Israel Electric

Israel Electric Corp.

Investor Presentation
2024FY

May 2025

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Israel Electric Corp.

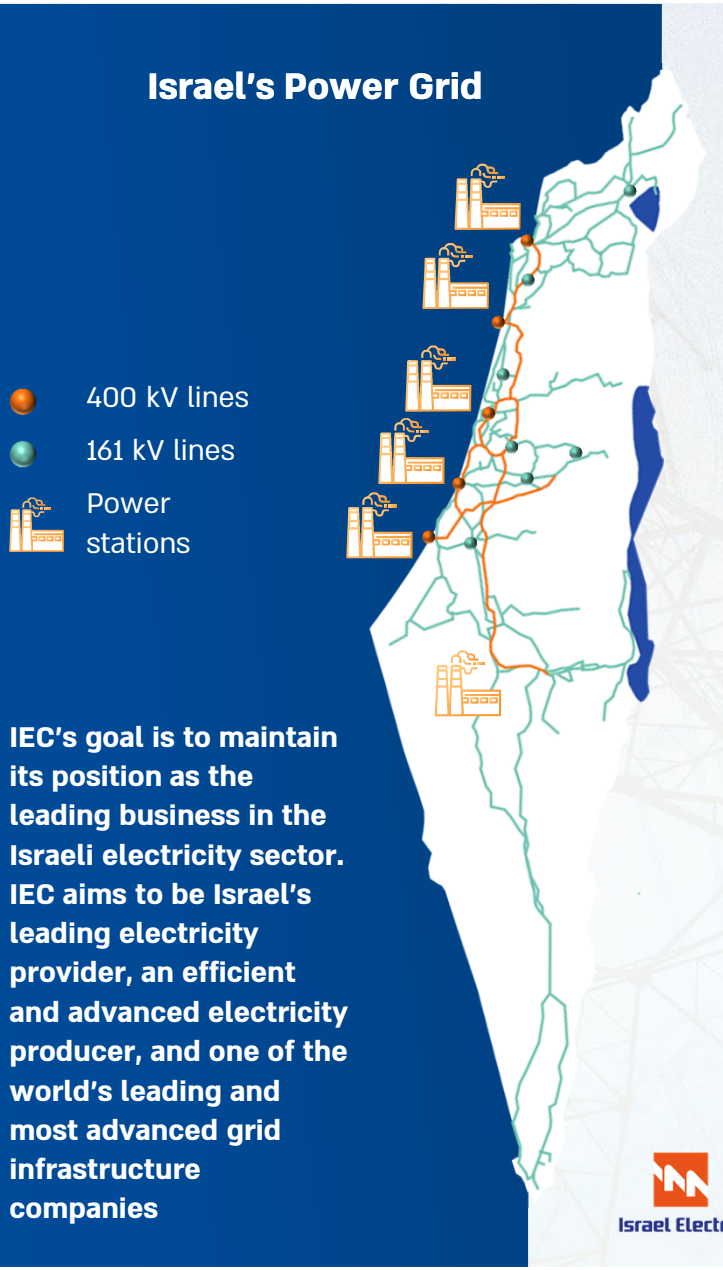
at a Glance

Established in 1923, the Israel Electric Corporation Limited ("IEC") is a **dominant player** in the Israeli electricity sector and is an essential **service provider** of electricity in Israel, and the sole **vertically integrated provider** in the electricity chain

IEC serves **residential, commercial, agricultural and industrial customers** throughout the State of Israel, including East Jerusalem and the Palestinian Authority (PA)

The state of Israel, which holds 99.85% of the IEC's shares, is committed for the **GHG reduction in line with Paris Climate Agreement**

Israel's Power Grid



IEC's goal is to maintain its position as the leading business in the Israeli electricity sector. IEC aims to be Israel's leading electricity provider, an efficient and advanced electricity producer, and one of the world's leading and most advanced grid infrastructure companies

IEC intends to continue to develop and adapt to the changing market structure and conditions, as well as to the economic, social and technological changes in Israel and worldwide

Key Strategic Targets

Main Israel's Electricity Company

Continuing to guarantee and improve reliability of the electricity supply, as well as providing backup services for electricity consumers and producers

Adapt to challenges

Completing the remaining steps of the sector reform along with preparing for challenges in the evolving electricity market

Financial Robustness

Meeting key financial targets and adequate liquidity cushion

Support environmental projects

Support the combination of renewable energy, electrical cars, promoting energy storage facilities. Targeting natural gas as main fuel source, in order to reduce the environmental impact

Key Investment Highlights

Government Company

99.85% owned by the State of Israel

Essential Service Provider

IEC is an essential service provider of electricity in Israel and the sole vertically integrated provider in the electricity chain

Focusing on the T&D segments

IEC focuses its activity on the Transmission and Distribution segments and reduced its share in the generation segment

Transmission, Distribution and storge licenses

Receiving licenses valid for 20 years

Key Investment Highlights

Fully Regulated across all segments

Electricity tariff set by the EA, based on forecasted expenses and adequate return on equity, providing predictable revenue

Natural Gas Independence

Natural gas discoveries from Tamar, Leviathan, Karish and Tanin have paved the way to heavy fuels independence

Preparing the ground for renewables

Developing infrastructure that supports renewable energy, energy storage facilities and electric cars

ESG (Environment, Social, Governance)

Growing attention to ESG, especially in the environmental aspect (conversion of coal units to NG targeting natural gas as main fuel source), the social aspect (diversity & inclusion) and the governance aspect (deepening corporate governance)

End of decade Main challenges

Distribution segment development plan

Expected investment

5.6
Billion USD

Transmission segment development plan

Expected investment

4.9
Billion USD

Significant **CAPEX plan** to support market challenges

Approx.

2.1
Billion USD
average per year

Discussions with the EA regarding allowed **revenues to cover costs** (electricity tariff) and governmental entities

Phasing out coal in regular usage

* Financial Figures presented in USD according to an average USD/ILS exchange rate of 3.70 as of 2024FY

Transmission segment development plan for 2025-2030

- Approved by the Minister of Energy and Infrastructures and the EA
- Includes multiple projects and intended to integrate renewable energy generation facilities, enhance the reliability of electricity supply, and strengthen network resilience in line with government policy

By 2030

590 circuit km
Addition of ultra-high voltage transmission lines (400 KV)

734 circuit km
Addition of high voltage transmission lines (161 KV)

983.3 circuit km
Upgrade of existing network (utility poles)

558.6 circuit km
Rebuild existing network

272 circuit km
Addition of underground cables

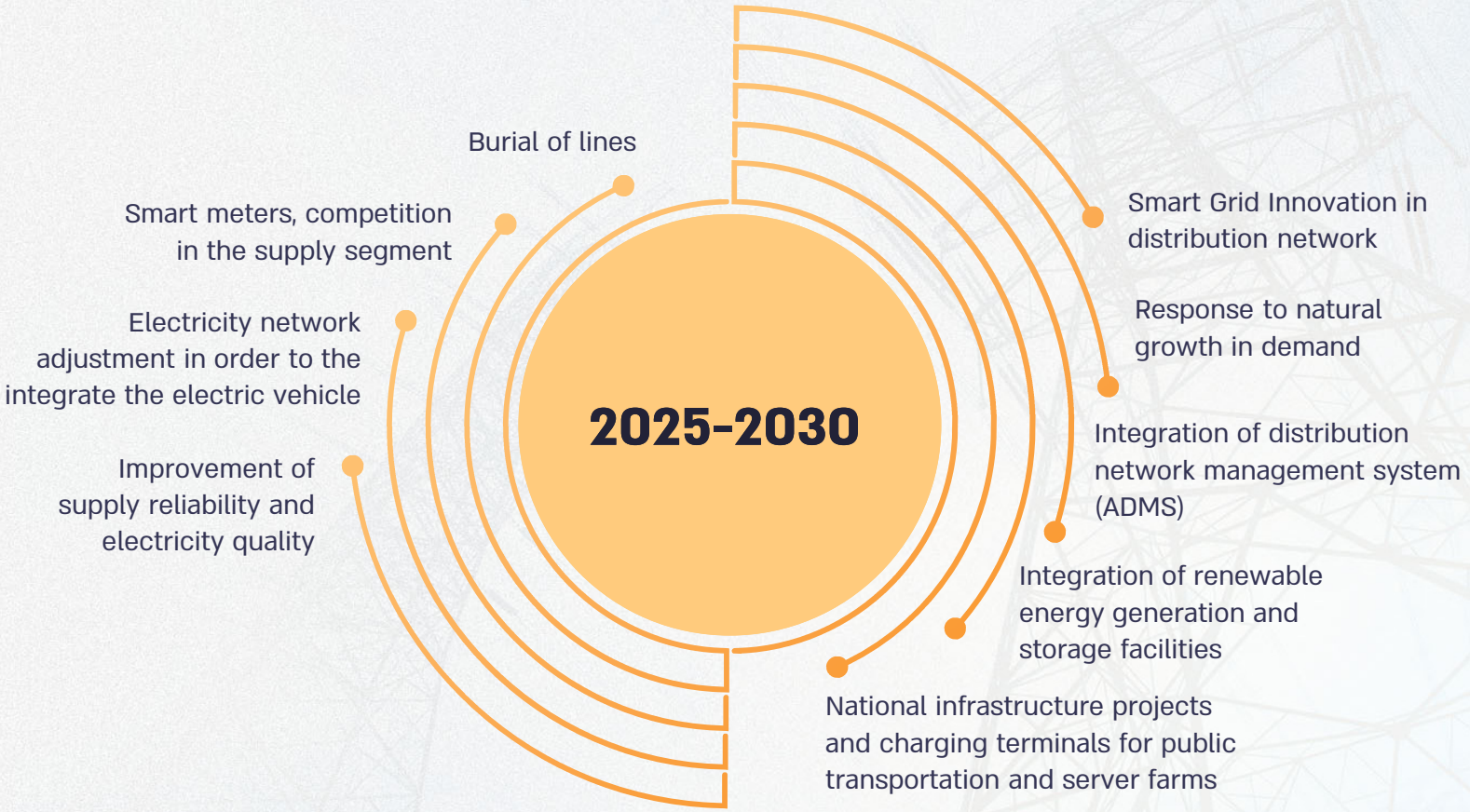
By 2026

16,395 MVA
Expected capacity of switching stations

25,694 MVA
Expected capacity of substations

Source: IEC 's Financial Statements for 2023FY, resolution no. 65702 of the EA from June 4, 2023

Distribution segment development plan



Source: IEC - Distribution network development plan for 2025-2030

Energy Storage

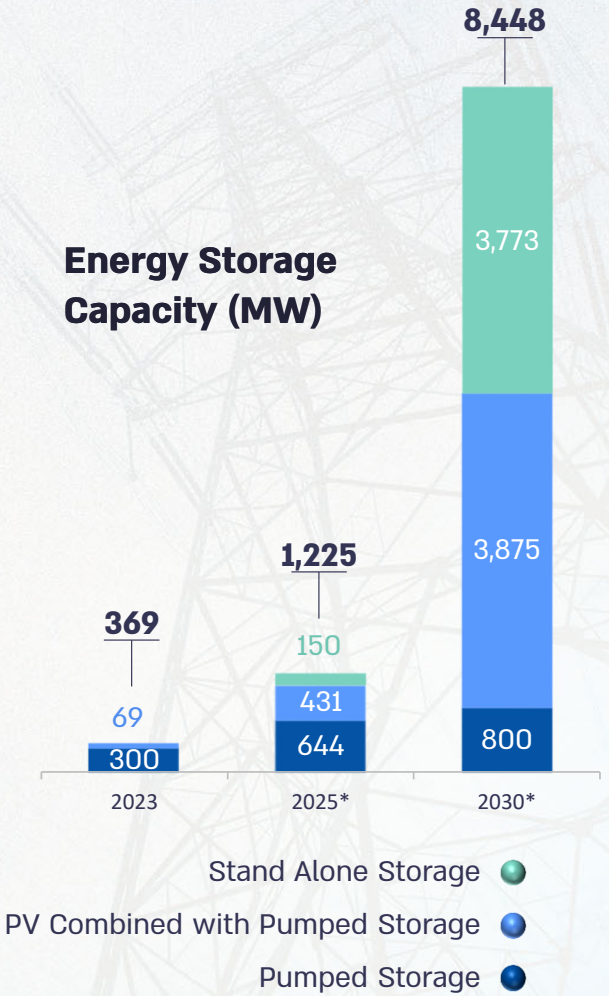
Promoting Energy Storage

IEC's market share up to 15% of the total storage volume of the private sector

Transmission and storage license regulates the Company's activity in the field of storage at substations

Significant Stand-Alone storage, PV combined with pumped storage and pumped storage are expected to enter

Energy Storage Capacity (MW)



Source: The Electricity Authority - Report on State of Electricity Sector Year of 2022-2023

* The Electricity Authority Forecast

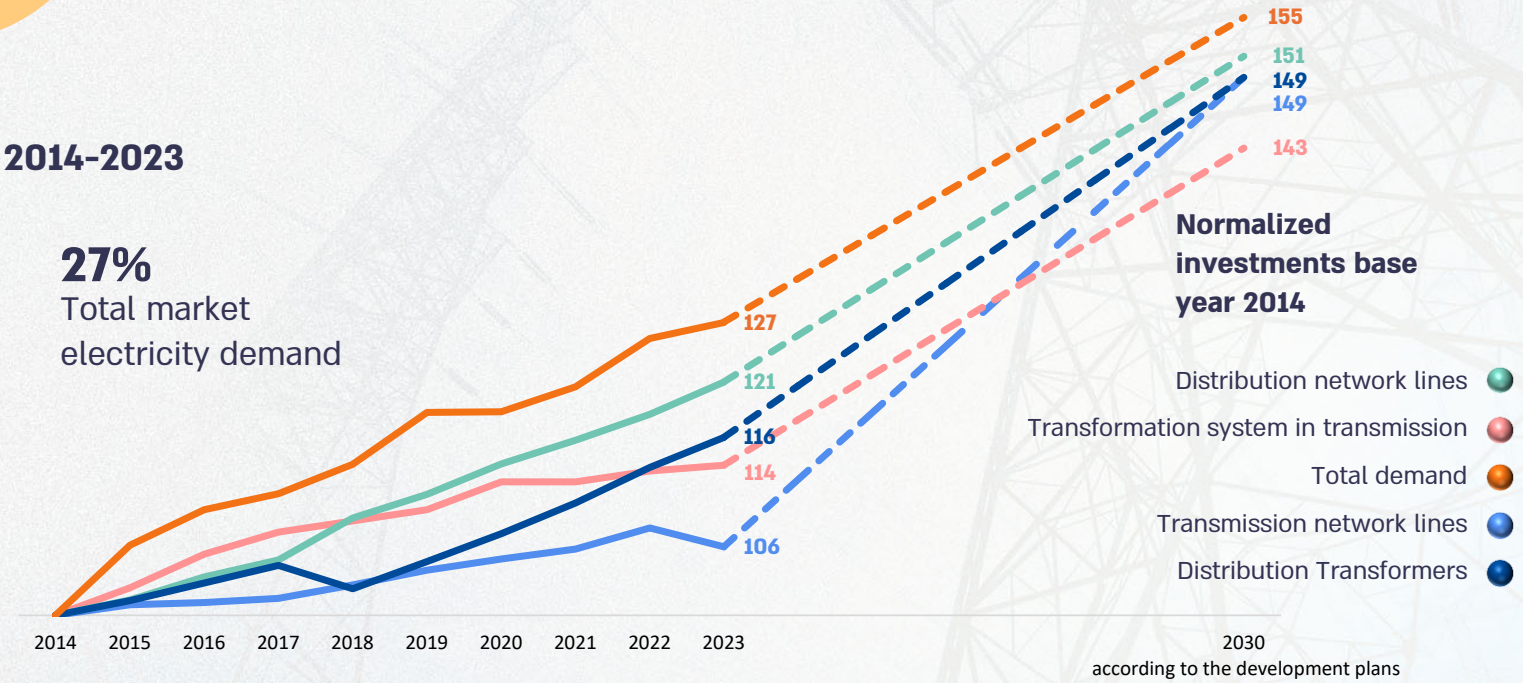
IEC's Investments in T&D network

% of Growth between the years 2014-2023

6%-14%
Transmission network

21%-16%
Distribution network

27%
Total market electricity demand



Source: The Electricity Authority - Report on State of Electricity Sector Year of 2023

Financial Highlights | 2024FY

Revenues	CAPEX	Net Financial Debt[1]	EBITDA[1]	FFO[1]
7.1 Billion USD	2.1 Billion USD	8.6 Billion USD	1.9 Billion USD	1.6 Billion USD

Credit Ratings

IEC **GLOBAL**	**Baa2** Negative (Moody's)	**BBB+** Negative (S&P Ratings)	IEC **LOCAL**	**Aaa.il** Stable (Midroog)	**ilAAA** Negative (Maalot S&P)

Above the Company's 'BBB' rating target

Source: IEC's Financial Statements for 2024FY

1. According to the terms defined in 2024FY financial statements.

* Financial Figures presented in USD according to an average USD/ILS exchange rate of 3.70 as of year 2024

Selected Financial Targets | 2025-2030

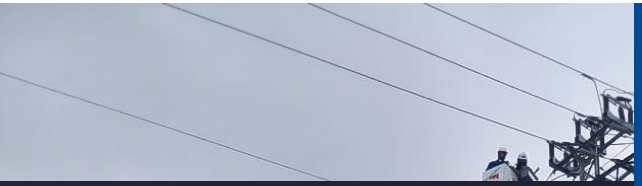
	Target	Actual as of 12/31/2024
Real net financial debt ratio to EBITDA	Up to 5.2 for each of the years 2025-2027 5.0 for each of the years 2028-2030	**4.4**
Total debt to total assets ratio (leverage)	Not more than 65% for each of the years 2025-2030	**63%**
Real net financial debt	Will not exceed ILS 40 billion in each of the years 2025-2030. Subject to compliance with the financial targets specified above with regard to debt ratios	**ILS 31.9 billion**
FFO[1] to adjusted financial debt ratio	Between 15% to 23%	**15.7%**

Source: IEC's Financial Statements for 2024FY

Note: The financial targets approved by the Board of Directors on December 18, 2024, for the financial planning period for the years 2025-2030

1. According to the term defined in 2024FY financial statements.

Main events during 2024FY



Developments in the Electricity sector reform and other events

Continuous effects of Swards of Iron war

- Site protection plan, increasing emergency Inventories
- Purchase diesel oil, as part of the Israeli electricity sector's emergency fuel reserves
- Customer debt increase
- Moody's credit rating has been downgraded from 'baa1' to 'baa2', negative outlook
- S&P Ratings moved the Company's 'BBB+' rating outlook from 'stable' to 'Negative'
- Several projects delays and disruptions

Generation sites sell

- Eshkol site was transferred to the buyers On June 3, 2024, for approximately ILS 9.2 billion
- Reading site – a decision has not yet been made regarding its designation

Source: IEC's Financial Statements for 2024FY

Electricity sector reform, structural change

Generation and supply segments

New CCGTs at Orot Rabin

Construction units 70-80, operated by the Company's subsidiary Netiv Ha'or

Unit 70

- Commercial operation began in January 2025

Unit 80

- The expected commercial operation date has been postponed to September 2025 due to the security situation

As of December 31, 2024, a total of ILS 4.5 billion was invested in the project [1]

Competition in the supply segment

- Starting on January 1, 2024, Independent private producers may sell energy to virtual private suppliers in bilateral private transactions without price supervision. As of December 31, 2024, there are 48 suppliers who do not own generation facilities
- All households are allowed to engage with private suppliers without the requirement of a smart meter, starting July 1, 2024
- No significant impact on the Company's income (revenues from the supply segment constitute appx. 2% of the total revenues). IEC has no certainty regarding the number of customers who will move to virtual suppliers or the expected consequences in the medium and long term

Source: IEC's Financial Statements for 2024FY

1. The investment includes credit costs capitalization during the construction period

Operational Overview

IEC Electricity Chain

Generation

42
Generation Units

13
Power Sites

Transmission

Transformation System

13
Switching stations

154
Substations

Power Lines

1,071 KM
400 kV lines

5,018 KM
161 kV line
(includes underground lines)

30 KM
115 kV lines

Distribution

31,698 KM
High Voltage Lines

43,150 KM
Low Voltage Lines

55,758
Distribution Transformers

Supply

3.0
Million Customers

Source: IEC Financial Statements for 2024FY

IEC's Generation Segment

	No. of units	Installed Capacity (MW)
Steam (dual purpose) (coal and fuel oil) [1]	9	4,265
Steam (NG converted)	1	575
Gas turbine (internal combustion, industrial gas)	9	914
Gas turbine (internal combustion) (jet engine operated by diesel fuel)	15	494
Combined cycle (internal combustion and steam)	8	3,226
Total	**42**	**9,474**

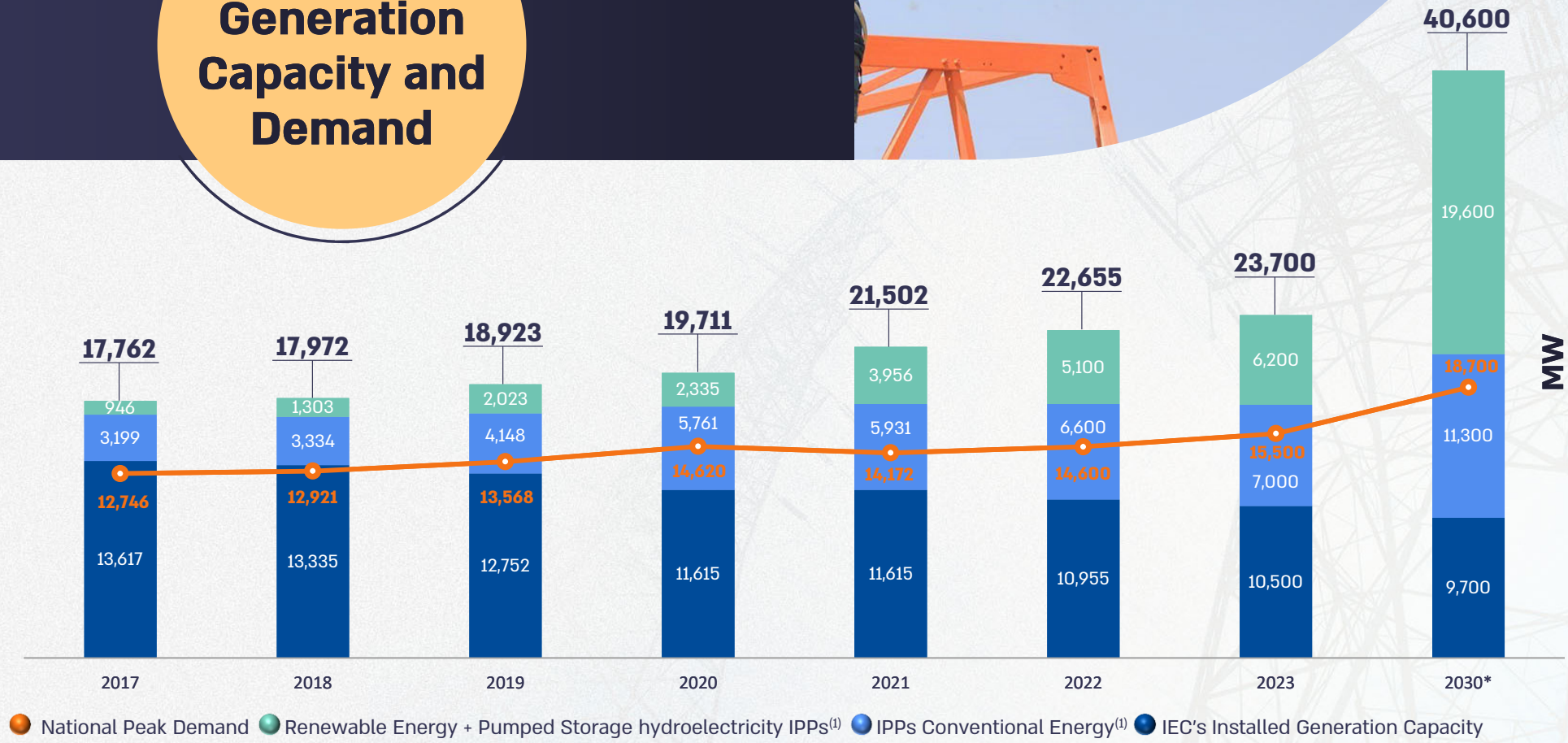
* By the end of 2025, an additional capacity of 640 MW will be added following the commercial operation of Unit 80 at Orot-Rabin site

Total generation in the electricity sector is expected to be based on natural gas and renewable energies starting in 2027

Source: IEC's Financial Statements for 2024FY

1. In accordance with the Minister of Energy's policy principles, which was published on the Ministry of Energy's website on November 24, 2019, it was decided that units 5-6 at Orot Rabin Power Station and units 1-4 at Rutenberg Power Station will gradually convert to natural gas to stop routine coal use until 2026, (possibility that the completion date will be postponed to March 2027)

Israel Generation Capacity and Demand



Source: IEC's Financial Statements (2017FY-2020FY), The Electricity Authority - Report on State of Electricity Sector Year of 2023
* The Electricity Authority Forecast.
1. This slide refers both IEC's and the Independent Power Producers installed capacity ("IPPs")

The Israeli Electricity Sector is expected to be "coal free" by 2030

(the target may be preceded to 2027)[1]

Israeli sector fuel mix (TWh)

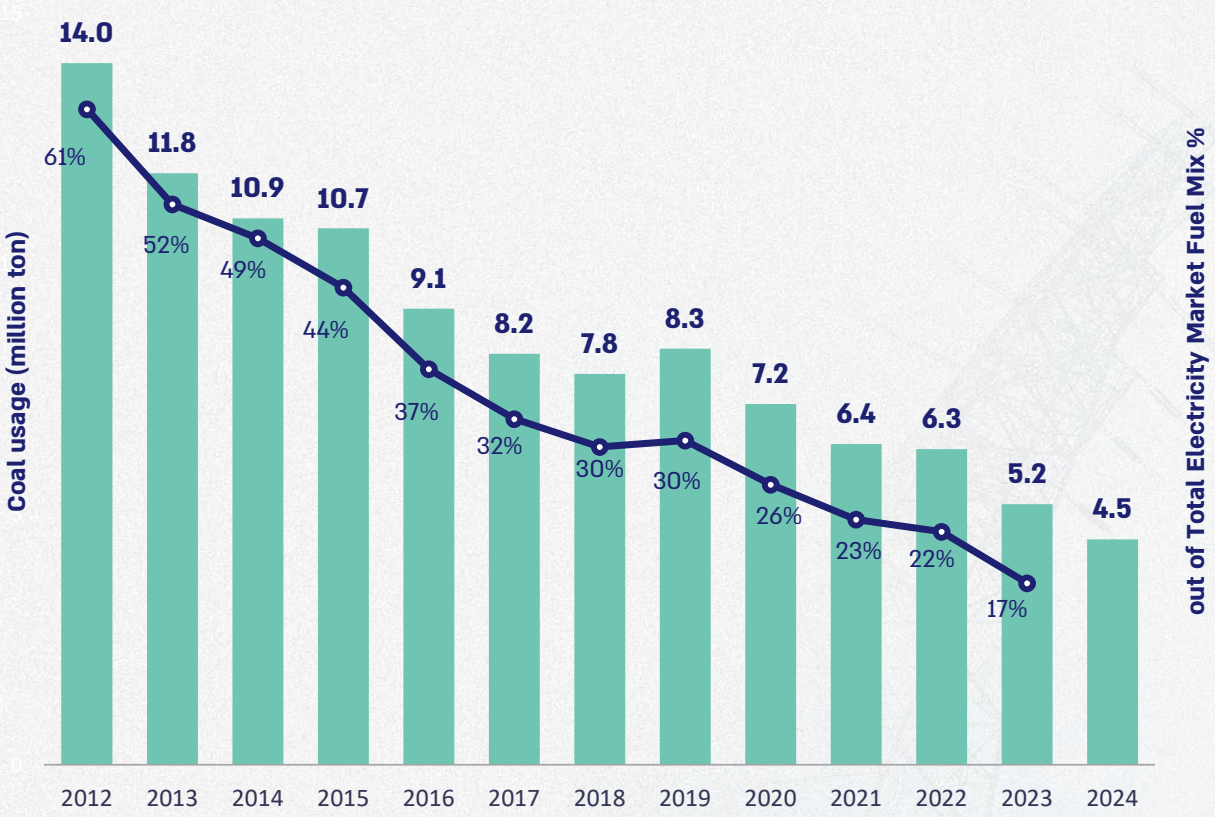
Source: The Electricity Authority - Report on State of Electricity Sector Year of 2023.

* The Electricity Authority Forecast

** The Electricity Authority Forecast according to the Israeli government new targets for renewables, which refers to the rate of consumption (not to the rate of production)

1. For that matter, please see the Minister of Energy's statements and the Ministry of Energy's policy for 2030 regarding the rehabilitation from polluting fuels

Coal Usage Over Time



Source: IEC's Financial Statements for 2012FY-2024FY, The Electricity Authority - Report on State of Electricity Sector Year of 2023

Future of coal –

Implementing Government policies

- The State of Israel signed Paris Agreement in 2016
- There are 10 coal fired units with total capacity of 4,840 MW, of which:
  - 3,400 MW - six generation units expected to be converted to natural gas (NG) by the end of 2026. Conversion process of two units has already been completed[1]
  - 1,440 MW units - four units will be gradually mothballed in parallel to with commercial operation of two new combined cycle gas turbines (units 70-80) at the 'Orot Rabin' site
- The System management company (Noga) requires coal generation capability must be preserved for emergency situations

1. Unit 1 received a temporary permit for commercial operation on February 4, 2025. Unit 2 has not yet been operated commercially with gas, among other things, due to delays in releasing the unit for gas acceptance tests as part of Noga's considerations

Natural Gas Overview

Firm gas supply from Tamar Field

A long-term Gas Sale and Purchase Agreement (GSPA), signed on March 2012 until December 31, 2030

The Company is obliged to purchase minimum quantity of natural gas through the "Take or Pay" mechanism (TOP)

Gas price for the minimum charged amount is linked to the US CPI, including few restrictions for the US CPI indexation

The Parties are currently negotiating the re-opener price in accordance with the agreement' terms

Commitment to purchase additional 16 BCM according to the Company's actual operational needs

The Company will undertake to order a minimum daily quantity on an operational basis during the agreement period

Price of gas for the quantity beyond the minimal annual amount (Take or Pay), will be lower than $4 per MMBTU, without indexation

Source : IEC 's Financial Statements for 2024FY

Gas supply from
Leviathan Field

Signed on July 4, 2021

No Take or Pay (TOP)

Spot price

Extended until July 1, 2025

Natural Gas Overview

Sufficient gas supply and predictable prices - stable operational environment

Gas supply from
Karish Field

Signed on March 14, 2022

No Take or Pay (TOP)

Spot price

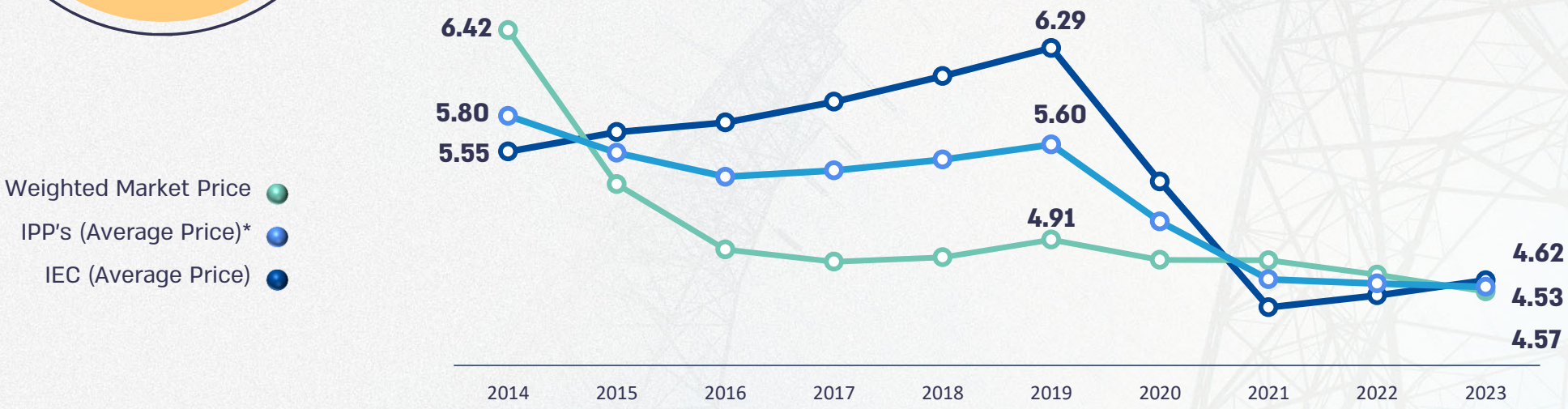
Extended until October 17, 2025

Source: IEC 's Financial Statements for 2024FY
Credit for picture: ALBATROS

Natural gas prices in the Israeli electricity market

($/MMBTU)

Natural gas prices for IEC and IPP's (1)

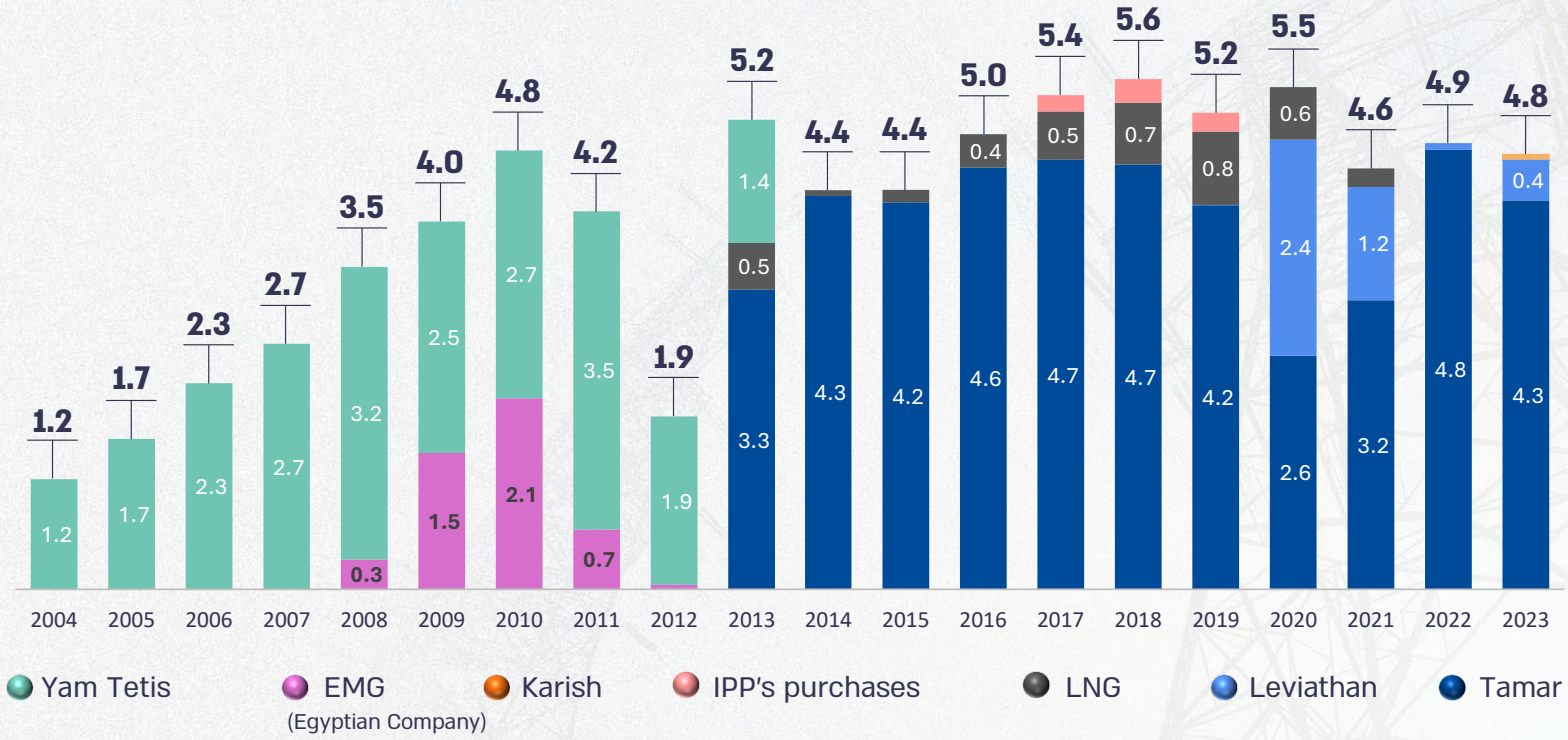


Source: The Electricity Authority - Report on State of Electricity Sector Year of 2023.

1. Until 2021, the average gas price of IPPs is a simple average of a recognized gas cost of IPPs which are not included in market regulation and signed gas agreement. Starting 2022, the average price is based on the reports of gas authority and the processing of Electricity authority, including the industrial sector.

IEC's Natural Gas sources

NG consumed by IEC according to NG sources (BCM)



Source: The Electricity Authority - Report on State of Electricity Sector Year of 2023

Israeli Electricity Sector

The Electricity Tariff

Ongoing Update

Actual costs examined every 2 weeks by the EA (at the time of CPI and fuel prices changes)

Discrepancies between forecasted costs and actual cost are reconciled on the earlier of:

- A difference of 3.5%, provided that 3 months have passed since the last update
- A difference of 5.5%
- The Annual Update

Annual Update

Once a year, the current year's costs are updated based on forecasts, as well as on previous years' reckoning - the gap between the previous year's forecast components and the actual costs of the previous year

Tariff Structure

Electricity tariff is set by the Electricity Authority (EA) and reformulated from time to time, according to the Electricity Sector Law

Recognized costs per segment (e.g. fuel costs, operational costs, depreciation costs and financial costs). Some of the recognized costs are also attributed to funding the reform costs

Fair rate of return on equity per segment

Source: IEC's Financial Statements for 2024FY

The Electricity Tariff Updates

1/1/23 — **8.2%**

Increase in the global coal prices

Prohibition of the Ministry of Environmental Protection to operate old NG units at Eshkol site, which forced to increase the electricity production in coal, delaying the construction of the new 2 CCGT in Hadera and Ashkelon

Increase at the local interest rates and Israeli consumer price index

2/1/23 — **1.5%**

Extension of reduction of the excise tax on coal

4/1/23 — **2.4%**

Reduction in coal prices

1/2/24 — **2.6%**

Increase in consumer price index during 2023

Increase in local interest rates

Development of the Israeli electricity network

Increasing the redundancy and reliability of the electricity supply

Adding renewable energies and reducing air pollution

1/1/25 — **3.5%**

Increase in consumer price index during 2024, Increase in local interest rates, Financing investments in the transmission and distribution segments, in order to allow connection of private renewable energy producers to the network, Financing the costs of the war, Proceeds from the sale of Eshkol site

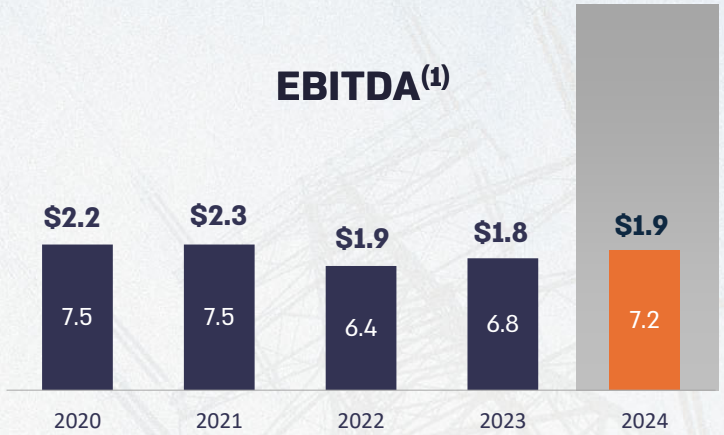
Source: IEC's Financial Statements for 2023FY, Electricity Authority's decisions no. 62302 as of 01/24/22, no. 63006 as of 04/12/22, no. 63308 as of 07/27/22, no. 64504 as of 12/21/22, no. 64801 as of 01/26/23, no. 65203 as of 03/26/23, no. 68302 as of 01/29/24 and no. 70004 as of 12/29/24- electricity tariff to IEC's consumers

Financial Results

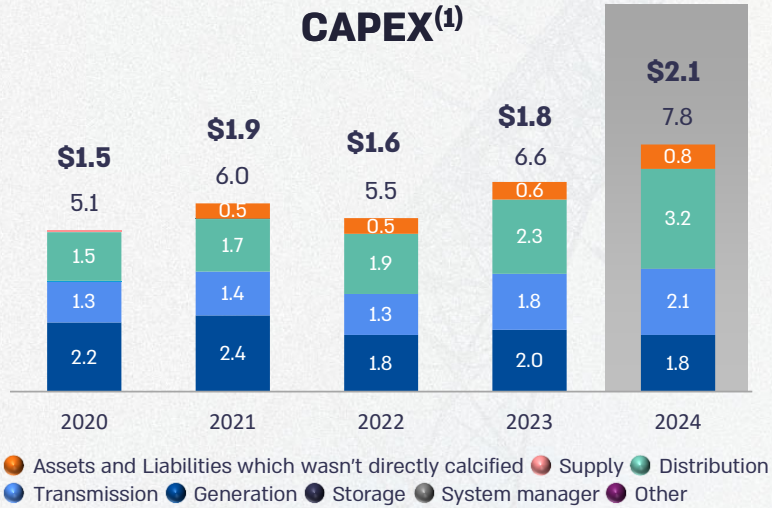
Financial Results (ILS/USD bn)

Revenues

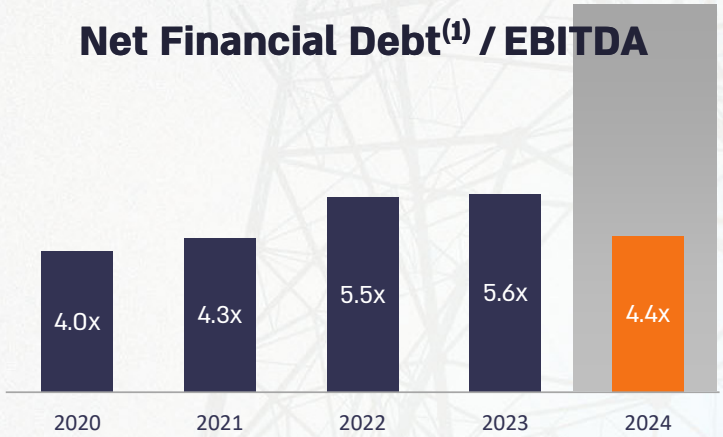
EBITDA(1)



CAPEX(1)



Net Financial Debt(1) / EBITDA

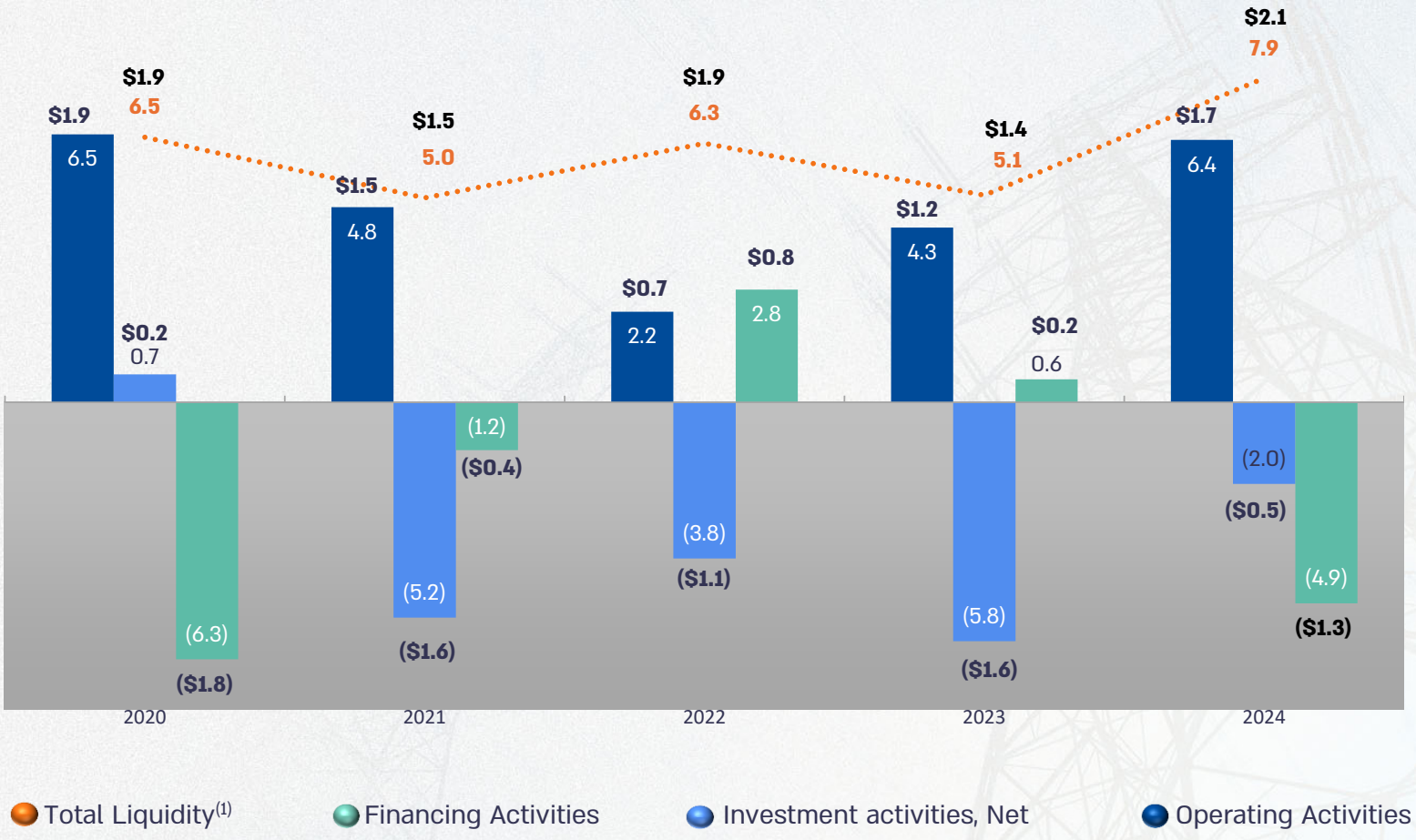


Source: IEC's Financial Statements for 2020FY-2024FY

1. According to the terms defined in 2024FY financial statements.

* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.44, 3.23, 3.36, 3.69 and 3.70 for 2020FY, 2021FY, 2022FY, 2023FY and 2024FY, respectively.

Historical Cash Flow
(ILS/USD bn)

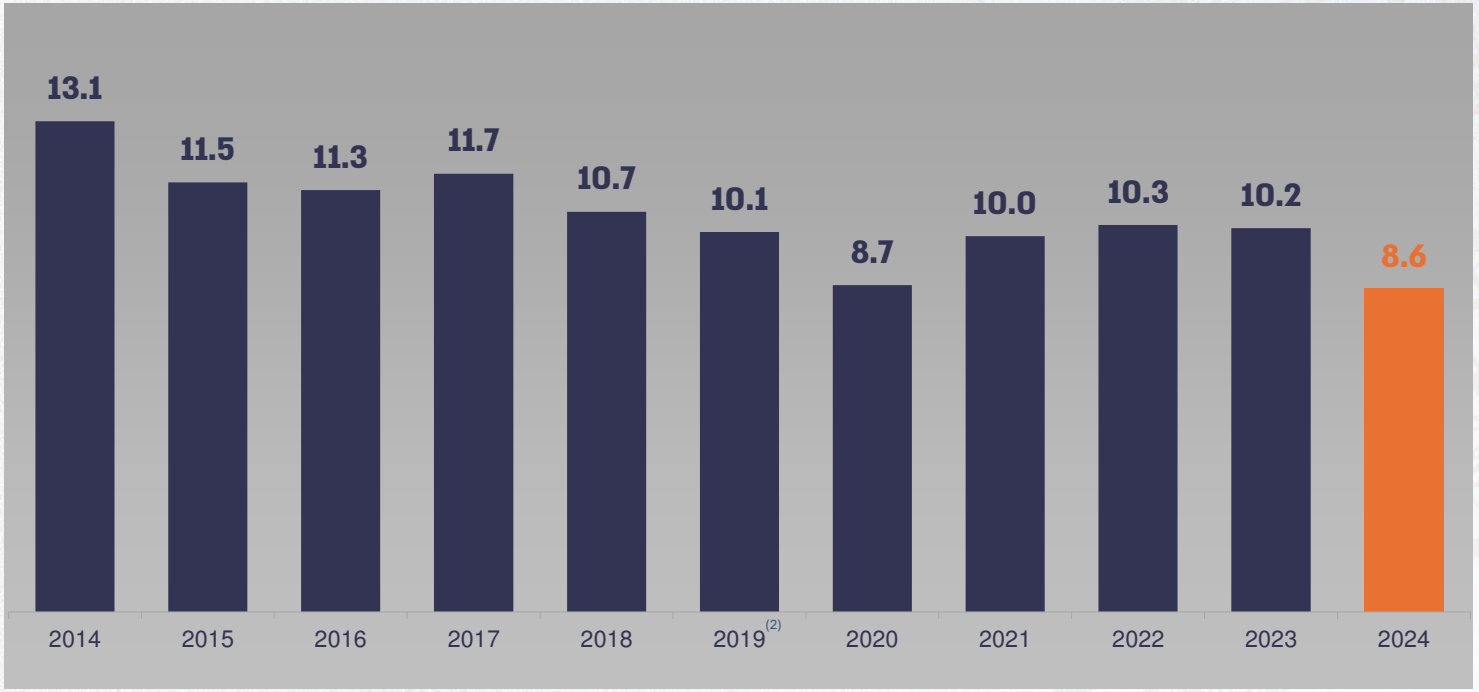


Source: IEC's Financial Statements for 2020FY-2024FY

1. IEC defines "liquidity" as cash and cash equivalents, short term investments and available credit facilities.

* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.44, 3.23, 3.36, 3.69 and 3.70 for 2020FY, 2021FY, 2022FY, 2023FY and 2024FY, respectively.

Net Financial Debt[(1)] Over Time (USD bn)



Source: IEC's Financial Statements for 2012FY-2024FY

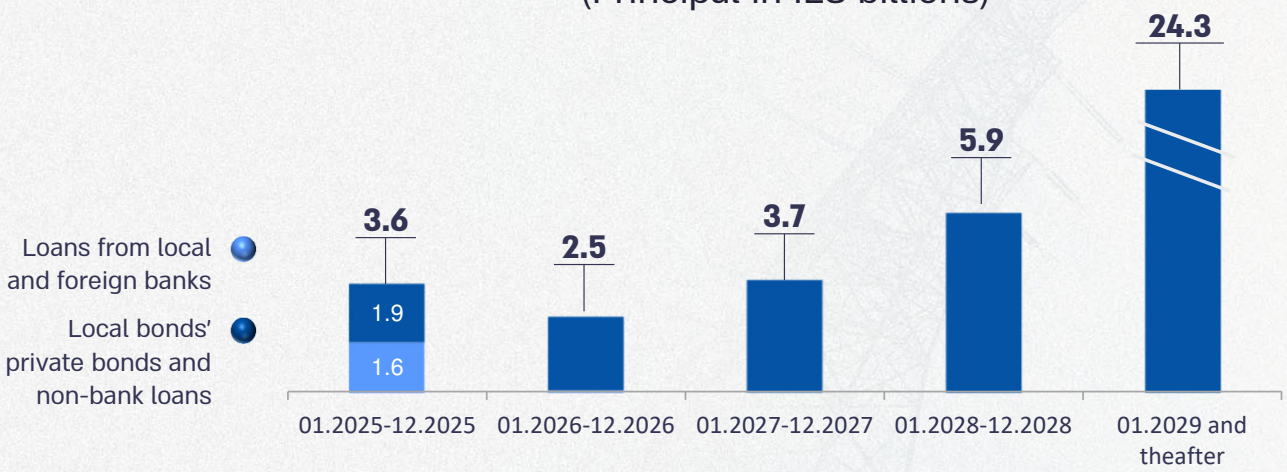
1. Net financial debt is a non-GAAP measure that is defined as credit from banks and other credit providers, plus total long-term debt (including debentures, long-term liabilities to banks, including hedge transactions, liabilities to the State of Israel), leases liabilities and CPI linkage differentials regulatory deferral account, less; cash and cash equivalents, short-term investments, long and short term receivables in respect of forward contracts and swap transactions, and long-term deposits to secure swap transactions
2. As from 01/01/2019, "net financial debt" also includes lease liabilities.

* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.58, 3.89, 3.84, 3.60, 3.59, 3.56, 3.44 ,3.23, 3.36, 3.69 and 3.70 for 2014FY, 2015FY, 2016FY, 2017FY, 2018FY, 2019FY ,2020FY ,2021FY, 2022FY, 2023FY and 2024FY, respectively.

Consolidated Debt Breakdown

As of December 31, 2024

Annual Debt Maturities
(Principal in ILS billions)[1]



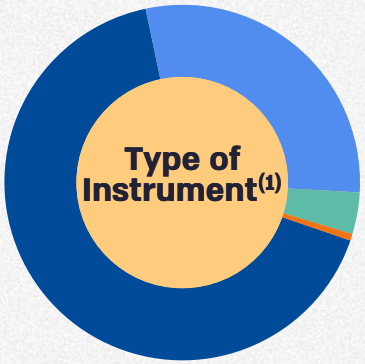
[2]IEC International $ Bonds

Maturity	Outstanding Amount ($mn)	Coupon
Dec-26	125	7.875%
Dec-27	300	7.750%
Aug-28	1,000	4.250%
Mar-30	40	8.940%
Feb-32	500	3.750%
Dec-96	125	8.100%

Source:
1. IEC immediate report on the Corporate Liabilities Status, IEC Financial data
2. IEC Financial data and Bloomberg, as of December 2024

Consolidated Debt Breakdown

As of December 31, 2024

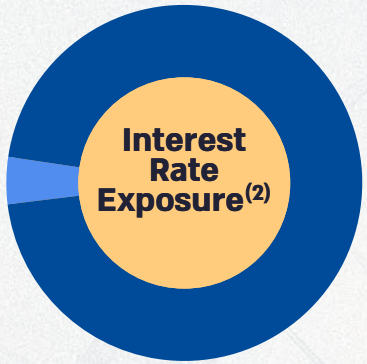


Local Public Bonds **66.4%**

Private Bonds and non-bank Loans **29.2%**

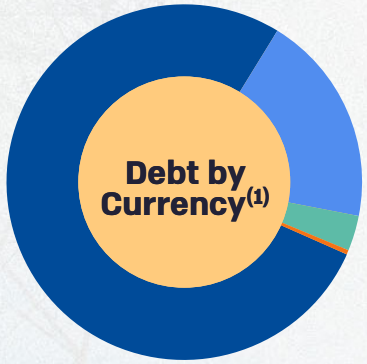
Local Bank Loans **3.8%**

Foreign Bank Loans **0.6%**



Floating **4.3%**

Fixed **95.7%**

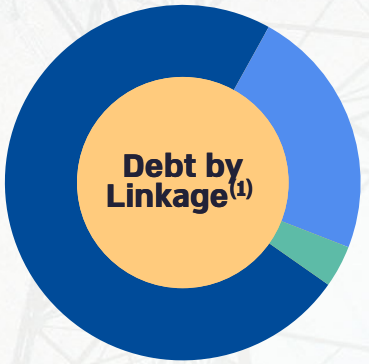


ILS **77.1%**

USD **19.3%**

Other **3.2%**

Euro **0.4%**



ILS CPI linked **73.4%**

Foreign Currency **22.9%**

ILS non-linked **3.8%**

Source:
1. IEC immediate report on the Corporate Liabilities Status, IEC Financial data
2. IEC Financial data and Bloomberg, as of December 2024
* Debt breakdown includes hedging transactions

Sustainability and ESG

ESG

Source: IEC's Corporate Sustainability Report for 2022, Maala's rating for IEC for 2024

1. Maala is the non-profit CSR standards-setting organization in Israel who serves the needs of some 120 members, comprised of Israel's large and mid-size companies, committed to excellence in corporate citizenship. The criteria in the rankings are determined by an independent public committee composed of content experts, academics, heads of social environmental organizations and representatives of the business sector.

State of Israel's Commitments on Climate

Renewable Power Targets of the State of Israel

- The Minister of Energy announced to phase-out coal-fired power generation no later than 2026 and determined targets for a renewable power generation share of 20% in 2025 and 30% in 2030. IEC will continue to develop the electricity network system in order to enable renewable energy absorption and to achieve the 2030 target
- Israel signed the COP26 pledge to phase-out from coal by 2030 for major economies (2040 for the rest) and end investments in new coal power generation plants

Sectoral Targets for Electricity

- The electricity / heat sector (IEC and IPP's) make up approx. 42% of Israel's total emissions (latest data 2022)
- State of Israel has a sectoral target to reduce greenhouse gas emissions from **electricity generation (IEC & IPP's):**
  - **By 30% by 2030,** from 2015 levels (37.4 MtCO2eq)
  - **By 85% at least by 2050**, from 2015 levels (37.4 MtCO2eq)

100 Action Items

Just before COP26, the government released a "100 Action Items" plan to develop technologies aimed at reducing CO2 emissions and preparation for climate change with the cooperation of 14 ministries

Absolute Targets

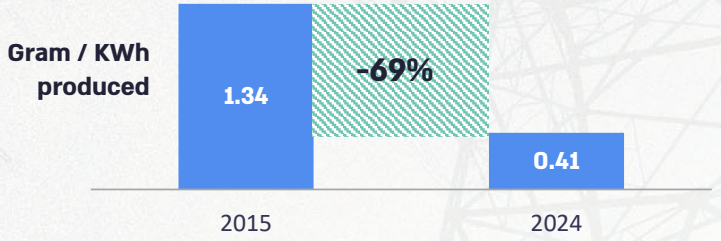
- State of Israel's goal is to reduce absolute greenhouse gas emissions:
  - By 27% by 2030, from 2015 levels
  - By 85% by 2050, from 2015 levels

Source: government decision number 171 dated July 25, 2021 "Transition to low carbon economy" ; Emissions report of air pollutants from fuel burning, according to fuel consumer, The Israeli Central Bureau of Statistics

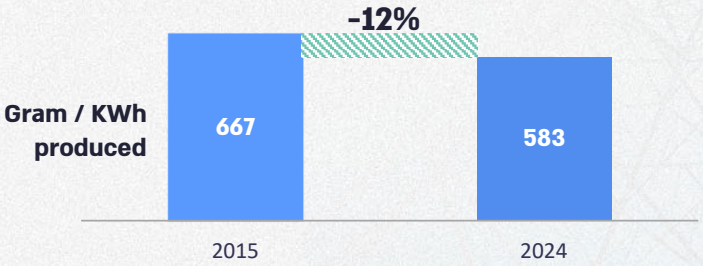
IEC has taken significant steps to reduce emissions

Nitrogen Oxides NOX

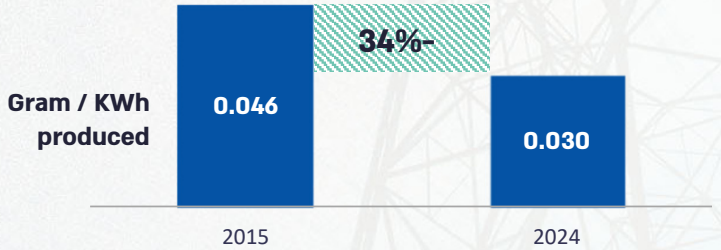
Sulfur Dioxide SO2



Carbon Dioxide CO2



Particulate Matter PM



Source: IEC Environmental data

Thank you!

For questions or additional information, please contact IEC Investor Relations

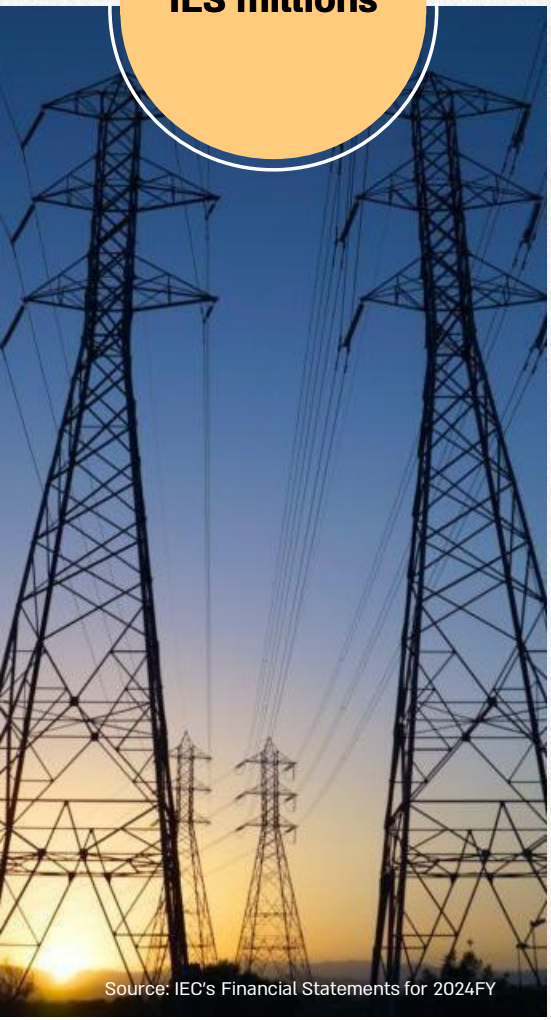
ir@iec.co.il

Israel Electric

Appendices

P&L

ILS millions



Source: IEC's Financial Statements for 2024FY

	12/31/2022	12/31/2023	12/31/2024
Revenues	23,105	24,686	26,184
Cost of operating the electricity system			
Fuels	9,561	7,489	6,302
Purchases of electricity	5,933	6,860	9,840
Operation of the generation system	4,094	3,600	3,549
Operation of the transmission and distribution system and others	2,840	3,031	3,134
Total costs	22,428	20,980	22,825
Profit from operating the electricity system	**677**	**3,706**	**3,359**
Other revenues, net	(1,405)	(189)	(6,857)
Sales and marketing expenses	819	853	913
Administrative and general expenses	856	1,086	898
Income from liabilities to pensioners	(148)	(303)	(341)
Reform agreement and other agreements results	212	227	788
Profit from current operations	**343**	**2,032**	**7,958**
Financial expenses, net	1,356	1,141	1,341
Profit (loss) before income taxes	**(1,013)**	**891**	**6,617**
Expenses (income) from taxes on income	(226)	179	1,601
Profit (loss) after income taxes	(787)	712	5,016
Company's share of the profit (loss) of associated companies	-	8	(6)
Profit (loss) before regulatory deferral accounts	**(787)**	**720**	**5,010**
Movement in regulatory deferral accounts balances, net of tax	2,561	1,515	(1,649)
Profit for the year	**1,774**	**1,515**	**3,361**
Profit (loss) with respect to cash flow hedging, net of tax	60	93	(52)
Remeasurement of a defined benefit plan, net of tax	1,693	1,030	(437)
Movement in balances of regulatory deferral accounts balances, net of tax	(181)	(59)	(45)
Other Comprehensive profit (loss) for the year, net of tax	**1,572**	**1,064**	**(534)**
Comprehensive profit for the year	**3,346**	**3,299**	**2,827**

Balance Sheet

ILS millions

Source: IEC's Financial Statements for 2024FY

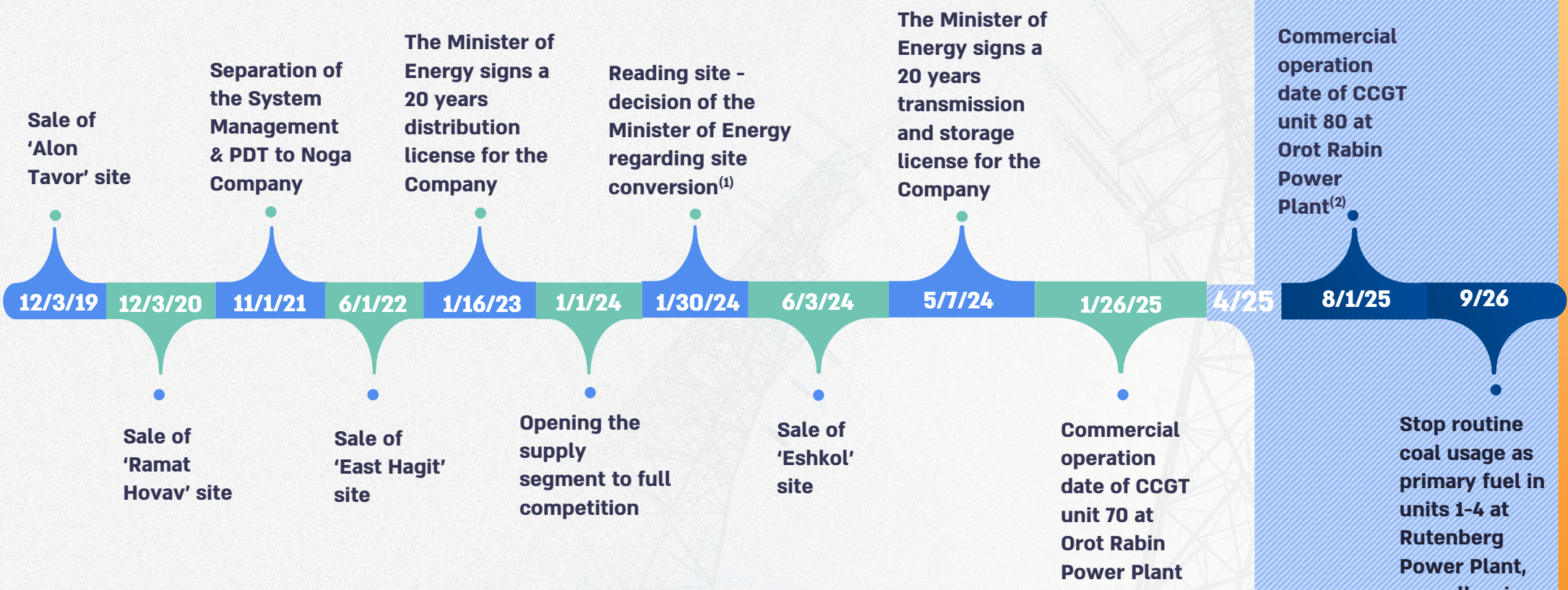
Assets	12/31/2023	12/31/2024
Current assets		
Cash and cash equivalents	2,651	2,157
Short term investments	201	3,539
Trade receivables for sales of electricity	5,482	5,157
Other current assets	1,107	863
Inventory - fuel	1,521	1,399
Inventory - stores	139	167
Assets of disposal groups classified as held for sale	1,944	-
Total current assets	**13,045**	**13,282**
Non-current assets		
Inventory - fuel	1,652	1,944
Long-term receivables	1,739	1,451
Investment in associates	21	15
Assets with respect to benefits after employment termination	13,304	12,962
Fixed assets, net	60,328	63,608
Intangible assets, net	1,172	1,219
Total non-current assets	**78,216**	**81,199**
Debit balance of regulatory deferral accounts	**12,055**	**10,168**
Total assets and debit balance of regulatory deferral accounts	**103,316**	**104,649**

Balance Sheet

Liabilities and Equity	12/31/2023	12/31/2024
Current liabilities		
Credit from banks and other credit providers	6,668	4,046
Trade payables	2,949	3,184
Other current liabilities	1,547	1,329
Current tax liabillities	512	744
Customer advances, net of work in progress	820	1,199
Provisions	666	739
Total current liabilities	**13,162**	**11,241**
Non-current Liabilities		
Debentures	31,891	33,989
Liabilities to banks	3,419	1,134
Liabilities with respect to other benefits after employment termination	4,847	4,728
Deferred taxes, net	8,365	8,448
Liability to the State of Israel	1,927	1,981
Lease liabilities	568	740
Other liabilities	456	491
Total non current liabilities	**51,473**	**51,511**
Equity	**35,470**	**38,297**
Credit balances of regulatory deferral accounts and deferred taxes with respect to regulatory deferral accounts	**3,211**	**3,600**
Total liabilities, equity and credit balance of regulatory deferral accounts	**103,316**	**104,649**

Source: IEC's Financial Statements for 2024FY

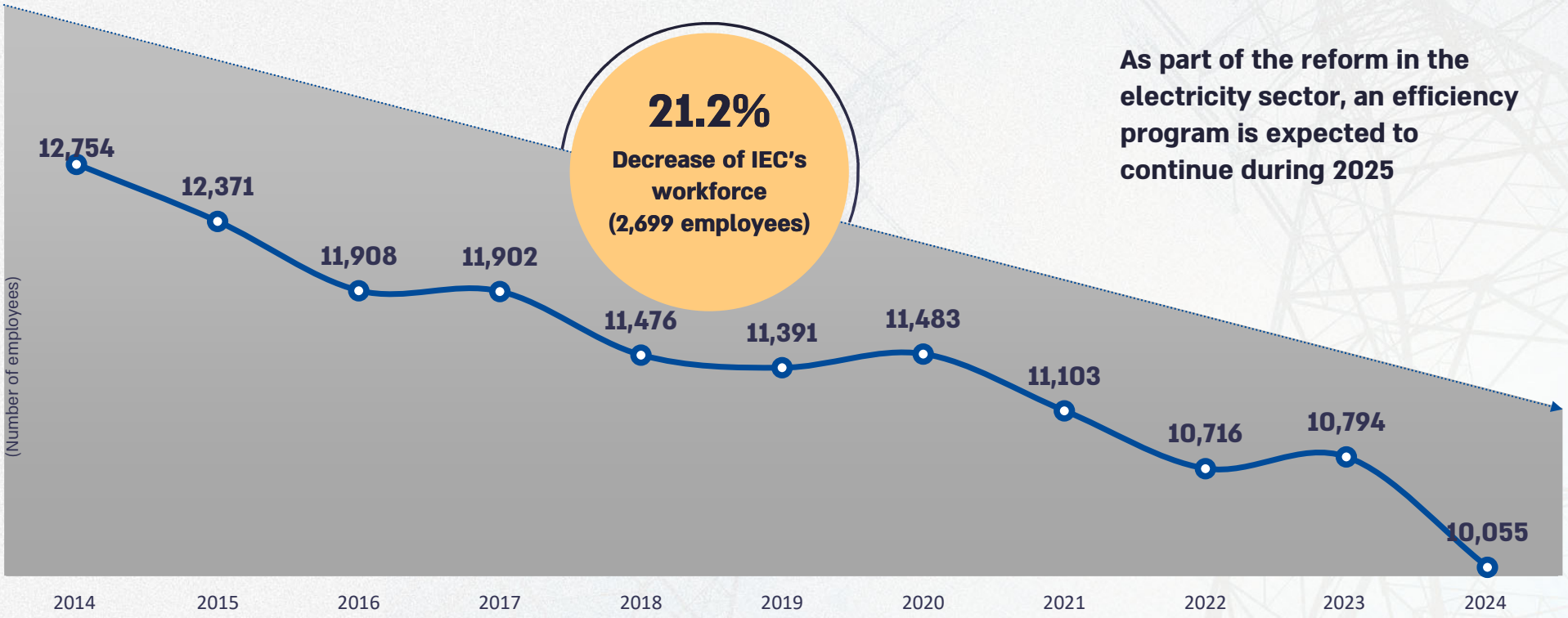
Significant events on the timeline



Source: IEC 's Financial Statements for 2024FY

1. In accordance with the Minister of Energy's decision as of January 30, 2024 - areas not required by the electricity sector will be evacuated for civilian purposes, including electricity storage and underwater electricity transmission cable
2. Following the "Swords Of Iron" War, the commercial operation date of CCGT unit 80 postponed to August 2025
3. Completion of coal-fired units' conversion to NG may be postponed to May 2027

IEC's Human Capital[1]



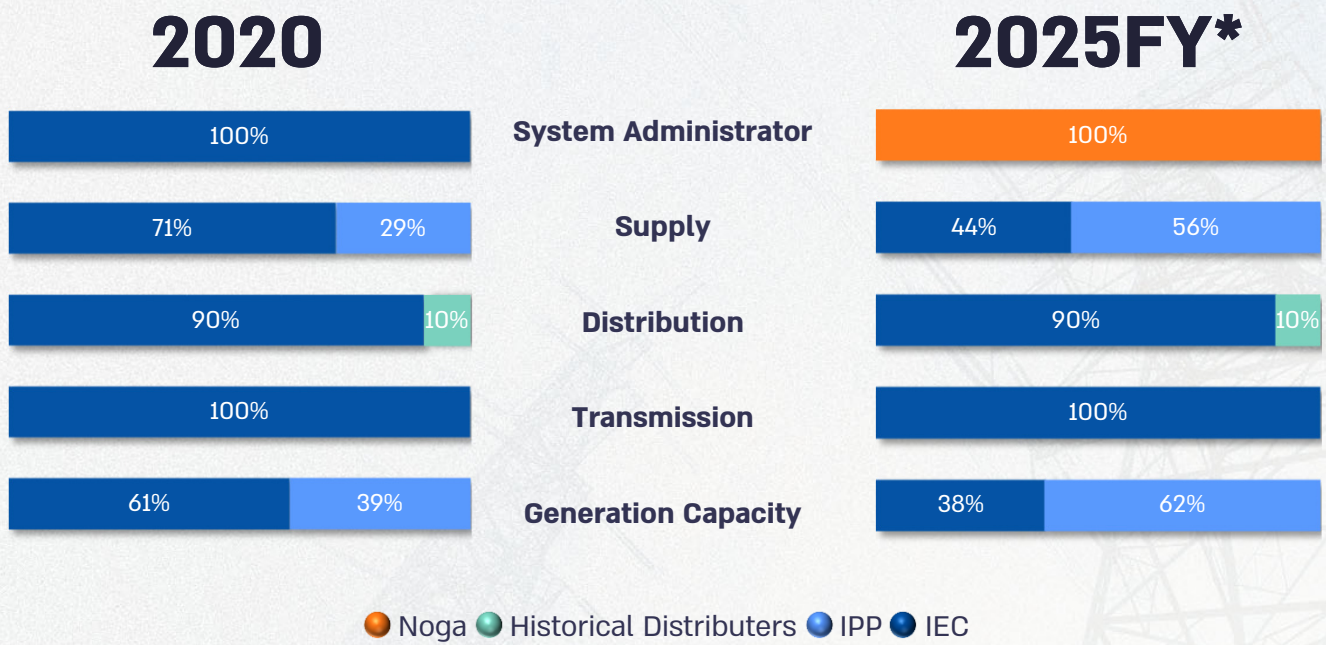
21.2%
Decrease of IEC's workforce (2,699 employees)

As part of the reform in the electricity sector, an efficiency program is expected to continue during 2025

Source: IEC's Financial Statements for 2014FY – 2024FY

1. From 2018 to December 31, 2024, 2,003 permanent employees retired as part of the reform agreements in parallel with the employment of temporary employees

The Israeli Electricity Sector Structure



- ISO (Independent System Operator) Noga Company was established to manage the electricity system in Israel
- The share of IEC in the generation segment will be reduced and the supply segment opened to competition
- IEC will focus its activity on the transmission and distribution segments
- The transmission activity and most of the distribution activity shall remain in IEC as an Essential Service Provider

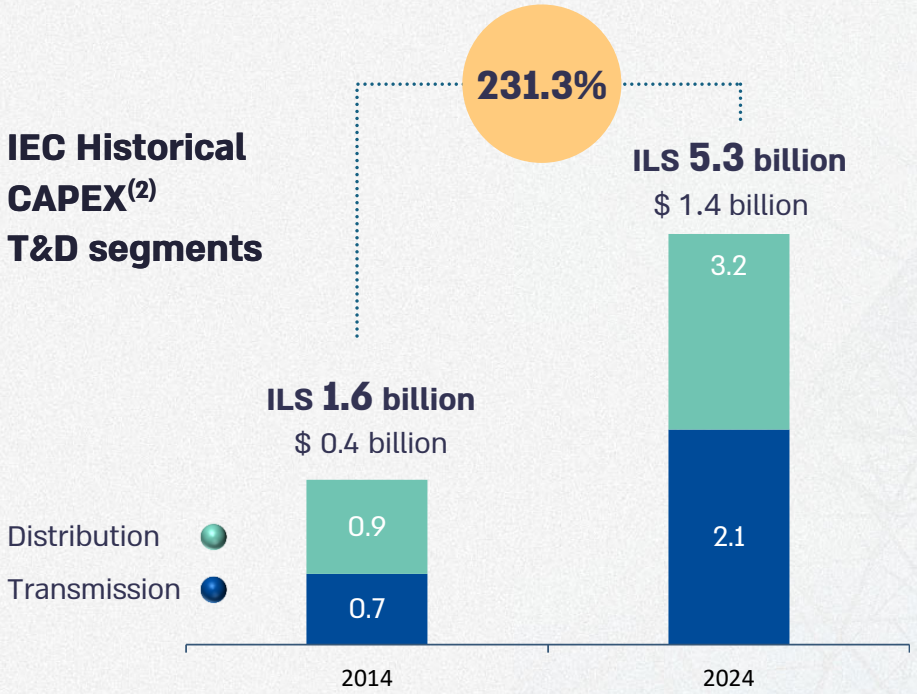
* The Electricity Authority Forecast

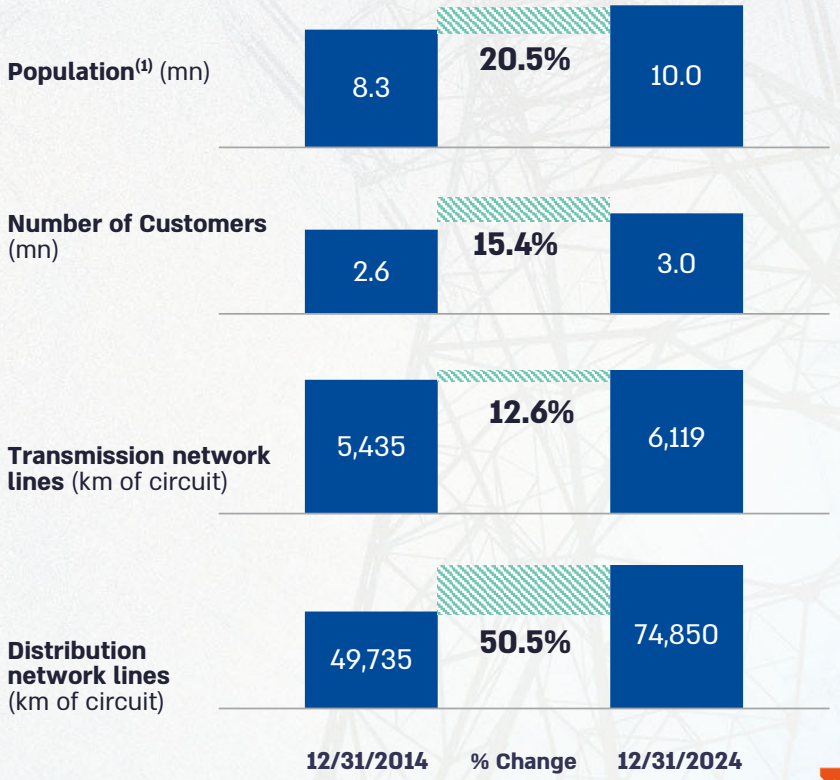
Source: The Electricity Authority - Reports on State of Electricity Sector for the years 2019-2023.

Historical Performance[1]

IEC continues to be the sole vertically integrated electric utility in Israel

IEC Historical CAPEX[2] T&D segments





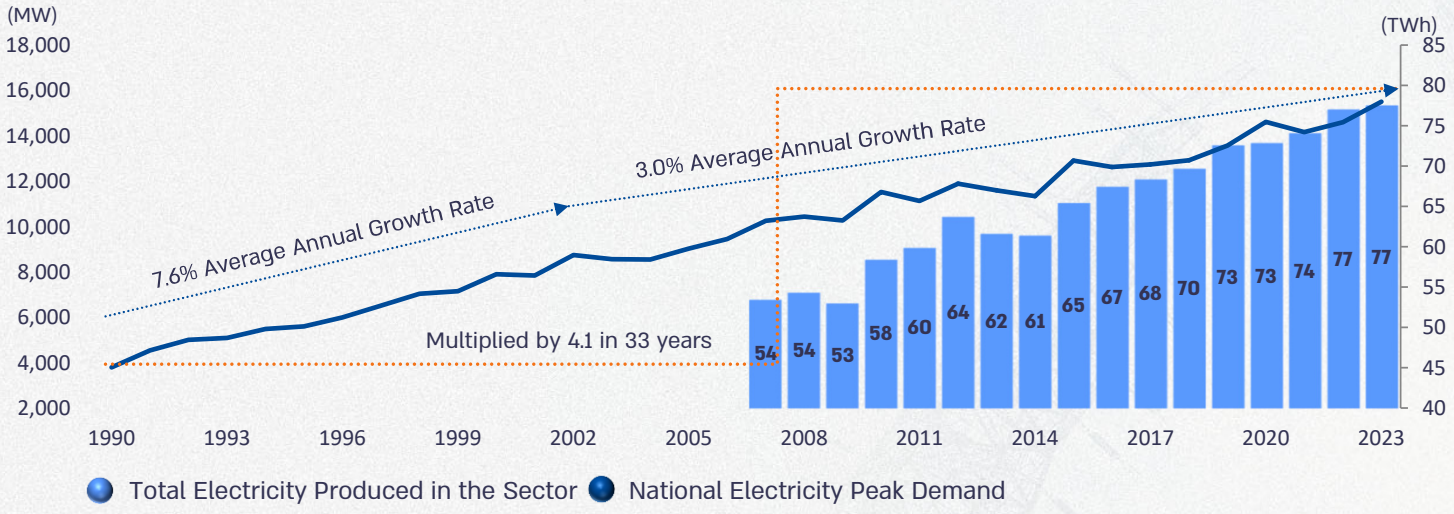
Source: IEC Financial Statements for 2014FY and for 2024FY

1. According to the Israeli Central Bureau of Statistics
2. CAPEX after re-measurements, reform costs and lease

* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.58 & 3.70 for 2014FY & 2024FY, respectively

Demand for Electricity

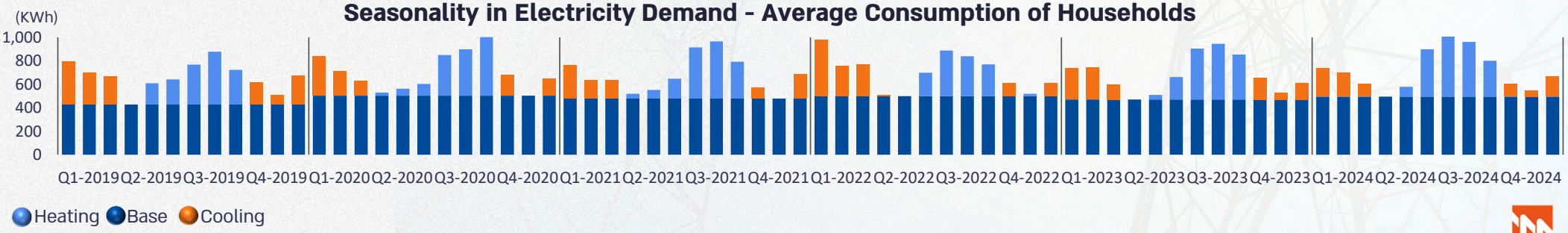
National Electricity Peak Demand & Total Electricity Produced in the Entire Sector



Trends

- The demand for electricity in Israel is growing at a fast and steady pace
- Demand is driven by both population growth and the increase in electricity consumption per household
- Noga's demand forecast anticipates an average annual increase of 2.2% between the years 2024 and 2025

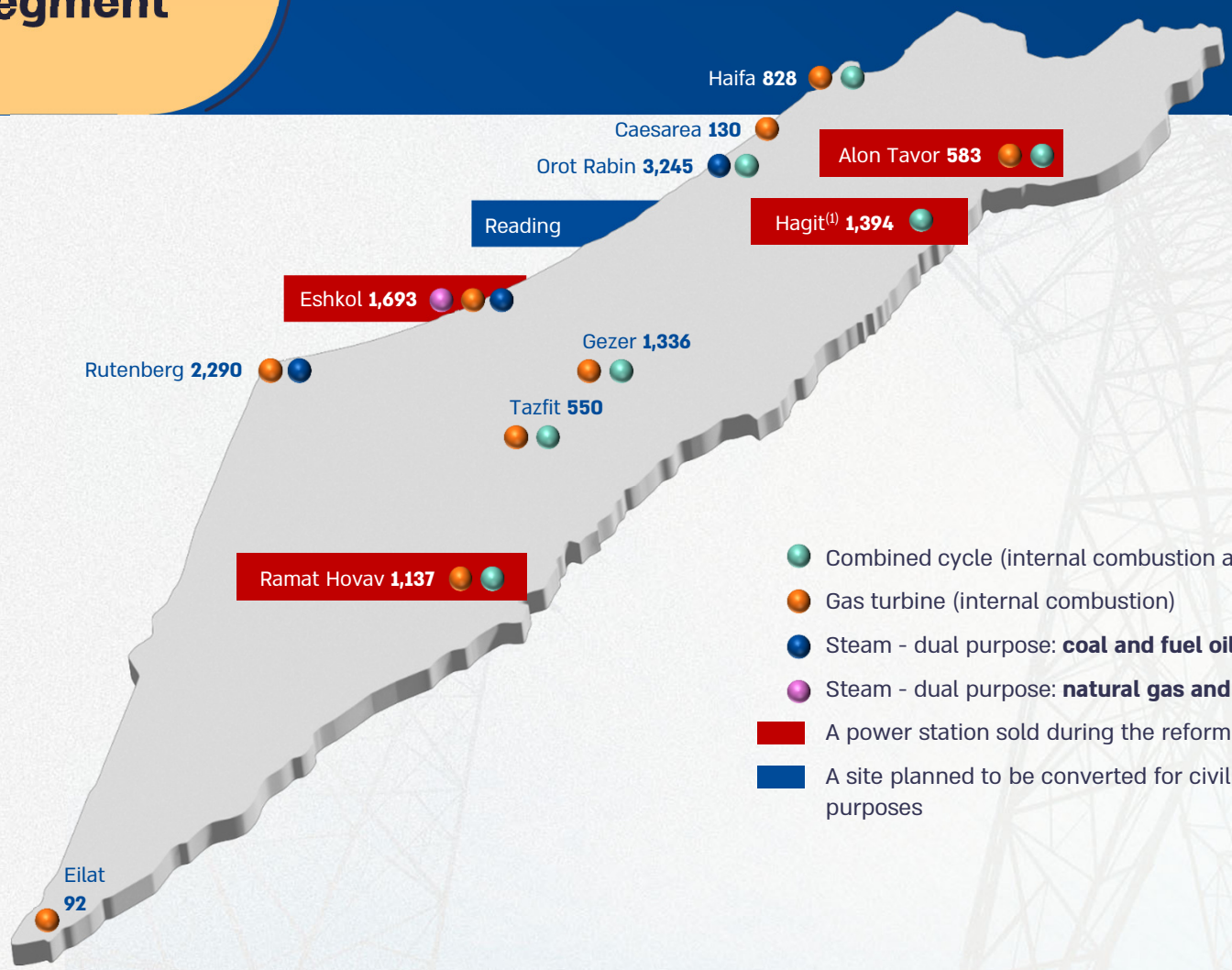
Seasonality in Electricity Demand - Average Consumption of Households



Source: IEC's Statistical data, The Electricity Authority - Report on State of Electricity Sector Year of 2023

The Reform in the Generation Segment

Selected generation sites

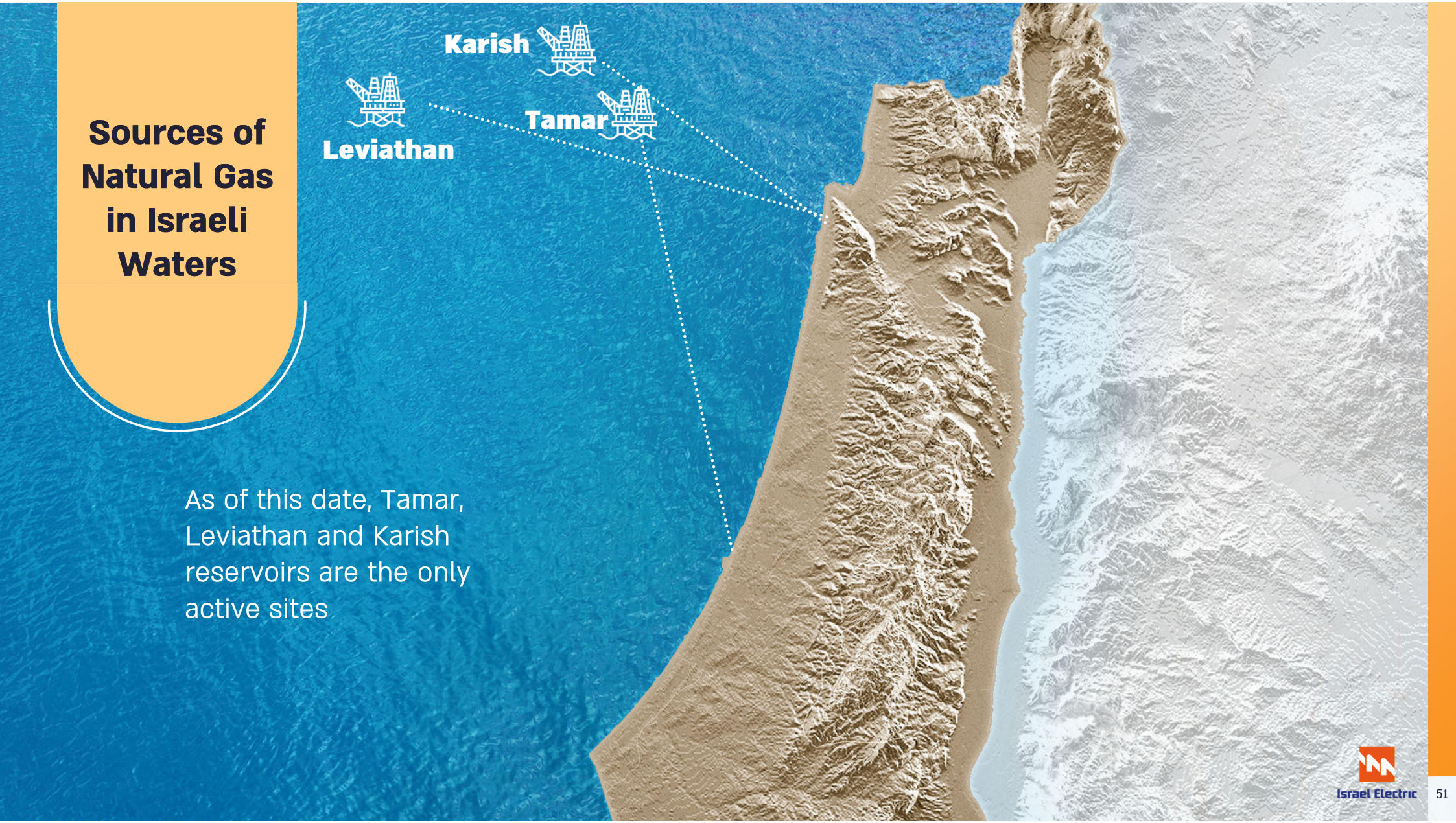


- Combined cycle (internal combustion and steam)
- Gas turbine (internal combustion)
- Steam - dual purpose: **coal and fuel oil**
- Steam - dual purpose: **natural gas and fuel / diesel oil**
- A power station sold during the reform
- A site planned to be converted for civilian and storage purposes

Source: IEC 's Financial Statements for 2024FY

1. As part of the reform, the "Orot Pnina" (formerly "East Hagit") power plant was sold with an installed capacity of 660 MW

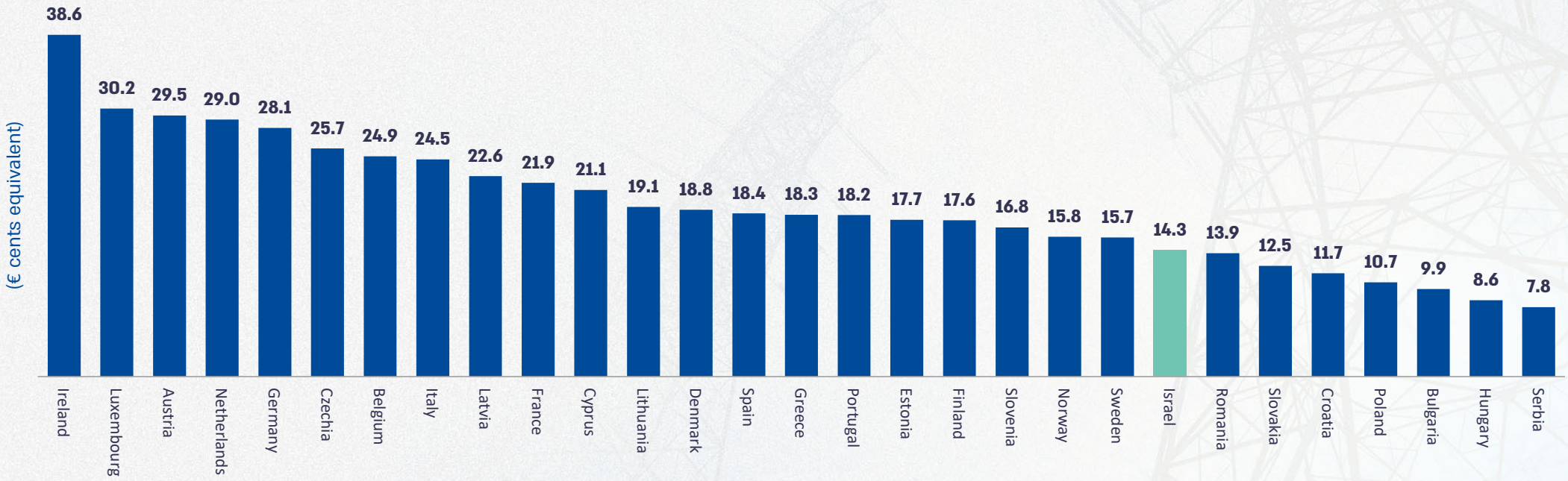
Sources of Natural Gas in Israeli Waters



As of this date, Tamar, Leviathan and Karish reservoirs are the only active sites

Tariff Comparison to European Countries

Average Price per KWh[1]



Source: Eurostat, Electricity prices for domestic consumers – bi-annual data, as of H1.2024. Israel rate is based on the last tariff update that does not include VAT (01/01/2025) and converted EUR/ILS exchange rate of 3.80 as of 12/31/2024.

1. Average national price in Euro per kWh without taxes for medium size household consumers (annual consumption between 2,500 and 5,000 kWh).