, in accordance with the quota which it won in a designated competitive process which was conducted for the construction of high voltage facilities in Judea and Samaria. The main terms of the arrangement for the construction of this facility, and the tariff to which the Company is entitled, are identical to those of the third competitive process, as specified in section (3) above.

**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 82MWp, in Virginia, in 2019, which are expected to begin shortly after the Approval Date of the Report. As part of the completion of financial closing for these projects, proximate to the Approval Date of the Report, the Company entered into an agreement with Shell Energy North America (US), L.P., to peg the price of electricity for approximately 80% of the expected production capacity in the project, and regarding the sale of all green certificates from the project, over a period of approximately 12 years. The sale of all of the actually produced electricity will take place in accordance with agreements which were signed vis-à-vis the local electric company, over 13 years, at market prices. In parallel, the Company is approaching signing a binding series of agreements with a leading financial institution as the tax partner for the projects, subject to the receipt of final approvals from that financial institution. For additional information, see Notes 9d and 14a(2) to the Consolidated Annual Financial Statements.

**D. Photovoltaic Segment - General**

- (1) In April 2019, the Company signed a series of agreements with First Solar, for the acquisition of panels at a total scope of approximately USD 120 million, over the years 2019-2021. In accordance with the terms of the purchase transaction, out of the total consideration with respect to the acquisition of the panels, a total of approximately USD 5 million was paid to First Solar as an advance, and an additional total of approximately USD 60 million will be paid to First Solar in the second half of 2019. The ordered panels will be recognized as advances on account of systems under construction, until the date when they will be used in the construction of the 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 August 2019, the plenum of the Electricity Authority approved the issuance of a conditional license for the project with a capacity of 142.5 MW. In parallel, upon the conclusion of the period for submission of objections and comments regarding the plan, the plenum of the National Infrastructure Committee approved the project plan regarding the environmental and health aspects, and an additional discussion of the National Infrastructure Committee, regarding the final approval of the plan (before submitting it to the Housing Cabinet) is expected after the completion of several evaluations by the Israel Land Authority, which will also determine the final number of turbines that will be built in the project. The construction of the project is conditional upon the completion of the licensing processes and of the statutory process vis-à-vis 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 33.2 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, through sale at market prices or through transactions to peg the price of electricity. The Company performed transactions to peg the price of electricity for the years 2019 and 2020, with respect to 75% of the expected production capacity in those years, at a price of approximately PLN 267 per produced MWh for 2019, and approximately PLN 282 per produced MWh for 2020, and the remaining produced electricity will be sold at market prices. It is hereby clarified that the final electricity price which will be taken into account in the price pegging transactions will be determined subject to adjustment of the price according to the wind farm's actual profile of electricity production hours.

**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)**

**Revenues from the sale of green certificates:** The Company sells the green certificates which are 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 in 2019 was determined in price pegging transactions in which the Company engaged, which amounted to approximately PLN 152 per 1MWh of green certificates. The remaining inventory of green certificates which are issued to the Company is recorded in the books in accordance with the market prices of the 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.

**G. Contingencies, Guarantees and Liens**

**(1) Liens**

As of the Reporting Date, no material changes occurred in the Group's pledged assets, and they 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.

**Guarantees**

As of the Reporting Date, the Company has bank guarantees in connection with its connected projects in the amount of approximately NIS 11.2 million, and bank guarantees in connection with projects under construction, for the construction period only, in the amount of approximately NIS 78.4 million. The Company also provided company guarantees within the framework of the Group's financing transactions in the total amount of NIS 544 million, of which a total of NIS 240 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 44 million.

**(2) 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.

**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)**

**H. Options granted to employees and officers**

- (1) 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 and June 6, 2019, the Company's Board of Directors approved the granting of 646,000 share options as a private allocation to Company employees and to a director who was appointed for the first time as a Company director in June 2019.

Presented below are the terms of the options plan dated May 15 and June 6, 2019:

	<b>Equity compensation to employees</b>	<b>Equity compensation to director</b>
Number of options	616,000	30,000
Number of recipients	2	1
Share price (in NIS)	6.290	6.740
Exercise price (NIS)	6.793	7.279
Fair value of option	0.8606	0.9095
Expected volatility	23.81%	23.88%
Lifetime of the option (in years)	2.83	2.83
Exercise period	24 months after the actual grant date and until the exercise deadline	24 months after the actual grant date and until the exercise deadline
Exercise deadline	36 months after the actual grant date	36 months after the actual grant date
Risk-free interest rate	0.803%	0.588%
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 89.6 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 89.2 million is used in favor of bank guarantees. For additional details, see Note 13 to the Annual Consolidated Financial Statements. In May 2019, and 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 122 million.



**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)**

**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.
- (3) **Granting of a compensation package to the Company's CEO and update to his employment terms:** In July 2019, following the adoption of an updated compensation policy, the general meeting of the Company's shareholders approved the Board of Directors' resolution from June 2019, to grant a compensation package to the Company's CEO and to update his employment terms, which primarily include the following:
  - (A) **Salary:** The employment agreement of the Company's CEO will be amended such that the (gross) monthly salary of the Company's CEO will be updated to a total of NIS 98 thousand, effective July 1, 2019 (CPI-linked). The total monthly employment cost of the Company's CEO for the Company, including fringe benefits, social benefits and company vehicle, will amount to a total of NIS 136 thousand (the "**Employment Cost**").
  - (B) **Annual bonus:** As part of the quantitative compensation in the annual bonus, the Company's CEO will be entitled to a quantitative annual bonus cap in the fixed amount of 6 months of employment cost, depending on performance, beginning in 2019. Additionally, the Company's Board of Directors, after considering the Compensation Committee's recommendation, is authorized to grant to the Company's CEO a discretionary bonus in the additional amount of up to 3 months of employment cost, provided that the total annual bonus which will be paid to the Company's CEO, in practice, does not exceed 8 months of employment cost.
  - (C) **Medium term equity compensation:** The Company's CEO will be entitled to receive medium term equity compensation worth 3 months of employment cost per year, to be granted each year, as part of the Company's options plan which is based on an annual allocation, vesting within 2 years, and expiring within 3 years.
  - (D) **Long term equity compensation:** Extension of the long term equity compensation which has been granted to the Company's CEO as part of the compensation



**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)**

package from 2016, by 3 additional years, upon the conclusion of the first long term compensation period (2022), subject to the required adjustments, according to which options for the acquisition of ordinary Company shares will be allocated to the Company's CEO in a total value of NIS 3,375 thousand reflecting value of 9 months' employment cost (excluding vehicle) per compensation year in the amount of NIS 1,125 thousand, over 3 years), which will vest and be available for exercise at the end of the fourth, fifth and sixth years after the date of the Board of Directors' approval of the updated compensation package, and the exercise shares will be locked up at the trustee until the end of the sixth year after the date of the Board of Directors' approval of the updated compensation package. The price of the exercise, which can be executed by way of net exercise only, will be NIS 11.07 per share, subject to the fulfillment of the share price cliff of NIS 13.02, as a condition for exercising the share options.

For the terms of the CEO's previous long term plan, see Note 25c(4) to the Annual Consolidated 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 million shares.
- M. On July 9, 2019, subsequent to the Reporting Date, the Company completed a capital raising through a public offering of shares and options in a gross total of approximately NIS 139 million. In the raising, the Company's issued and paid-up capital increased by approximately 18.5 million shares. Additionally, approximately 11.1 million marketable options were allocated to the public. The share options will be exercisable until December 31, 2020, whereby the exercise price per warrant will be NIS 8.5.

**Energix - Renewable Energies Ltd.**

**Condensed Separate Interim Financial Information  
As of June 30, 2019**

**(Unaudited)**

Attn.:

Shareholders of Energix - Renewable Energies Ltd.  
2 Jabotinsky St.  
Ramat Gan

Dear Sirs / Madams,

**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 June 30, 2019, and for the three and six month periods 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 these interim periods, 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**

**A Member Firm of the Deloitte Global Network**

**Tel Aviv, August 18, 2019**

**תל אביב - משרד ראשי**

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

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

	<b>June 30</b>		<b>December 31</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>NIS in thousands</b>		
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Assets</b>			
<b><u>Current assets</u></b>			
Cash and cash equivalents	71,636	39,192	44,688
Pledged deposit	-	14,383	12,896
Trade receivables and income receivable from customers	211	327	125
Receivables - investee companies	6,844	2,677	4,750
Receivables and debit balances	6,217	1,722	5,270
<b>Total current assets</b>	<b>84,908</b>	<b>58,301</b>	<b>67,729</b>
<b><u>Non-current assets</u></b>			
Pledged deposit	2,786	52	52
Connected electricity production systems	3,316	3,559	3,405
Systems under construction and inventory	340	244	244
Right-of-use asset	5,689	-	-
Fixed assets	4,220	3,098	4,098
Investment in investee companies	880,853	734,008	779,810
Loan to an investee company	2,922	6,315	3,339
Other receivables	7,211	17,656	5,017
<b>Total non-current assets</b>	<b>907,337</b>	<b>764,932</b>	<b>795,965</b>
<b>Total assets</b>	<b>992,245</b>	<b>823,233</b>	<b>863,694</b>
<b>Liabilities and equity</b>			
<b><u>Current liabilities</u></b>			
Current maturities of long-term loans	1,180	1,402	1,147
Trade payables	4,094	1,991	1,958
Payables and credit balances	12,192	7,961	10,725
Current maturities of lease liabilities	750	-	-
<b>Total current liabilities</b>	<b>18,216</b>	<b>11,354</b>	<b>13,830</b>
<b><u>Non-current liabilities</u></b>			
Liabilities with respect to financial instruments	1,941	5,933	8,718
Liability for employee severance benefits, net	361	417	361
Loans from financial institutions	10,922	11,923	11,380
Lease liability	5,246	-	-
Loans from investee companies	87,075	82,630	84,918
Payables – investee companies	1,076	1,069	2,157
Other long-term liabilities	1,500	3,500	3,500
Deferred tax liabilities, net	21,078	9,128	15,063
<b>Total non-current liabilities</b>	<b>129,199</b>	<b>114,600</b>	<b>126,097</b>
<b><u>Equity</u></b>			
Share capital	4,037	3,781	3,798
Capital reserves	771,497	668,616	677,783
Retained earnings	69,296	24,882	42,186
<b>Total equity attributable to the owners of the Company</b>	<b>844,830</b>	<b>697,279</b>	<b>723,767</b>
<b>Total liabilities and equity</b>	<b>992,245</b>	<b>823,233</b>	<b>863,694</b>

August 18, 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**

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2019	2018	2019	2018	2018
	NIS in thousands		NIS in thousands		
	(Unaudited)		(Unaudited)		(Audited)
<b>Revenues</b>					
Revenues from the sale of electricity	473	435	290	256	869
Operating and other income, net	1,559	802	791	441	1,690
	<u>2,032</u>	<u>1,237</u>	<u>1,081</u>	<u>697</u>	<u>2,559</u>
<b>Expenses</b>					
Rental expenses	-	44	-	26	87
Maintenance of systems	2,155	1,166	1,259	694	2,960
Initiation expenses	107	426	43	127	1,205
Payroll and related expenses	4,872	4,176	2,472	2,287	8,999
Administrative, headquarters and other	3,720	4,619	1,886	2,375	8,933
	<u>10,854</u>	<u>10,431</u>	<u>5,660</u>	<u>5,509</u>	<u>22,184</u>
<b>Loss before financing, taxes, depreciation and amortization</b>	(8,822)	(9,194)	(4,579)	(4,812)	(19,625)
Depreciation and amortization	(1,154)	(574)	(507)	(287)	(1,191)
<b>Loss before financing and taxes</b>	<u>(9,976)</u>	<u>(9,768)</u>	<u>(5,086)</u>	<u>(5,099)</u>	<u>(20,816)</u>
Financing income	12,628	7,967	7,025	4,437	17,551
Financing expenses	(1,861)	(1,635)	(860)	(1,012)	(3,136)
Financing income, net	<u>10,767</u>	<u>6,332</u>	<u>6,165</u>	<u>3,425</u>	<u>14,415</u>
<b>Loss after financing, net</b>	791	(3,436)	1,079	(1,674)	(6,401)
Company's share in the results of equity-accounted investees	34,257	22,974	9,445	15,763	48,022
<b>Profit before taxes on income</b>	<u>35,048</u>	<u>19,538</u>	<u>10,524</u>	<u>14,089</u>	<u>41,621</u>
Taxes on income	(3,910)	(3,757)	(2,552)	(4,141)	(10,248)
<b>Profit for the period attributable to the owners of the Company</b>	<u>31,138</u>	<u>15,781</u>	<u>7,972</u>	<u>9,948</u>	<u>31,373</u>
<b>Net earnings per share attributable to the equity holders of the Company (NIS):</b>					
Basic	<u>0.078</u>	<u>0.042</u>	<u>0.020</u>	<u>0.026</u>	<u>0.083</u>
Diluted	<u>0.076</u>	<u>0.042</u>	<u>0.019</u>	<u>0.026</u>	<u>0.083</u>
<b>Weighted average share capital used to compute the earnings per share (thousands of shares):</b>					
Basic	<u>401,628</u>	<u>376,010</u>	<u>402,228</u>	<u>377,044</u>	<u>377,281</u>
Diluted	<u>408,948</u>	<u>378,332</u>	<u>411,240</u>	<u>379,090</u>	<u>379,981</u>
<b>Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss</b>					
Foreign currency translation differences for foreign operation	(22,621)	(6,822)	4,279	(21,475)	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	8,096	1,154	(2,640)	10,607	(6,564)
Net change in the fair value of cash flow hedging instruments	(313)	(1,161)	60	(97)	(1,892)
<b>Total comprehensive income (loss) for the year attributable to the equity holders of the Company</b>	<u>16,300</u>	<u>8,952</u>	<u>9,671</u>	<u>(1,017)</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**

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2019	2018	2019	2018	2018
	NIS in thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b>Cash flows - operating activities</b>					
Income for the period	31,138	15,781	7,972	9,948	31,373
Expenses not involving cash flows (Appendix A)	(39,602)	(24,526)	(12,410)	(14,971)	(25,167)
	(8,464)	(8,745)	(4,438)	(5,023)	6,206
Changes in working capital (Appendix B)	2,552	91	3,504	(621)	700
<b>Net cash from (used in) operating activities</b>	<b>(5,912)</b>	<b>(8,654)</b>	<b>(934)</b>	<b>(5,644)</b>	<b>6,906</b>
<b>Cash flows - investing activities</b>					
Investment in electricity production systems	(178)	-	(76)	-	(15)
Decrease (increase) in pledged deposit	10,169	76,367	(2,734)	50,830	77,862
Repayment of loans given to investee companies	3,899	53,090	3,899	39,092	106,221
Repayment of investment in investee companies	800	1,300	400	900	3,700
Advance payments to providers of fixed assets	-	(11,625)	-	(11,625)	-
Investment in other fixed assets	(652)	(506)	(597)	(320)	(1,954)
Settlement of financial instruments	(1,658)	(5,142)	(1,658)	(4,017)	(9,062)
Investment in partnerships and investees	(86,607)	(115,984)	(27,338)	(47,692)	(195,378)
<b>Net cash used in investing activities</b>	<b>(74,227)</b>	<b>(2,500)</b>	<b>(28,104)</b>	<b>27,168</b>	<b>(18,626)</b>
<b>Cash flows - financing activities</b>					
Consideration from exercise of share options	5,318	5,908	1,201	448	12,632
Consideration from issuance of shares	102,752	-	-	-	-
Repayment of principal with respect to lease liability	(373)	-	(104)	-	-
Repayment of long-term loans from financial institutions	(572)	(270)	(289)	(270)	(1,106)
Short-term loans received from banking institutions	-	3,300	-	-	3,300
Repayment of short-term loans from banking institutions	-	(3,300)	-	(3,300)	(3,300)
<b>Net cash from (used in) financing activities</b>	<b>107,125</b>	<b>5,638</b>	<b>808</b>	<b>(3,122)</b>	<b>11,526</b>
<b>Change in cash and cash equivalents</b>	<b>26,986</b>	<b>(5,516)</b>	<b>(28,230)</b>	<b>18,402</b>	<b>(194)</b>
<b>Balance of cash and cash equivalents at beginning of period</b>	<b>44,688</b>	<b>43,970</b>	<b>99,635</b>	<b>20,346</b>	<b>43,970</b>
<b>Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>(38)</b>	<b>738</b>	<b>231</b>	<b>444</b>	<b>912</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>71,636</b>	<b>39,192</b>	<b>71,636</b>	<b>39,192</b>	<b>44,688</b>

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**

	<b>Six-month period ended June 30</b>		<b>Three-month period ended June 30</b>		<b>Year ended December 31</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>NIS in thousands</b>				
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
<b><u>Appendix - Adjustments Required to Present Cash Flows from Operating Activities</u></b>					
<b>a. Income (expenses) not involving cash flows:</b>					
Financing income, net	(11,714)	(7,005)	(6,806)	(4,313)	(15,597)
Revaluation of loans, deposits, marketable securities and hedging instruments, net	140	78	183	120	109
Tax income recognized in profit (loss) for the period	3,910	3,757	2,552	4,141	10,248
Company's share in the results of equity-accounted investees	(34,257)	(22,974)	(9,445)	(15,763)	(24,434)
Depreciation and amortization	1,154	574	507	287	1,191
Change in provision for employee severance pay	-	-	-	-	(56)
Share-based payment	1,165	1,044	599	557	3,372
	<u>(39,602)</u>	<u>(24,526)</u>	<u>(12,410)</u>	<u>(14,971)</u>	<u>(25,167)</u>
<b>b. Changes in asset and liability items (changes in working capital):</b>					
Decrease (increase) in trade receivables and other receivables and debit balances	(505)	(210)	(167)	130	(61)
Decrease (increase) in receivables and debit balances in respect of investee companies	(1,552)	(244)	(353)	(30)	214
Increase (decrease) in trade payables and other payables and credit balances	4,609	545	4,024	(721)	547
	<u>2,552</u>	<u>91</u>	<u>3,504</u>	<u>(621)</u>	<u>700</u>
<b><u>Non-cash activity</u></b>					
Non-cash exercise of share options	64	1,348	64	1,376	-
<b><u>Additional information</u></b>					
Interest received in respect of operating activities	42	47	15	47	355
Interest paid in respect of operating activities	195	124	96	124	433
Dividend received from investee companies	-	-	-	-	23,589
Taxes paid	145	-	145	-	-
Interest payments with respect to lease	116	-	51	-	-

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

**Energix - Renewable Energies Ltd.****Supplementary Information to the Condensed Interim Separate Financial Information****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 June 30, 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. Winning of the first competitive tender for ultra-high voltage facilities (90 MWp)**

For details regarding the Company’s winning of a tender, see Note 7b(1) to the Consolidated Financial Statements for the period.

**C. 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(2) to the Consolidated Financial Statements for the period.



**Energix - Renewable Energies Ltd.****Supplementary Information to the Condensed Interim Separate Financial Information****D. 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(3) to the Consolidated Financial Statements for the period.

**E. Winning of the competitive tender for the construction of high voltage facilities in Judea and Samaria (10MWp)**

For details regarding the Company's winning of a tender, see Note 7b(4) to the Consolidated Financial Statements for the period.

**F. 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.

**G. 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.

**H. 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.

**I. Bank Guarantees and Company Guarantees**

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

**J. 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.

**K. 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.

**L. 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, the management agreement with Alony Hetz, and the granting of a compensation package to the Company's CEO and the update to his employment terms, see Note 7k to the Consolidated Financial Statements for the period.

**Energix - Renewable Energies Ltd.**

**Supplementary Information to the Condensed Interim Separate Financial Information**

**M. Capital raising**

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.

For details regarding a capital raising through a public offering of shares and options in the gross total of approximately NIS 139 million subsequent to the Reporting Date, see Note 7m to the Consolidated Financial Statements for the period.

- N.** 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.

August 18, 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 2019**

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 2019:

1. The review report dated August 18, 2019, regarding the Company's condensed consolidated financial information as of June 30, 2019, and for the six and three month periods then ended.
2. The auditor's special report dated August 18, 2019, regarding the Company's separate interim financial information as of June 30, 2019, and for the six and three month periods then ended, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Sincerely,

**Brightman Almagor Zohar & Co.**  
**Certified Public Accountants**  
**A Member Firm of the Deloitte Global Network**

## תל אביב - משרד ראשי

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