



Meshek Energy - Renewable Energies Ltd.

("the Company")

September 14, 2025

To:

Israel Securities Authority

www.magna.isa.gov.il

Tel Aviv Stock Exchange Ltd.

maya.tase.co.il

Dear Sir/Madam,

Re: Follow-up Immediate Report - Eshkol Avshal Project - Signing of EPC Agreement for the Construction of a New H CLASS Generation Unit at the Eshkol Site

Further to the immediate report dated August 21, 2025 (Reference No.: 2025-01-062294), regarding the signing by Eshkol Avshal Energies Ltd. ("Eshkol Avshal"¹⁰¹) of a binding memorandum of understanding with an EPC contractor ("the Contractor") for the construction of a new generation unit at the Eshkol site ("Eshkol Avshal Project"), the Company is pleased to announce that, according to Dalia's reports, on September 11, 2025, Eshkol Avshal signed the detailed procurement, design, and construction agreement (EPC) pursuant to the binding memorandum of understanding ("the Agreement" or "the EPC Agreement"), the main points of which are summarized below:

1. The agreement was signed with a contractor consisting of three companies incorporated in China, which are jointly and severally liable to Eshkol Avshal: CHEC, HEI, and THCC. These

This is an unofficial AI generated translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. For more information, please review the legal disclaimer.

companies have significant expertise and experience, including in the design and construction of power plants and infrastructure projects worldwide, including the construction of combined cycle power plants with H Class generation units from Siemens Energy Global GmbH & CO.KG ("Siemens"), the main equipment supplier with whom Eshkol Avshal contracted on July 24, 2025¹⁰².

- 2.** According to the EPC Agreement, the contractor will carry out the design, procurement, and construction works for the power plant (and the main equipment supply agreement with Siemens will be assigned to it, in addition to Siemens control systems to be purchased under the EPC Agreement). Eshkol Avshal is responsible for obtaining the permits and approvals required for the construction and operation of the plant. Upon commercial operation of the power plant and receipt of a generation license, and throughout the 20-year license period, the power plant will be operated and maintained on an ongoing basis by a corporation from the Dalia Group, with Eshkol Avshal intending to enter into a long-term service agreement (LTSA) with a Siemens affiliate, as customary, for the entire license period.
- 3.** The total investment in the Eshkol Avshal Project, with a capacity of approximately 850 MW,¹⁰³ will amount to about NIS 3.4 billion (excluding the cost invested in acquiring the rights to establish the Eshkol Avshal Project and excluding financial fees and interest during construction), and includes all payments under the EPC Agreement with the contractor, payments for the main equipment and Siemens control systems, payments for connecting the Eshkol Avshal Project to the electricity transmission grid and the national gas system, payments for management, supervision, and control of the Eshkol Avshal Project, insurance payments, allocation of budget for unforeseen expenses – contingency at the customary rate for such projects, and more.
- 4.** Additionally, according to the agreement, some payments will be linked to relevant indices and will be made according to milestones dependent on project progress until commercial operation, as customary in such projects.
- 5.** The commercial operation date is set for June 30, 2029, or a period of 35.5 months from the date Eshkol Avshal notifies that the conditions precedent in the agreement for its entry into force have been met (depending on the date of such notification).
- 6.** The agreement includes a liquidated damages mechanism whereby the contractor must pay for failure to meet the commercial operation schedule, according to terms customary in such agreements. The agreement also sets a bonus mechanism for early commercial operation, according to the agreement's terms. The liquidated damages and bonus mechanisms are subject to caps as customary in such agreements.
- 7.** To secure its obligations under the agreement, the contractor must provide a bank performance guarantee equal to 10% of the Eshkol Avshal Project cost, and a bank warranty guarantee equal to 5% of the Eshkol Avshal Project cost for the warranty period.

8. The EPC Agreement includes an obligation to perform performance and acceptance tests, as well as to meet guaranteed performance of the power plant. It also includes liquidated damages mechanisms for failure to meet agreed minimum requirements and bonus payment mechanisms for actual performance improvements over the guaranteed performance, as customary in such agreements.

9. The agreement includes provisions regarding force majeure events as customary in such agreements, as well as provisions regarding "justified events" mainly arising from the security situation in Israel, which will entitle the contractor to request extensions and/or various payments upon the occurrence of certain conditions as set out in the agreement.

10. According to the agreement, commencement of works on the Eshkol Avshal Project is subject to Eshkol Avshal's notification of the fulfillment of the following conditions precedent:

- Reaching financial close
- Obtaining the required permits and approvals for the construction of the power plant by the agreed date.

If Eshkol Avshal does not notify of the fulfillment of the conditions precedent, the agreement will terminate in accordance with its provisions.

11. The agreement includes provisions regarding suspension of the agreement under various circumstances, provisions regarding termination of the agreement in the event of a material breach by either party, as well as in the event of a prolonged force majeure event with significant effects.

12. In addition, the agreement includes standard clauses for such agreements, including:

- All risks construction insurance
- Liability and indemnification clauses
- Intellectual property rights
- Confidentiality
- Permitted assignment of rights, and more.



As detailed in Dalia's reports, the information regarding the total cost of the Eshkol Avshal Project, as well as the fulfillment of the conditions precedent of the EPC Agreement, and the binding commercial operation date and the signing of a long-term maintenance agreement, is forward-looking information as defined in the Securities Law, 1968, based on the Company's estimates and the information available to it as of the date of this report, including the agreement. However, actual results may differ materially from the Company's estimates and some may not materialize, due to changes in markets, exchange rates, indices, delays in schedules, statutory delays, significant regulatory changes, obtaining approvals, permits, and licenses as required, macroeconomic changes, and the realization of risk factors.

as detailed in Dalia's risk factors in section 26 of Appendix A to Chapter A of the 2024 periodic report. Also, as of this date, there is no certainty regarding obtaining a building permit, various regulatory approvals and licenses, signing various agreements required to advance the Eshkol Avshal Project, including the senior debt financing agreement and others, and there is no certainty regarding reaching financial close, including obtaining the required permits and licenses for this purpose.



Company Logo

Sincerely,

Meshek Energy - Renewable Energies Ltd.

Signed by:

- Avner Arad, CEO
- Galit Bik, Legal VP and Head of Company Headquarters

FOOTNOTE:

¹⁰¹ Dalia holds 75% and the Company holds 2.5% of its share capital.

¹⁰² See immediate report dated July 27, 2025 (Reference No.: 2025-01-055467).

¹⁰³ Calculation under ISO conditions – an international standard based on adjusting data according to temperature, humidity, and barometric pressure conditions.