

December 14, 2025

Nofar Energy Ltd. (the "Company")

To: Israel Securities Authority www.isa.gov.il

To: Tel Aviv Stock Exchange Ltd. www.tase.co.il

Dear Sir/Madam,

Subject : Agreement for Sale of Part of Holdings in Seerose Energie GmbH

Further to the immediate report dated November 18, 2025¹ regarding negotiations to enter into several transactions, the Company

is pleased to announce that on December 11, 2025, Frig Investment Limited (the seller), a wholly-owned (indirect) subsidiary of the Company, entered into a share sale agreement with a fund managed by EB-SIM, one of the leading investment managers in Germany (the buyer),

for the sale of 49% of the share capital of Seerose Energie GmbH (the project company).

The project company is establishing and operating the Stendal project² for electrical energy storage (BESS) with a capacity of 104.5 MW in Germany. In addition to the sale of shares, the agreement arranges the transfer of a proportional share of the existing shareholder loans provided by the seller to the project company.

According to the provisions of the agreement, as consideration for the sale of the shares and the transfer of the portion of the shareholder loan, a total amount of approximately €25.23 million will be paid to the seller at the completion of the transaction, subject to adjustments as detailed below. The project has a debt of approximately €64 million;

the total consideration reflects a project value of over €1.1 million per MW.

It is expected to yield the company a return on investment (ROI) of about 44%-47% in less than two years from the start of the investment in the project, while maintaining a majority holding in the project company and entitlement to all project proceeds until the end of March 2026.

In view of the above, the company is expected to receive a return of more than 70% of the total equity invested in the project.

The purchase price is subject to adjustments, including closing balances at the transaction completion date, increases for operating cost reductions, an increase for unused security reserve funds as part of the project financing agreement, as well as further additions up to a total price of approximately €25.85 million. In addition, the seller will be entitled to all project revenues generated until the end of March 2026.

The agreement includes a daily agreed compensation to the buyer in case of delay in project operation after April 11, 2026 and up to September 30, 2026 (even if the delay persists beyond this date). The maximum compensation amount may reach approximately €2.15 million.

Upon completion of the transaction, a shareholders' agreement will enter into force, including provisions regarding the management of the board of directors (the project company to be managed by three managing directors – two on behalf of the seller and one on behalf of the buyer). The seller shall have the casting vote in any decision of the project company's board, except for material matters requiring the consent of both parties (provisions regarding financing, deadlock mechanism (in case of disagreement on issues), etc.).

¹ Reference number: 088355-01-2025.

² For more details, see section 1.5.7 of the company's 2024 periodic report (reference number: 2025-01-022569).

2024-06-18

In material matters, each party is entitled to activate a mutual buy/sell mechanism (Buy-Sell). If neither party activates this mechanism, it will be possible to initiate the sale or liquidation of the project company. There is also a dilution mechanism (which will come into effect 90 days after the other party has not funded its share), and additional mutual shareholder rights including the right of first refusal (pre-emption), and the tag-along right (Tag-Along).

The expected net cash flow for the company is the full consideration less transaction costs and taxes.

The company estimates that the transaction will be completed in the coming days.

It should be emphasized that the company’s estimates regarding tax payments, investment recovery, return on investment, and expected cash flow from the transaction are forward-looking statements, as defined in the Securities Law, 1968.

Their realization is not certain and is not solely under the control of the company. The above estimates are based on the company’s plans and assessments, and may not materialize due to factors beyond the company’s control, or may materialize differently (including materially) from what is described, including the completion date of the transaction, the results of the project company, changes in exchange rates, etc.

Respectfully,

Y. Nofar Energy Ltd.

By: Ofer Yanai, CEO and Director

Nir Peleg, CFO
