December 29, 2025

Shikun & Binui Energy Ltd.

(the Company)

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

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

Re: **Immediate Report regarding the signing of a concession agreement with the State of Israel for the construction of a photovoltaic facility**
In combination with storage systems

The Company hereby updates that on December 28, 2025, a concession agreement was signed in the form of (Build Operate Transfer (BOT)) between

the State of Israel (the client or the State of Israel) and Negev Energy PV Ltd. (held by the Company at

50% and by a third party at 50%) (the PV Concessionaire) regarding the planning, financing, construction, operation and maintenance of a solar **PV**

facility in Ashalim, for electricity production in photovoltaic technology in combination with electricity storage systems, with an installed capacity of PV

150 megawatts and a storage capacity of 460 megawatt-hours (the concession agreement and the project, as applicable).

The project will be erected within the area of the existing thermo-solar facility in Ashalim, which was erected and is operated by

Negev Energy – Ashalim Thermo Solar Ltd. (also held by the Company at 50% and by the same third party who also holds the PV Concessionaire at 50%) (the Thermo Concessionaire), under a separate concession agreement signed with the State of Israel in 2013 (the Thermo Project), such that the photovoltaic panels will be installed in the vacant areas between the thermo-solar panels of the existing facility.

Main Details Regarding the Concession Agreement:

1. **Identity of Holdings in the Project and Thermo Project**
The concession agreement stipulates a requirement for identical holdings in the PV Concessionaire and the Thermo Concessionaire, such that any transfer of shares or control in either of the concessionaires must simultaneously occur with respect to the other concessionaire, such that at all times, identical holdings are maintained (except in the case of appointing a substitute entity in place of one of the concessionaires by the State of Israel or the financiers).

2. **Concession Period**
The concession period is until the end of the concession period of the Thermo Project, i.e. until August 8, 2043, during which the PV Concessionaire will be required to plan, construct, maintain, and operate the project, and at the end of the concession period the project will be transferred to the ownership of the State of Israel.

3. **Interface with the Thermo Concessionaire**
The concession agreement stipulates that the PV Concessionaire will enter into an interface agreement with the Thermo Concessionaire, to set out the interface between the two projects, define the rights and obligations of the parties regarding the construction, operation, and maintenance of the PV Project and operation and maintenance of the Thermo Project, and an undertaking to cooperate between the concessionaires, including obligations of coordination and reporting (the "Interface Agreement"). In accordance with the terms of the interface agreement, any activity of the PV Concessionaire shall be subject to the rights and needs of the Thermo Project, including access and use of the site and shared infrastructure, electricity production and injection to the grid, and operation and maintenance of the project.

4. **Construction Period**

    4.1.

The exercise of the right to commence construction work on the project (the PV) is subject, inter alia, to: the client's approval of the main project agreements, the client's approval of project planning and schedule, obtaining approval from the Israel Land Authority for updating the site usage rights for the purpose of the project and payment of usage fees to the ILA, obtaining a conditional electricity generation license from the Electricity Authority (the conditional generation license) and meeting the milestones set out therein and its provisions, arranging insurance policies, obtaining all required permits and approvals, providing a performance guarantee by the PV Concessionaire in the amount of 30 million NIS, and other standard conditions precedent set out in the concession agreement.

4.2.

The PV Concessionaire may, at its sole discretion, at any time prior to obtaining the PV NTP, choose not to execute the project and to terminate the concession agreement for any reason (economic, regulatory, operational or technical), without any compensation or obligation towards the State of Israel. In addition, the PV Concessionaire has no commitment to the State of Israel to meet any schedule or project performance. It is clarified that the schedules binding on the PV Concessionaire will be those set in the conditional generation license.

4.3. Upon completion of the construction works, the PV concessionaire will conduct acceptance tests with Noga - Israel Independent System Operator Ltd. (the system operator), in accordance with the standards of the Electricity Authority, and will be required to provide various approvals as a condition for receiving the client's approval of the completion of the construction phase and transition to the commercial operation period, including obtaining a permanent generation license for the project from the Electricity Authority with the approval of the Minister of Energy (the permanent generation license).

4.4. At this preliminary stage, in the company's estimation, subject to the completion of development, planning, and licensing procedures and obtaining all the required approvals, the construction of the project is expected to commence during the first quarter of 2026 and to last approximately 18 months.

5. Operation Period

5.1. Upon receipt of the client's confirmation that the PV concessionaire has fulfilled its obligations during the construction period and according to the project agreements, and upon receipt of the permanent generation license and signing of the power purchase agreement with the system operator, the commercial operation period of the facility will begin and continue until the end of the concession period.

5.2. From the date of commercial operation, the State of Israel will be entitled to 50% of the funds the PV concessionaire is permitted to distribute to its shareholders (including by way of shareholder loans) beyond the agreed target return on equity.

5.3. The project will operate under the bilateral market regulation for generation and storage facilities connected or integrated into the transmission grid in accordance with Electricity Authority decision No. 71101 dated May 19, 2025, as may be updated from time to time.

5.4. The electricity generated at the facility will be sold to the system operator at SMP prices, and in addition, the facility will be permitted to sell availability certificates under bilateral agreements with third parties holding a license to supply electricity from the Electricity Authority.

6. Transfer of the Facility to the State of Israel at the End of the Concession Period

At the end of the project's concession period, the PV concessionaire will transfer the facility to the State of Israel without compensation, in working and operational condition. The return conditions of the project will be determined according to the project's performance level as measured three years before the end of the concession period, subject to agreed degradation. If at the end of the concession period the project does not meet the required return conditions, the State of Israel will be entitled to instruct the PV concessionaire to perform rehabilitation works at its own expense, or alternatively, to instruct the PV concessionaire to dismantle the project at its own expense.

7. Causes for Termination of the Concession Agreement

The client will be entitled to terminate the concession agreement, among other things, for: (1) cancellation for convenience, at any stage of the project and for any reason, subject to the payment of compensation to be determined according to the stage of the project at the time of cancellation, (2) force majeure, (3) cancellation of the generation license in accordance with the decision of the Electricity Authority, (4) cancellation of the concession agreement of the thermo project, (5) abandonment of the project by the PV concessionaire for a period exceeding half a year, (6) change in the shareholding structure of the PV concessionaire not in accordance with the concession agreement, (7) initiation of criminal proceedings against the PV concessionaire or an interested party therein, or if the PV concessionaire or an interested party therein is convicted of a criminal offense, (8) insolvency proceedings of the PV concessionaire, (9) breaches of reporting obligations, (10) material breaches of the concession agreement, (11) if the PV concessionaire breaches any of its material obligations under the project agreements, as well as other standard termination causes, as detailed in the concession agreement.

8. Financing

According to the company's assessment, financing for the construction of the project will be provided through the company's own equity and by a third party holding 50% in the PV concessionaire (the company's share of the equity is expected to be provided from its own resources), as well as by external financing from financial institutions, which will be made available to the PV concessionaire.

9.

Projected Results of the Project

Below are the projected results of the project:

	Projected Start of Commercial Operation	Projected Construction Cost [1] ()	Projected Results for a Full Operating Year () [1] [2]
		Revenue	(3) EBITDA
Year	NIS million	NIS million	NIS million
2027	573-603	73-93	37-53

The information included in this report that relates to the scope of the project, timing of commencement of construction and construction period, sources of financing for the construction of the project, projected results of the project (including the timing of start of commercial operation, construction cost, revenue and EBITDA), is forward-looking information as defined in the Securities Law, 1968, based on data, assessments, estimates, and plans of the company as of the date of this report. Actual results may not realize or may realize materially differently from these plans and assessments, including due to factors not under the control of the company, such as timing of receipt of required permits and approvals for construction of the project, completion times for planning and licensing procedures, limitations regarding connection and/or flow of electricity from the project, existing or potential delays by authorities, changes in construction costs, delays in construction, changes in legal regulations or rules, increase in financing expenses, changes in interest rates and/or exchange rates, labor costs, unexpected expenses, technical, operational or other malfunctions, system deficiencies, changes in weather conditions, changes in consumer electricity tariffs or system costs, changes in tax rates or additional factors not dependent on the company and the like; as well as occurrence of events and developments during the project's construction, and the occurrence of global and market events, including the risk factors applicable to the company as detailed in Section 24 of the chapter "Description of the Corporation's Business" in the company's financial statements for 2024 (reference number: 2025-01-018956).

Respectfully,

Shikun & Binui Energy Ltd.

Signed by:

Yuval Skornik, CEO

Amri Kozak, Deputy CEO and General Counsel

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[1] Data is presented according to a 100% holding rate, including partners' share.

[2] A full operating year means the first period during which the project will operate and carry debt payments, for 12 consecutive months.

[3] The EBITDA metric is not based on generally accepted accounting principles and is a commonly used metric in energy projects, used by company decision-makers. The EBITDA metric was calculated on a cash flow basis, i.e., estimations regarding total receipts less estimations regarding total payments for operation and maintenance. Furthermore, the amount is presented with forecasted inflation added relative to amounts linked to the Consumer Price Index.