



March 16, 2020

Sunflower Sustainable Investments Ltd
Givatayim, ISRAEL

**Re: Sunflower Sustainable Investments Ltd. Financial statements as of
December 31, 2019**

As the auditors of the company and at your request, we confirm that the translated consolidated Statement of financial position as of December 31, 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended on that date (hereinafter – the financial statements), attached herewith and stamped by us for identification purposes, are identical to the financial statements as of December 31, 2019 that were approved and signed by the company on March 16, 2020 and published to the public.

Kind Regards,

Kesselman & Kesselman
Kesselman & Kesselman
Certified Public Accountants (Isr.)
PwC Israel

*Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel,
P.O Box 50005 Tel-Aviv 61500 Telephone: +972 -3- 7954555, Fax: +972 -3- 7954556, www.pwc.com/il*

SUNFLOWER SUSTAINABLE INVESTMENTS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

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Kesselman & Kesselman
for identification

SUNFLOWER SUSTAINABLE INVESTMENTS LTD

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
	NIS in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	51,026	80,727
Short-term investments	5,144	6,079
Trade and accrued income	18,525	15,186
Other accounts receivable	2,663	2,473
	<u>77,358</u>	<u>104,465</u>
NON-CURRENT ASSETS:		
Right of use assets	8,287	-
Accounts receivable	9,558	9,700
Investment in wind technology plants for electricity production	193,771	228,327
Licenses for production of electricity by wind technology	21,950	25,594
Investment property	75,000	77,750
Property, plant and equipment	258	283
Deferred taxes	7,118	8,313
	<u>315,942</u>	<u>349,967</u>
	<u>393,300</u>	<u>454,432</u>

Date of approval of the financial statements: March 16, 2020



Aharon Biram
 Chairman of the Board



Orly Kyram
 CEO



Rachel Segal
 CFO


 for Identification

SUNFLOWER SUSTAINABLE INVESTMENTS LTD

STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND EQUITY	December 31	
	2019	2018
	NIS in thousands	
CURRENT LIABILITIES:		
Short-term credit and current maturities of long-term loans from banks	8,006	34,507
Current maturities of lease liabilities	975	-
Loans from non-controlling shareholders in subsidiaries	500	530
Trade payables	1,060	1,954
Other accounts payable	13,615	11,449
	24,156	48,440
NON-CURRENT LIABILITIES:		
Loans from banks and others	114,716	106,473
Loans from non-controlling shareholders in subsidiaries	6,351	7,188
Lease liabilities	7,529	-
Deferred taxes	14,744	15,373
	143,340	129,034
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:		
Share capital	32,951	32,951
Share premium	208,295	233,295
Capital reserve	558	558
Foreign currency translation adjustments	416	(376)
Accumulated earnings (deficit)	(833)	26,771
	241,387	293,199
Non-controlling interests	(15,583)	(16,241)
Total equity	225,804	276,958
	393,300	454,432


 for identification

SUNFLOWER SUSTAINABLE INVESTMENTS LTD

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31	
	2019	2018
	NIS in thousands	
Revenues	59,195	60,008
Cost of revenues	<u>23,553</u>	<u>25,961</u>
Gross profit	35,642	34,047
Valuation losses of investment property, net	(2,750)	(230)
General and administrative expenses	<u>(7,122)</u>	<u>(8,789)</u>
Operating income	25,770	25,028
Finance income	929	2,217
Finance costs	<u>(23,382)</u>	<u>(9,140)</u>
Income before taxes on income	3,317	18,105
Taxes on income	<u>3,882</u>	<u>2,416</u>
Income (loss) from continuing operations	(565)	15,689
Income from discontinued operation , net	<u>-</u>	<u>20,750</u>
Income (loss) for the year	(565)	36,439
Other comprehensive income:		
Foreign currency translation adjustments	1,181	733
Realization of foreign currency translation adjustments	<u>-</u>	<u>4,751</u>
Total comprehensive income for the year	<u>616</u>	<u>41,923</u>
Income (loss) attributable to:		
Equity holders of the Company	(834)	32,593
Non-controlling interests	<u>269</u>	<u>3,846</u>
	<u>(565)</u>	<u>36,439</u>
Total comprehensive income (loss) attributable to:		
Equity holders of the Company	(42)	38,086
Non-controlling interests	<u>658</u>	<u>3,837</u>
	<u>616</u>	<u>41,923</u>
<u>Income (loss) per share attributable to equity holders of the Company (in NIS):</u>		
Net income (loss) from continuing operations	(0.03)	0.42
Net income from discontinued operation	<u>-</u>	<u>0.57</u>
Income (loss) for the year	<u>(0.03)</u>	<u>0.99</u>

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Total equity
	Share capital	Share premium	Capital reserve	Foreign currency translation adjustments		Non controlling interests	
				Retained earnings (deficit)	Total		
NIS in thousands							
Balance at January 1 2018	32,951	233,295	558	(5,869)	18,178	279,113	289,406
Income for the year	-	-	-	-	32,593	32,593	36,439
Realization of foreign currency translation adjustments	-	-	-	4,751	-	4,751	-
Comprehensive income (loss) - foreign currency translation adjustments, net	-	-	-	742	-	742	733
Total comprehensive income	-	-	-	5,493	32,593	38,086	41,923
Transactions with equity holders:							
Sale of a subsidiary	-	-	-	-	-	-	(24,378)
Dividend	-	-	-	-	(24,000)	(24,000)	(5,993)
Balance as of December 31, 2018	32,951	233,295	558	(376)	26,771	293,199	276,958
Income (loss) for the year	-	-	-	-	(834)	(834)	(565)
Comprehensive income - foreign currency translation adjustments, net	-	-	-	792	-	792	1,181
Total comprehensive income (loss)	-	-	-	792	(834)	(42)	616
Transactions with equity holders:							
Dividend	-	-	-	-	(26,770)	(26,770)	(26,770)
Dividend that did not meet the earning test and was distributed in accordance to the courts approval	-	(25,000)	-	-	-	(25,000)	(25,000)
Balance as of December 31, 2019	32,951	208,295	558	416	(833)	241,387	225,804

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Year ended December 31</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS in thousands</u>	
<u>Cash flow from operating activities:</u>		
Income (loss) for the year	<u>(565)</u>	<u>36,439</u>
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Adjustments to the profit or loss items:		
Finance costs, net	22,453	12,279
Depreciation and amortization	15,841	24,600
Valuation loss of investment property, net	2,750	230
Net gain on sale of subsidiary and investments accounted for using the equity method	-	(28,657)
Taxes on income	<u>3,882</u>	<u>13,332</u>
	<u>44,926</u>	<u>21,784</u>
Changes in asset and liability items:		
Decrease (increase) in trade and other accounts receivable	(4,321)	6,482
Increase (Decrease) in trade and other accounts payable	<u>2,477</u>	<u>(5,203)</u>
	<u>(1,844)</u>	<u>1,279</u>
Cash paid and received during the period for:		
Interest paid	(7,237)	(12,354)
Interest received	83	408
Taxes paid	(4,698)	(2,201)
Taxes received	<u>-</u>	<u>4,004</u>
	<u>(11,852)</u>	<u>(10,143)</u>
Net cash provided by operating activities	<u>30,665</u>	<u>49,359</u>

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2019	2018
	NIS in thousands	
<u>Cash flow from investing activities:</u>		
Purchase of fixed assets	(51)	(58)
Purchase of marketable securities	-	(4,958)
Sale of marketable securities	-	4,989
Deposit of bank deposits	(688)	(3,255)
Proceeds from sale of subsidiary (see a below)	-	61,848
Net cash provided by (used in) investing activities	(739)	58,566
<u>Cash flow from financing activities:</u>		
Repayment of loans from non-controlling shareholders in subsidiaries	-	(278)
Repayment of Lease principal	(977)	-
Repayment of long-term loans from banks and others	(6,422)	(29,159)
Dividend payment	(51,770)	(24,000)
Dividend payment to non-controlling shareholders in subsidiaries	-	(5,993)
Net cash used in financing activities	(59,169)	(59,430)
Translation differences of balances of cash and cash equivalents	(458)	(460)
Increase (decrease) in cash and cash equivalents	(29,701)	48,035
Cash and cash equivalents at the beginning of the year	80,727	32,692
Cash and cash equivalents at the end of the year	51,026	80,727

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31

2019 2018

NIS in thousands

(a) Sale of Subsidiary:

The subsidiary's assets and liabilities at date of the sale :

Working capital (excluding cash and cash equivalents)	-	5,866
Investment in photovoltaic plants and Licenses	-	212,305
Non-current accounts receivable and others	-	13,131
Deferred taxes, net	-	1,323
Non-current liabilities	-	(179,944)
Foreign currency translation adjustments	-	4,751
Non-controlling interests	-	(24,378)
Proceeds from sale of subsidiary	-	<u>28,794</u>
	-	<u>61,848</u>

(b) Significant non-cash transactions:

Recognition of a Right of use asset against a Lease Liability	<u>9,121</u>	<u>-</u>
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