

TRANSLATED FROM HEBREW ORIGINAL

**Electreon Wireless Ltd.**  
**Interim Financial Information**

(Unaudited)

**As of June 30, 2024**

**Electreon Wireless Ltd.**  
**Financial Information for the Interim Period**  
**(Unaudited)**  
**As of June 30, 2024**

**Contents**

|                                                                                              | <b><u>Page</u></b> |
|----------------------------------------------------------------------------------------------|--------------------|
| <b>Auditors' Review Report</b>                                                               | 2                  |
| <b>Condensed Consolidated Financial Statements in Thousands of New Israeli Shekels (NIS)</b> |                    |
| Condensed Consolidated Statement of Financial Position                                       | 3                  |
| Condensed Consolidated Statement of Comprehensive Loss                                       | 4                  |
| Condensed Consolidated Statement of Changes in Equity                                        | 5 – 6              |
| Condensed Consolidated Statement of Cash Flows                                               | 7 – 8              |
| Notes to the Condensed Consolidated Financial Statements                                     | 9 - 15             |



## **Auditors' Review Report to the Shareholders of Electreon Wireless Ltd.**

### **Introduction**

We have reviewed the attached financial information of Electreon Wireless Ltd. and its consolidated companies (hereinafter: "The Company"), including the condensed consolidated statement of financial position as of June 30, 2024, and the condensed consolidated statements of comprehensive loss, of changes in equity and of cash flows for the periods of six months and of three months ended on that date. The Board of Directors and the management are responsible for the preparation and presentation of the financial information for this interim period in accordance with International Accounting Standard IAS 34 "Financial Reporting for Interim Periods" and they are also responsible for the preparation of the financial information for these interim periods in accordance with Part D of the Securities Regulations (Periodic and Immediate Reports) - 1970. Our responsibility is to express a conclusion regarding the financial information for the interim period, based on our review.

### **Scope of the review**

We have conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of interim financial information by the entity's auditor". A review of interim financial information consists of inquiries, mainly with the individuals responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is significantly limited in scope compared to an audit, which is conducted in accordance with generally accepted auditing standards in Israel, and therefore it does not allow us to reach assurance that we have become aware of all material issues, which could have been identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention, which would have caused us to believe that the aforementioned financial information has not been prepared, in all material respects, in accordance with International Accounting Standard IAS 34.

In addition to what is stated in the previous paragraph, based on our review, nothing has come to our attention, which would have caused us to believe that the aforementioned financial information has not been prepared, in all material respects, in accordance with disclosure provisions pursuant to Part D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Tel-Aviv  
August 25, 2024

(Signed)  
Kesselman & Kesselman  
Certified Public Accountants  
A Member Firm of PricewaterhouseCoopers International Limited

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**Electreon Wireless Ltd.**  
**Condensed Consolidated Statements of Financial Position**  
**As of June 30, 2024**

|                                                                                      | As of June 30 |           | As of December 31 |
|--------------------------------------------------------------------------------------|---------------|-----------|-------------------|
|                                                                                      | 2024          | 2023      | 2023              |
|                                                                                      | (Unaudited)   |           | (Audited)         |
|                                                                                      | NIS thousands |           |                   |
| Assets                                                                               |               |           |                   |
| Current assets:                                                                      |               |           |                   |
| Cash and cash equivalents                                                            | 87,115        | 52,612    | 53,831            |
| Short-term deposits                                                                  | 7,510         | -         | -                 |
| Short-term charged deposits                                                          | 1,389         | 1,496     | 1,386             |
| Trade receivables                                                                    | 9,573         | -         | 8,126             |
| Other receivables                                                                    | 20,754        | 26,238    | 22,722            |
| Receivables for the issuance of shares                                               | -             | 34,465    | -                 |
| Assets for contracts with customers                                                  | 1,361         | 4,822     | 60                |
|                                                                                      | 127,702       | 119,633   | 86,125            |
| Non-current assets:                                                                  |               |           |                   |
| Long-term charged deposits                                                           | 4,330         | 4,000     | 4,220             |
| Long-term prepaid expenses                                                           | 28,491        | 33,017    | 28,377            |
| Fixed assets                                                                         | 10,705        | 10,049    | 10,135            |
| Right of use assets                                                                  | 4,321         | 840       | 305               |
|                                                                                      | 47,847        | 47,906    | 43,037            |
| Total assets                                                                         | 175,549       | 167,539   | 129,162           |
| Liabilities and equity                                                               |               |           |                   |
| Current liabilities:                                                                 |               |           |                   |
| Trade payables                                                                       | 3,301         | 6,131     | 3,915             |
| Other payables                                                                       | 13,136        | 11,524    | 12,373            |
| Current maturities of leasing liabilities                                            | 918           | 753       | 320               |
|                                                                                      | 17,355        | 18,408    | 16,608            |
| Non-current liabilities:                                                             |               |           |                   |
| Other payables                                                                       | 2,351         | -         | 1,776             |
| Leasing liabilities                                                                  | 3,472         | 92        | -                 |
|                                                                                      | 5,823         | 92        | 1,776             |
| Total liabilities                                                                    | 23,178        | 18,500    | 18,384            |
| Equity:                                                                              |               |           |                   |
| Regular shares, share premium, option warrants and other reserves                    | 513,192       | 431,455   | 434,189           |
| Capital reserve on the translation of the financial statements of foreign operations | (1,562)       | (417)     | (1,210)           |
| Accumulated losses                                                                   | (359,259)     | (281,999) | (322,201)         |
| Total equity                                                                         | 152,371       | 149,039   | 110,778           |
| Total liabilities and equity                                                         | 175,549       | 167,539   | 129,162           |

**Oren Ezer**  
**Chairman of the Board of  
Directors and Chief Executive  
Officer**

**Ronit Noam**  
**External Director**

**Barak Duani**  
**Chief Financial Officer**

Date of the approval of the financial information for the interim period by the Company's Board of Directors:  
August 25, 2024.

TRANSLATED FROM HEBREW ORIGINAL

The accompanying notes form an integral part of these condensed financial statements.  
Electreon Wireless Ltd.

**Condensed Consolidated Statement of Comprehensive Income**  
**For the Periods of Six and of Three Months Ended June 30, 2024**

|                                                                                  | For the 6 months<br>ended June 30 |         | For the 3 months<br>ended June 30 |         | For the<br>year<br>ended<br>December 31 |
|----------------------------------------------------------------------------------|-----------------------------------|---------|-----------------------------------|---------|-----------------------------------------|
|                                                                                  | 2024                              | 2023    | 2024                              | 2023    | 2023                                    |
|                                                                                  | (Unaudited)                       |         | (Unaudited)                       |         | (Audited)                               |
|                                                                                  | NIS thousands                     |         |                                   |         |                                         |
| <b>Revenues</b>                                                                  | 19,158                            | 8,154   | 10,134                            | 5,102   | 23,097                                  |
| <b>Cost of revenues</b>                                                          | 14,038                            | 6,665   | 7,451                             | 4,369   | 19,598                                  |
| <b>Gross profit</b>                                                              | 5,120                             | 1,489   | 2,683                             | 733     | 3,499                                   |
| <b>Research and development expenses, net</b>                                    |                                   |         |                                   |         |                                         |
| Research and development expenses                                                | 26,901                            | 24,450  | 13,418                            | 13,803  | 53,709                                  |
| Less – participation in research and development expenses                        | -                                 | (1,881) | -                                 | (1,073) | (5,177)                                 |
| <b>Research and development expenses, net</b>                                    | 26,901                            | 22,569  | 13,418                            | 12,730  | 48,532                                  |
| <b>Marketing and business development expenses</b>                               | 9,279                             | 10,912  | 4,866                             | 5,594   | 20,225                                  |
| <b>Administrative and general expenses</b>                                       | 5,594                             | 5,445   | 3,021                             | 2,649   | 10,651                                  |
| <b>Other expenses</b>                                                            | -                                 | -       | -                                 | -       | 2,641                                   |
| <b>Operating loss</b>                                                            | 36,654                            | 37,437  | 18,622                            | 20,240  | 78,550                                  |
| <b>Financing expenses</b>                                                        | 1,895                             | 256     | 853                               | 152     | 536                                     |
| <b>Financing income</b>                                                          | (1,491)                           | (2,062) | (1,312)                           | (1,021) | (3,253)                                 |
| <b>Financing expenses (income), net</b>                                          | 404                               | (1,806) | (459)                             | (869)   | (2,717)                                 |
| <b>Loss for the period</b>                                                       | 37,058                            | 35,631  | 18,163                            | 19,371  | 75,833                                  |
| <b>Other comprehensive loss for the period:</b>                                  |                                   |         |                                   |         |                                         |
| <b>Items that may be reclassified to profit or loss:</b>                         |                                   |         |                                   |         |                                         |
| <b>Translation differences on the financial statements of foreign operations</b> | 352                               | 761     | 946                               | 260     | 1,554                                   |
| <b>Comprehensive loss for the period</b>                                         | 37,410                            | 36,392  | 19,109                            | 19,631  | 77,387                                  |
| <b>Basic and diluted loss per share (in NIS)</b>                                 | 3.10                              | 3.44    | 1.45                              | 1.83    | 6.76                                    |

The accompanying notes form an integral part of these condensed financial statements.

**Electreon Wireless Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**  
**For the Periods of Six and of Three Months Ended June 30, 2024**

|                                                                                | <b>Regular<br/>shares<br/>share<br/>premium,<br/>option<br/>warrants,<br/>other<br/>reserves</b> | <b>Capital<br/>reserve<br/>on the<br/>translati<br/>on of<br/>financial<br/>statemen<br/>ts</b> | <b>Accumulat<br/>ed losses</b> | <b>Total</b>   |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------|----------------|
|                                                                                | <b>NIS thousands</b>                                                                             |                                                                                                 |                                |                |
| <b>Balance as of January 1, 2024</b> (audited)                                 | 434,189                                                                                          | (1,210)                                                                                         | (322,201)                      | 110,778        |
| <b>Movements in the period of 6 months ended June 30, 2024</b> (unaudited)     |                                                                                                  |                                                                                                 |                                |                |
| Loss for the period                                                            | -                                                                                                | -                                                                                               | (37,058)                       | (37,058)       |
| Translation differences on the financial statements of foreign operations      | -                                                                                                | (352)                                                                                           | -                              | (352)          |
| Exercise of option warrants and options (less issuance expenses) (see Note 4A) | 39,182                                                                                           | -                                                                                               | -                              | 39,182         |
| Issuance of shares (less issuance expenses) (see Note 4G)                      | 37,192                                                                                           | -                                                                                               | -                              | 37,192         |
| Benefit component of the granting of options                                   | 2,629                                                                                            | -                                                                                               | -                              | 2,629          |
| <b>Balance as of June 30, 2024</b> (unaudited)                                 | <u>513,192</u>                                                                                   | <u>(1,562)</u>                                                                                  | <u>(359,259)</u>               | <u>152,371</u> |
| <b>Balance as of January 1, 2023</b> (audited)                                 | 371,658                                                                                          | 344                                                                                             | (246,368)                      | 125,634        |
| <b>Movements in the period of 6 months ended June 30, 2023</b> (unaudited)     |                                                                                                  |                                                                                                 |                                |                |
| Loss for the period                                                            | -                                                                                                | -                                                                                               | (35,631)                       | (35,631)       |
| Translation differences on the financial statements of foreign operations      | -                                                                                                | (761)                                                                                           | -                              | (761)          |
| Issuance of shares (less issuance expenses)                                    | 20,007                                                                                           | -                                                                                               | -                              | 20,007         |
| Issuance of shares (less issuance expenses)                                    | 34,465                                                                                           | -                                                                                               | -                              | 34,465         |
| Benefit component of the granting of options                                   | 5,325                                                                                            | -                                                                                               | -                              | 5,325          |
| <b>Balance as of June 30, 2023</b> (unaudited)                                 | <u>431,455</u>                                                                                   | <u>(417)</u>                                                                                    | <u>(281,999)</u>               | <u>149,039</u> |
| <b>Balance as of April 1, 2024</b> (audited)                                   | 456,487                                                                                          | (616)                                                                                           | (341,096)                      | 114,775        |
| <b>Movements in the period of 3 months ended June 30, 2024</b> (unaudited)     |                                                                                                  |                                                                                                 |                                |                |
| Loss for the period                                                            | -                                                                                                | -                                                                                               | (18,163)                       | (18,163)       |
| Translation differences on the financial statements of foreign operations      |                                                                                                  | (946)                                                                                           | -                              | (946)          |
| Exercise of option warrants and options (less issuance expenses) (see Note 4A) | 18,156                                                                                           | -                                                                                               | -                              | 18,156         |
| Issuance of shares (less issuance expenses) (see Note 4G)                      | 37,192                                                                                           | -                                                                                               | -                              | 37,192         |
| Benefit component of the granting of options                                   | 1,357                                                                                            | -                                                                                               | -                              | 1,357          |
| <b>Balance as of June 30, 2024</b> (unaudited)                                 | <u>513,192</u>                                                                                   | <u>(1,562)</u>                                                                                  | <u>(359,259)</u>               | <u>152,371</u> |

The accompanying notes form an integral part of these condensed financial statements.

**Electreon Wireless Ltd.**  
**Condensed Consolidated Statements of Changes in Equity**  
**For the Periods of Six and of Three Months Ended June 30, 2024**

|                                                                            | <b>Regular<br/>shares<br/>share<br/>premium,<br/>option<br/>warrants,<br/>other<br/>reserves</b> | <b>Capital<br/>reserve<br/>on the<br/>translati<br/>on of<br/>financial<br/>statemen<br/>ts</b> | <b>Accumulat<br/>ed losses</b> | <b>Total</b>   |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------|----------------|
|                                                                            | <b>NIS thousands</b>                                                                             |                                                                                                 |                                |                |
| <b>Balance as of April 1, 2023</b> (audited)                               | 387,785                                                                                          | (157)                                                                                           | (262,628)                      | 125,000        |
| <b>Movements in the period of 3 months ended June 30, 2023</b> (unaudited) |                                                                                                  |                                                                                                 |                                |                |
| Loss for the period                                                        | -                                                                                                | -                                                                                               | (19,371)                       | (19,371)       |
| Translation differences on the financial statements of foreign operations  | -                                                                                                | (260)                                                                                           | -                              | (260)          |
| Issuance of shares (less issuance expenses)                                | 6,508                                                                                            | -                                                                                               | -                              | 6,508          |
| Issuance of shares (less issuance expenses)                                | 34,465                                                                                           | -                                                                                               | -                              | 34,465         |
| Benefit component of the granting of options                               | 2,697                                                                                            | -                                                                                               | -                              | 2,697          |
| <b>Balance as of June 30, 2023</b> (unaudited)                             | <u>431,455</u>                                                                                   | <u>(417)</u>                                                                                    | <u>(281,999)</u>               | <u>149,039</u> |
| <b>Balance as of January 1, 2023</b> (audited)                             | 371,658                                                                                          | 344                                                                                             | (246,368)                      | 125,634        |
| <b>Movements in the year 2023</b> (audited)                                |                                                                                                  |                                                                                                 |                                |                |
| Loss for the period                                                        | -                                                                                                | -                                                                                               | (75,833)                       | (75,833)       |
| Translation differences on the financial statements of foreign operations  | -                                                                                                | (1,554)                                                                                         | -                              | (1,554)        |
| Issuance of shares and option warrants (less issuance expenses)            | 19,815                                                                                           | -                                                                                               | -                              | 19,815         |
| Issuance of shares and option warrants (less issuance expenses)            | 34,465                                                                                           | -                                                                                               | -                              | 34,465         |
| Benefit component of the granting of options                               | 7,465                                                                                            | -                                                                                               | -                              | 7,465          |
| Exercise of options                                                        | 786                                                                                              | -                                                                                               | -                              | 786            |
| <b>Balance as of December 31, 2023</b> (audited)                           | <u>434,189</u>                                                                                   | <u>(1,210)</u>                                                                                  | <u>(322,201)</u>               | <u>110,778</u> |

**The accompanying notes form an integral part of these condensed financial statements.**

**Electreon Wireless Ltd.**

**Condensed Consolidated Statement of Cash Flows**  
**For the Periods of 6 and of 3 Months Ended June 30, 2024**

|                                                                                              | <b>For the 6 months<br/>ended June 30</b> |                      | <b>For the 3 months<br/>ended June 30</b> |                      | <b>For the<br/>year ended<br/>December<br/>31</b> |
|----------------------------------------------------------------------------------------------|-------------------------------------------|----------------------|-------------------------------------------|----------------------|---------------------------------------------------|
|                                                                                              | <b>2024</b>                               | <b>2023</b>          | <b>2024</b>                               | <b>2023</b>          | <b>2023</b>                                       |
|                                                                                              | <b>(Unaudited)</b>                        |                      | <b>(Unaudited)</b>                        |                      | <b>(Audited)</b>                                  |
|                                                                                              | <b>NIS thousands</b>                      |                      |                                           |                      |                                                   |
| <b>Cash flows from operating activities:</b>                                                 |                                           |                      |                                           |                      |                                                   |
| Net cash absorbed by operating activities<br>(see Appendix A)                                | <u>(33,295)</u>                           | <u>(31,711)</u>      | <u>(27,588)</u>                           | <u>(13,641)</u>      | <u>(63,389)</u>                                   |
| <b>Cash flows from investment activities:</b>                                                |                                           |                      |                                           |                      |                                                   |
| Purchase of fixed assets                                                                     | (1,902)                                   | (2,167)              | (770)                                     | (224)                | (3,376)                                           |
| Interest received                                                                            | 638                                       | 211                  | 474                                       | 101                  | 712                                               |
| Depositing in a deposit                                                                      | <u>(7,500)</u>                            | <u>-</u>             | <u>(7,500)</u>                            | <u>-</u>             | <u>-</u>                                          |
| Net cash absorbed by investment activities                                                   | <u>(8,764)</u>                            | <u>(1,956)</u>       | <u>(7,796)</u>                            | <u>(123)</u>         | <u>(2,664)</u>                                    |
| <b>Cash flows from financing activities:</b>                                                 |                                           |                      |                                           |                      |                                                   |
| Consideration from the exercise of option warrants and options (less issuance expenses)      | 39,182                                    | -                    | 17,971                                    | -                    | 786                                               |
| Consideration from the issuance of shares (less issuance expenses)                           | 37,192                                    | 20,007               | 37,192                                    | 6,508                | 54,280                                            |
| Payments of principal on leasing commitments                                                 | (490)                                     | (514)                | (247)                                     | (258)                | (1,041)                                           |
| Payments of interest on leasing commitments                                                  | <u>(121)</u>                              | <u>(18)</u>          | <u>(93)</u>                               | <u>(10)</u>          | <u>(29)</u>                                       |
| Net cash generated by financing activities                                                   | <u>75,763</u>                             | <u>19,475</u>        | <u>54,823</u>                             | <u>6,240</u>         | <u>53,996</u>                                     |
| <b>Increase (decrease) in cash and cash equivalents</b>                                      | 33,704                                    | (14,192)             | 19,439                                    | (7,524)              | (12,057)                                          |
| <b>Balance of cash and cash equivalents at the beginning of the year</b>                     | 53,831                                    | 67,600               | 68,772                                    | 60,400               | 67,600                                            |
| <b>Losses from exchange differences on the revaluation of cash and cash equivalents, net</b> | <u>(420)</u>                              | <u>(796)</u>         | <u>(1,096)</u>                            | <u>(264)</u>         | <u>(1,712)</u>                                    |
| <b>Balance of cash and cash equivalents at the end of the year</b>                           | <u><u>87,115</u></u>                      | <u><u>52,612</u></u> | <u><u>87,115</u></u>                      | <u><u>52,612</u></u> | <u><u>53,831</u></u>                              |

**The accompanying notes form an integral part of these condensed financial statements.**

**Electreon Wireless Ltd.****Condensed Consolidated Statement of Cash Flows**  
**For the Periods of 6 and of 3 Months Ended June 30, 2024**

|                                                                                       | For the 6 months<br>ended June 30 |                        | For the 3 months<br>ended June 30 |                        | For the<br>year ended<br>December<br>31 |
|---------------------------------------------------------------------------------------|-----------------------------------|------------------------|-----------------------------------|------------------------|-----------------------------------------|
|                                                                                       | 2024                              | 2023                   | 2024                              | 2023                   | 2023                                    |
|                                                                                       | (Unaudited)                       |                        | (Unaudited)                       |                        | (Audited)                               |
|                                                                                       | NIS thousands                     |                        |                                   |                        |                                         |
| <b>A. Appendix to the condensed statement of cash flows from operating activities</b> |                                   |                        |                                   |                        |                                         |
| Loss for the period                                                                   | (37,058)                          | (35,631)               | (18,163)                          | (19,371)               | (75,833)                                |
| Adjustments for:                                                                      |                                   |                        |                                   |                        |                                         |
| Depreciation and amortization                                                         | 1,282                             | 1,096                  | 676                               | 598                    | 2,318                                   |
| Amortization of right of use assets                                                   | 543                               | 534                    | 288                               | 268                    | 1,071                                   |
| Benefit component in the granting of options                                          | 2,629                             | 5,325                  | 1,357                             | 2,697                  | 7,465                                   |
| Interest income                                                                       | (763)                             | (288)                  | (598)                             | (157)                  | (899)                                   |
| Interest expenses on leasing                                                          | 121                               | 20                     | 93                                | 10                     | 29                                      |
| Gain on exchange differences on cash and cash equivalents                             | -                                 | (9)                    | (8)                               | -                      | (17)                                    |
|                                                                                       | <u>(33,246)</u>                   | <u>(28,953)</u>        | <u>(16,355)</u>                   | <u>(15,955)</u>        | <u>(65,866)</u>                         |
| Changes in asset and liability items                                                  |                                   |                        |                                   |                        |                                         |
| Decrease (increase) in trade receivables                                              | (1,407)                           | 1,282                  | (7,127)                           |                        | (6,758)                                 |
| Decrease (increase) in other receivables                                              | 543                               | (1,976)                | (2,119)                           | 2,399                  | 10,796                                  |
| Increase (decrease) in trade and other payables                                       | 815                               | (2,064)                | (1,987)                           | (85)                   | (1,561)                                 |
|                                                                                       | <u>(49)</u>                       | <u>(2,758)</u>         | <u>(11,233)</u>                   | <u>2,314</u>           | <u>2,477</u>                            |
| Net cash absorbed by operating activities                                             | <u><u>(33,295)</u></u>            | <u><u>(31,711)</u></u> | <u><u>(27,588)</u></u>            | <u><u>(13,641)</u></u> | <u><u>(63,389)</u></u>                  |
| <b>B. Information regarding activities not involving cash flows</b>                   |                                   |                        |                                   |                        |                                         |
| Issuance of shares and option warrants (less issuance expenses)                       | -                                 | 34,465                 | -                                 | 34,465                 | -                                       |
| Recognition of an asset against a liability at the inception of a lease               | 4,559                             | -                      | -                                 | -                      | -                                       |
|                                                                                       | <u>4,559</u>                      | <u>34,465</u>          | <u>-</u>                          | <u>34,465</u>          | <u>-</u>                                |

**The accompanying notes form an integral part of these condensed financial statements.**

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements**

**(Unaudited)**

**Note 1:- General**

- A. Electreon Wireless Ltd. (hereinafter – "The Company") was incorporated in Israel and its registered office is located in Beit Yanai. The Company is engaged in the research and development of wireless charging technology for vehicles having electrical transmission mechanisms by means of infrastructure consisting of coils that are embedded below the surface of the road.
- B. The consolidated financial statements include the financial statements of the Company and of its subsidiary companies; Electreon AB (hereinafter: Electreon Sweden), Electreon Germany GmbH (hereinafter: Electreon Germany), Electreon Wireless Inc. (hereinafter: Electreon USA), Electreon Wireless France (hereinafter: Electreon France) and Spearhead Investments (Bio) Ltd. (hereinafter, together – the "Group").

**C. The "Swords of Iron" war**

The "Swords of Iron" war (hereinafter: the "War") broke out in the State of Israel, The war has led to a slow-down in business activity in the Israeli economy, to changes in the Israeli labor market, to various barriers in the field of shipments and transportation and to impacts on the economic environment in Israel.

As of the time of the approval of the financial statements, the Company's management is of the opinion that the war will have a minimal impact on the Company's operations, the manpower situation remains stable, with back up and assistance being provided by the employees of the subsidiary companies to replace the employees who have been called up for reserve military service, a certain slow-down in the pace of the cash-burn, which is designated for the salaries of employees who have been called up for reserve military service, and taking note that the Company's financial needs have not changes in the wake of the war, and as of the time of the approval of the financial statements, recruitments of finances and capital investments in the Company have not been halted or delayed. Furthermore, the Company's research and development activity is continuing as planned.

However, the marketing and distribution activity has been suffered a certain level of damage, primarily regarding supply times, where in some cases potential customers' procurement processes have been deferred and in some of the existing agreements, the customers have requested that the delivery of the systems be deferred for several months. In addition, the war has had a slight impact by way of an increase in shipment costs. Furthermore, the Company has not received any warning or notification whatsoever from the shipping companies that it works with, regarding the continuation of the shipping processes or an increase in their cost, and accordingly, at this stage, in the Company's management's assessment, as at the time of the approval of the financial statements, the war has had a minor impact on the Company's operations.

Without detracting from the aforesaid, the continuation of the war and/or a worsening of the security situation in Israel and/or globally, inter alia, in light of the possible involvement of additional parties in the war, may have a negative impact on the Group's operating results and/or on its financial position. The Company's management is monitoring what is occurring continuously and it is examining the possibilities that are available to it in order to cope with the implications of the war, insofar as this is necessary.

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements**

(Unaudited)

**Note 1:- General (Continued)**

**D. The impacts of inflation and the interest rate**

The year 2023 was characterized by a moderation in the rate of inflation and the start of the lowering of the interest rate by the central banks, while the global economy was coping with the global inflation crisis coupled with a low rate of growth. In July 2024, the International Monetary Fund updated its forecast for global growth in 2023 upwards by 0.2%, from forecast growth of 2.8% to 3%, and in April 2024, it updated the forecast to 3.2% in 2024 and to 3.3% in 2025. The main factor affecting the positive forecasts is global economic activity, which has remained stable, despite the inflationary environment and the rises in the interest rates.

The inflation rate in the USA stands at approximately 3% on an annual basis in July 2024, and the Federal Bank in the USA has left the interest rate in a range of 5.25% - 5.5%. The inflation rate in the Euro block stood at 2.6% on an annual basis in July 2024.

The inflation rate in Israel stands at approximately 3.2% on an annual basis in July 2024. In July 2024, the Bank of Israel updated its economic forecast, such that the annual inflation rate is expected to stand at 3% in 2024 (as compared with 2.7% in the last forecast to be published) and at 2.8% in 2025 (as compared with 2.3% in the last forecast to be published). In January 2024, the Bank of Israel decided to reduce the interest rate and to place it at a level of 4.5% and in July 2024, it decided to leave the interest rate at that level.

In August 2024, Fitch, the credit rating company announced the lowering of Israel's credit rating from a level of A+ to a level of A, which was after S&P, the rating agency, had lowered Israel's credit rating from a level of AA- to a level of A in April 2024 and "Moody's", the rating agency, had lowered Israel's credit rating from a level of A1 to a level of A2 in February 2024.

In light of the fact that the Company operates in a number of markets across the globe (including Israel, the USA and Europe), it may be impacted by changes in the inflationary and interest rate environment. Inter alia, the Company may be affected by an increase in the prices of raw materials in the wake of an increase in the inflation rate in the countries in which the Company purchases its raw materials, and by the impact of macro-economic factors on the costs of employment and of energy in those countries and in the countries in which the Company operates.

It should be mentioned that as of the time of this report, the Company finances its operations primarily by means of the use of its shareholders' equity, the recruitment of equity and the receipt of grants, and it does not hold credit lines and nor has it made commitments under loan agreements. In light of the aforesaid, as of the time of this report, the impact of an increase in the interest rate on the Company is not significant. However, if the Company were to consider receiving credit, a loan or recruiting debt, the interest rate in the economy would have an impact on the terms under which such financing would be provided.

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements**

(Unaudited)

**Note 2:- Basis for the preparation of the financial statements:**

- 1) The Group's condensed financial information as of June 30, 2024 and for the interim periods of six and of three months then ended (hereinafter – "The financial information for the interim period") has been prepared in conformity with International Accounting Standard Number 34 "Financial Reporting for Interim Periods") (hereinafter – "IAS 34"), and including the additional disclosure that is required in accordance with Part D of the Securities Regulations (Periodic and Immediate Report) - 1970. The financial information for the interim period does not include all of the information and the disclosures, which are required within the framework of annual financial statements. The financial information for the interim period should be reviewed together with the annual financial statements for the year 2023 and the accompanying notes thereto, which comply with the International Financial Reporting Standards, which are standards and interpretations that have been published by the International Accounting Standards Board (hereinafter: "The IFRS Standards") and including the additional disclosure that is required in accordance with Part D of the Securities Regulations (Periodic and Immediate Report) - 1970. The financial information for the interim periods has been reviewed but not audited.

- 2) The Company has not attached separate financial information to these financial statements, because of the immateriality of the additional information. The Company holds its subsidiary companies wholly and as of the time of the statement of financial position, most of the Group's business activity is performed in the Company, which is reflected in the Group's consolidated reports. As of the time of the statement of financial position, the publication of separate financial information would not constitute the addition of significant information for a reasonable investor.

**B. Estimates**

In the preparation of the interim financial statements, the Company's management is required to exercise judgment and to make use of accounting estimates and assumptions, which affect the implementation of the Group's accounting policy and the amounts at which the assets and the liabilities, the revenues and the expenses are reported. The actual results may be different from these estimates.

In the preparation of these interim consolidated financial statements, the significant judgments that have been operated by the management in the implementation of the Group's accounting policy and the uncertainty that is inherent in the key sources of the estimates were identical to those in the Group's annual consolidated financial statements as of December 31, 2023.

**C. Translation of balances and transactions in foreign currency**

The functional currency and the presentation currency

Items that are recorded in the financial statements of each of the Group companies are measured in the currency of the main economic environment in which that entity operates (hereinafter the "Functional currency"). The consolidated financial statements are presented in New Israeli Shekels (hereinafter: "NIS"), which is the Company's functional and presentation currency.

**Note 3:- Principal accounting policies**

- A. The principal accounting policies and calculation methods, which have been implemented in the preparation of the financial information for the interim period, are consistent with those that were implemented in the preparation of the annual financial statements for the year 2023.

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements (Continued)**

(Unaudited)

**Note 3:- Principal accounting policies (Continued)**

- B.** The principal accounting policies and calculation methods, which have been implemented in the preparation of the financial information for the interim period, are consistent with those that were implemented in the preparation of the annual financial statements for the year 2023.
- C.** New Standards and Revisions to existing Standards, which are not yet in binding effect and which the Group has not elected to make an early implementation of:

Information was presented within the framework of the Group's annual financial statements for the year 2023 regarding new IFRS Standards and Revisions to existing IFRS Standards, which have not entered binding effect yet and which the Group has not elected to implement by way of early implementation.

As of the time of the approval of these financial statements, there are no new Standards or Revisions to existing Standards, which were not presented within the framework of the Group's annual financial statements for the year 2023, except for the Revision to International Financial Reporting Standard 18 – Presentation and disclosure in financial statements (hereinafter – the "Revision to IFRS 18").

IFRS 18 replaces International Accounting Standard 1 - Presentation of Financial Statements" (hereinafter – "IAS 1"), where numerous requirements in IAS 1 have been transferred to IFRS 18 similarly to a number of additional Revisions (without any change or with certain changes). IFRS 19 is intended to improve the manner of the transfer of information by companies to investors through their financial statements, and in particular to increase the transparency and the comparability between companies, with a focus on information on financial performance in the statement of profit or loss. Furthermore, IFRS 18 is accompanied by revisions to International Accounting Standard 7 – Statement of cash flows (hereinafter: "IAS 7") (the most significant of which relates to the classification of cash flows from interest and dividends), International Accounting Standard 33 – Earnings per share (hereinafter: "IFRS 33"), and International Accounting Standard 34 - Interim financial reporting (hereinafter: "IAS 34").

The main new principles pursuant to IFRS 19 relate to the following fields:

a) The structure of the statement of profit or loss

Pursuant to IAS 18, items in the statement of profit or loss are to be classified into one of five categories: operating, investment, financing, taxes on income or discontinued operations. IFRS 18 provides general guidance on the classification of items between these categories.

The following is additional information in respect of the three main categories:

- 1) Operational – This category has not been defined by IFRS 18 and it constitutes the "residual" category for revenues and expenses that have not been classified into one of the other two categories. Generally, the category will include the Company's results from its main business activity.
- 2) Investment – This category will include: the share of the results of affiliated companies and joint ventures; revenues and expenses from cash and cash equivalents; revenues and expenses from yield-generating assets by themselves and to a large degree without dependency on other resources.
- 3) Financing – this category will include: income and expenses from liabilities that involve the recruitment of financing alone (such as loans from banks); interest expenses and the impacts of changes in the interest rates on other liabilities (for example on actuarial liability for employees).

In addition, pursuant to IFRS 18, companies will be required to present two new sub-totals in the statement of profit or loss:

- 1) Operating income.
- 2) Income before financing and taxes on income

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements (Continued)**

(Unaudited)

**Note 3:- Principal accounting policies (Continued)**

b) Disclosure in financial statements regarding management defined performance measures (MPMs)

Many companies report on alternative performance indices or indices that are not based on accounting standards (Non-GAAP) within the framework of their various reports to the public. Where these indices meet the definition of "management defined performance measures", IFRS 18 requires companies to disclose those indices in a note to the financial statements, together with a requirement to present a reconciliation between the index and other data in the financial statements.

MPMs are sub-totals of the revenues and the expenses that are published to the public with the objective of presenting the management's perception of the financial performance of the Company as a whole.

c) Principles for the grouping and splitting of information in statements or in notes

IFRS 18 sets requirements that will assist the company to determine whether information on items has to be provided in the primary financial statements (the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in shareholder's equity and the statement of cash flows) or in the notes, and it provides principles for determining the level of detail that is required. In addition, IFRS 18 includes requirements for the presentation of operating results in the statement of profit or loss, disclosure of certain expenses in accordance with their substance, and additional information on items that are grouped together under "others".

In the year of the initial implementation, IFRS 18 requires the presentation of a reconciliation between the manner of the presentation of the comparative figures for which IAS 1 was implemented and the manner of their presentation in that year pursuant to IFRS 18.

Pursuant to the provision of IFRS 18, the Standard is to be implemented by the Group for annual reporting periods commencing on January 1, 2027. The Group has begun to examine the impact of IFRS 18 on the consolidated financial statements, however, it is still not possible to estimate the impact of the initial implementation reasonable at this stage.

**Note 4:- Events in the reporting period and thereafter:**

- A. In the six months ended June 30, 2024, 1,392,253 option warrants and options were exercised into 1,392,253 regular shares in the Company in consideration for an additional payment on the exercise, less issuance expenses, in an amount of approximately NIS 39 million.
- B. On January 29, 2024, the Company's Board of Directors approved the granting of 1,500 options to an employee of the Company. The options will vest over a period of 4 years from the time of their grant – 25% after one year and the balance in quarterly tranches over an additional 3 years. The additional amount payable on the exercise of each option is NIS 77.68. The fair value of each option is NIS 59.53, which has been calculated using the Black & Scholes model and based on the following parameters: a risk free interest rate of 4.50%, a share price of NIS 77.0, a standard deviation of 84% for the share price and a forecast exercise time of 7 years.
- C. On February 24, 2024, an agreement was signed with the University of Utah, within the framework of which it was agreed that the Company will establish a dynamic section and static charging points, within the premises of the on land port in Utah, in which it will install the charging system on Kenworth trucks. The Company is expected to start the instillation of the system in the fourth quarter of 2024. The Company is expected to receive consideration of approximately 2.4 million dollars (approximately NIS 8.7 million) in respect of this project.

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements (Continued)**

(Unaudited)

**Note 4:- Events in the reporting period and thereafter (Continued):**

- D.** On March 7, 2024, following the approval of the Company's Remuneration Committee and Board of Directors on January 28 and 30, 2024, a general meeting of the Company approved the granting of 26,424 options to 4 directors. The additional amount payable on the exercise of each option is NIS 81.58, which has been determined based on the higher of (1) the average of the Company's share price on the Stock Exchange in the course of the 30 days preceding the time of the decision by the Company's Board of Directors on the private allocation and (2) the Company's share price on the Stock Exchange on the trading day preceding the time of the decision by the Company's Board of Directors on the private allocation.

The Company's share price stood at NIS 81.58 at the end of the trading day that preceded the time of the Company's Board of Director's decision on the private allocation, dated January 20, 2024. The options will vest over a period of three years as from the time of their allocation, 33.33% at the end of one year from the time of their allocation and the balance in quarterly tranches thereafter, and solely that the offeree shall serve on the Company's Board of Directors at the time of the crystallization of the entitlement. The fair value of each option is NIS 57.64, which has been calculated using the Black & Scholes model and based on the following parameters: a risk free interest rate of 4.50%, a share price of NIS 81.58, a standard deviation of 84% for the share price and a forecast exercise time of 6.5 years (see also Note 4F below).

- E.** On March 27, 2024, following the approval of the Remuneration Committee, the Company's Board of Directors approved the granting of 2,750 options to two officers in the Company. The options will vest over 4 years from the time of their grant – 25% after one year and the balance in quarterly tranches over an additional 3 years. The additional amount payable on the exercise of each option is NIS 111.12. The fair value of each option is NIS 84.68, which has been calculated using the Black & Scholes model and based on the following parameters: a risk free interest rate of 4.50%, a share price of NIS 140.11, a standard deviation of 84% for the share price and a forecast exercise time of 7 years (see also Note 4F below).
- F.** On April 11, 2024, the Company received a letter of warning before the institution of a derivative proceeding on behalf of a shareholder in the Company pursuant to Section 194 of the Companies Law 1999, in which it is alleged that the granting of the options to directors and officers in the Company, which was approved in March 2024, was done in contravention of the law and the Company's remuneration policy. On August 4, 2024, the Company's Board of Directors, on the grounds of legal interpretation and for the sake of caution, to cancel the options for the external directors and for the independent directors. Furthermore, the officers and an additional director in the Company waived the said options.
- G.** On March 28, 2024, the Company's Board of Directors approved a commitment under an investment agreement between the Company and Denso Corporation (hereinafter: "Denso"), which was a party to the development agreement, pursuant to which Denso will invest approximately NIS 37 million in the Company, reflecting an investment of 10 million dollars, in consideration for shares by way of a private allocation of 235,358 regular shares in the Company. An amount of approximately NIS 37 million was received from Denso on April 12, 2024, representing the amount of the abovementioned investment.

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements (Continued)**

(Unaudited)

**Note 4:- Events in the reporting period and thereafter (Continued):**

- H.** On April 17, 2024, the Company's Board of Directors approved the granting of 13,750 options to 8 employees in the Company. The options will vest over 4 years from the time of their grant – 25% after one year and the balance in quarterly tranches over an additional 3 years. The additional amount payable on the exercise of each option is NIS 136.41. The fair value of each option is NIS 139.66, which has been calculated using the Black & Scholes model and based on the following parameters: a risk free interest rate of 4.20%, a share price of NIS 174.40, a standard deviation of 85% for the share price and a forecast exercise time of 7 years.
  
- I.** On April 17, 2024, the Company's Board of Directors approved the granting of 5,631 options to 2 consultants to the Company. The options will vest over 2 years from the time of their grant – 50% after one year and the balance in quarterly tranches over an additional year. The additional amount payable on the exercise of each option is NIS 156.4. The fair value of each option is NIS 128.10, which has been calculated using the Black & Scholes model and based on the following parameters: a risk free interest rate of 4.20%, a share price of NIS 174.40, a standard deviation of 84% for the share price and a forecast exercise time of 6 years.
  
- J.** On May 5, 2024, the Company signed on a binding agreement with the performance arm of the Chinese company Shandong Guohe Industrial Technology Institute Co. Ltd. (hereinafter: "SITEC"), for the execution of the first stage of the memorandum of understanding dated September 10, 2023. Within the framework of this stage, the parties will establish an "electric road" in 2024, with dynamic and static charging systems in the industrial park owned by SDHS in the city of Jinan in Shandong province in China. The electric road that will be established in the project will serve as the travel route for shuttles for transporting employees across the industrial park, which will be charged both dynamically while travelling and also statically, and this as part of the first stage in order to demonstrate the system's performance for the standards and regulatory bodies in China for a period of approximately 6 months.  
  
Afterwards, the project will serve as a "demonstration site" for potential key customers, partners from the private and the public sectors and other interested parties. The project will include the full integration of the Company's wireless charging system with buses that are manufactured by Zhongtong, the Chinese bus manufacturer, which will acquire SITEC's performance arm. The Company expects to receive revenues of approximately 560 thousand dollars (approximately NIS 2.07 million) for the charging system, which will serve the project and for maintenance and operating services, which will be provided by the Company.
  
- K.** On May 22, 2024, the Company signed on an agreement with the largest logistics company in the world United Parcel Service Inc. (hereinafter: "UPS"), for the establishment of a project within the framework of which the Company's wireless charging system will be installed in UPS' logistical warehouse in Detroit, Michigan. The project will be done in cooperation with XOS Trucks, a manufacturer of electrical commercial vehicles, which supplies vehicles to UPS for the project, which is expected to include the installation of up to 3 wireless charging stations in UPS' warehouse, integration with two XOS vehicles and operating and maintenance services for the project. The Company expects to receive revenues of approximately 350 thousand dollars (approximately NIS 1.38 million) from this project.
  
- L.** On May 23, 2024, the Company received notification from Trans Israel Ltd. (hereinafter: "Trans Israel"), pursuant to which Trans Israel's Tenders and Commitments Committee had decided that it intended to make a commitment with the Company under an "Exemption for an individual supplier", for the purpose of the performance of a wireless charging project for the Metronit tracks that are Trans Israel's responsibility, for a period of 24 months with an option for an extension for an additional 36 months.

**Electreon Wireless Ltd.**

**Notes to the Condensed Financial Statements (Continued)**

(Unaudited)

**Note 4:- Events in the reporting period and thereafter (Continued):**

- M.** On May 30, 2024, following the approval of the Remuneration Committee, the Company's Board of Directors approved the granting of 32,500 options to 2 officers and to 12 employees in the Company. The options will vest over 4 years from the time of their grant – 25% after one year and the balance in quarterly tranches over 3 additional years. The additional amount payable on the exercise of each option is NIS 195.95. The fair value of each option is NIS 153.24, which has been calculated using the Black & Scholes model and based on the following parameters: a risk free interest rate of 4.20%, a share price of NIS 198.10, a standard deviation of 85% for the share price and a forecast exercise time of 7 years.
- N.** On June 18, 2024, a petition was submitted for the approval of a class action against the Company and officers therein (the "Petition") in the Economic Division of the District Court in Tel-Aviv-Jaffa, on an allegation of a delay in the timing of an immediate report, which the Company published regarding a binding agreement for the establishment of a project in an industrial park, in the Shandong Province in China. The plaintiff is alleging that damage was called to all of the members of the group, which it estimates at an overall amount of NIS 3.63 million or alternatively NIS 23.89 million, in accordance with the determination of the length of the purported delay. At this stage, as of the reporting date, the Company is unable to assess the costs that may arise as a result of the lawsuit.
- O.** On July 16, 2024, the Company signed in a consortium agreement regarding the establishment of a project for a road with wireless charging in the city of Rouen in France, together with all of the companies that are partners in the project, the Rouen metropolitan council, Eurovia Haute Normandie (hereinafter: "Eurovia"), Viafrance Normandie (hereinafter: "Viafrance") and Citeos Rouen, all of which are related to the French company Vinci, which is the largest infrastructures project in Europe. The project is intended to demonstrate that it is possible to conduct full routine activity by electrical buses carrying passengers throughout all hours of the day using dynamic and static charging system capabilities, which will be installed on buses, by means of the instillation of a dynamic charging system on a section of a dynamic road integrating routine static charging of buses at a passenger collection station. The scope of the project is estimated to be approximately 547 million euros, of which the Company will be entitled to a payment of 255 thousand euros (approximately NIS 1.02 million).