

TRANSLATED FROM HEBREW ORIGINAL

Electreon Wireless Ltd.
Interim Financial Information
(Unaudited)
As of September 30, 2024

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

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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 September 30, 2024, and the condensed consolidated statements of comprehensive loss, of changes in equity and of cash flows for the periods of Nine 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
November 27, 2024

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

Kesselman & Kesselman, 146 Menachem Begin Boulevard, Tel-Aviv 6492103, Israel, P.O. Box 7187, Tel-Aviv 6107120
Telephone: +972-3-7954555, Fax: +972-3-7954556, www.pwc.com/il

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

	As of September 30,		As of
	2024	2023	December
	(Unaudited)		31,
	NIS thousands		2023
			(Audited)
Assets			
Current assets:			
Cash and cash equivalents	113,056	68,462	53,831
Short-term deposits	8,980	-	-
Short-term charged deposits	1,000	1,387	1,386
Trade receivables	16,815	3,990	8,126
Other receivables	24,947	24,003	22,722
Assets for contracts with customers	6,804	2,655	60
	<u>171,602</u>	<u>100,497</u>	<u>86,125</u>
Non-current assets:			
Long-term charged deposits	3,386	4,167	4,220
Long-term prepaid expenses	22,971	32,040	28,377
Fixed assets	10,800	10,359	10,135
Right of use assets	4,034	573	305
	<u>41,191</u>	<u>47,139</u>	<u>43,037</u>
Total assets	<u>212,793</u>	<u>147,636</u>	<u>129,162</u>
Liabilities and equity			
Current liabilities:			
Trade payables	4,977	5,864	3,915
Other payables	16,240	11,248	12,373
Current maturities of leasing liabilities	882	537	320
	<u>22,099</u>	<u>17,649</u>	<u>16,608</u>
Non-current liabilities:			
Other payables	1,386	-	1,776
Leasing liabilities	3,254	47	-
Total liabilities	<u>26,739</u>	<u>17,696</u>	<u>18,384</u>
Equity:			
Regular shares, share premium, option warrants and other reserves	565,094	433,876	434,189
Capital reserve on the translation of the financial statements of foreign operations	(508)	(1,455)	(1,210)
Accumulated losses	(378,532)	(302,481)	(322,201)
Total equity	<u>186,054</u>	<u>129,940</u>	<u>110,778</u>
Total liabilities and equity	<u>212,793</u>	<u>147,636</u>	<u>129,162</u>

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:
November 27, 2024.

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

TRANSLATED FROM HEBREW ORIGINAL

Condensed Consolidated Statement of Comprehensive Income
For the Periods of Nine and of Three Months Ended September 30, 2024

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
	NIS thousands				
Revenues	30,231	14,157	11,073	6,003	23,097
Cost of revenues	21,725	11,630	7,687	4,965	19,598
Gross profit	8,506	2,527	3,386	1,038	3,499
Research and development expenses, net					
Research and development expenses	42,236	38,506	15,335	14,056	53,709
Less – participation in research and development expenses	-	(3,307)	-	(1,426)	(5,177)
Research and development expenses, net	42,236	35,199	15,335	12,630	48,532
Marketing and business development expenses	14,336	15,713	5,057	4,801	20,225
Administrative and general expenses	9,129	8,328	3,535	2,883	10,651
Other expenses	-	2,641	-	2,641	2,641
Operating loss	57,195	59,354	20,541	21,917	78,550
Financing expenses	825	351	344	95	536
Financing income	(1,689)	(3,592)	(1,612)	(1,530)	(3,253)
Financing expenses (income), net	(864)	(3,241)	(1,268)	(1,435)	(2,717)
Loss for the period	56,331	56,113	19,273	20,482	75,833
Other comprehensive loss for the period:					
Items that may be reclassified to profit or loss:					
Translation differences on the financial statements of foreign operations	(702)	1,799	(1,054)	1,038	1,554
Comprehensive loss for the period	55,629	57,912	18,219	21,520	77,387
Basic and diluted loss per share (in NIS)	4.62	5.27	1.52	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 Nine and of Three Months Ended September 30, 2024

	Regular shares share premium, option warrants, other reserves	Capital reserve on the translation of financial statements	Accumulated losses	Total
	NIS thousands			
Balance as of January 1, 2024 (audited)	434,189	(1,210)	(322,201)	110,778
Movements in the period of 9 months ended September 30, 2024 (unaudited)				
Loss for the period	-	-	(56,331)	(56,331)
Translation differences on the financial statements of foreign operations	-	702	-	702
Issuance of shares (less issuance expenses) (see Note 5B and Note 5H)	86,224	-	-	86,224
Exercise of option warrants and options (less issuance expenses) (see Note 4B)	39,416	-	-	39,416
Benefit component of the granting of options	5,265	-	-	5,265
Balance as of September 30, 2024 (unaudited)	<u>565,094</u>	<u>(508)</u>	<u>(378,532)</u>	<u>186,054</u>
Balance as of January 1, 2023 (audited)	371,658	344	(246,368)	125,634
Movements in the period of 9 months ended September 30, 2023 (unaudited)				
Loss for the period	-	-	(56,113)	(56,113)
Translation differences on the financial statements of foreign operations	-	(1,799)	-	(1,799)
Issuance of shares (less issuance expenses)	19,815	-	-	19,815
Issuance of shares (less issuance expenses)	34,465	-	-	34,465
Exercise of option warrants and options	786	-	-	786
Benefit component of the granting of options	7,152	-	-	7,152
Balance as of September 30, 2023 (unaudited)	<u>433,876</u>	<u>(1,455)</u>	<u>(302,481)</u>	<u>129,940</u>
Balance as of July 1, 2024 (unaudited)	513,192	(1,562)	(359,259)	152,371
Movements in the period of 3 months ended September 30, 2024 (unaudited)				
Loss for the period	-	-	(19,273)	(19,273)
Translation differences on the financial statements of foreign operations	-	1,054	-	1,054
Issuance of shares (less issuance expenses) (see Note 5H)	49,032	-	-	49,032
Exercise of option warrants and options (less issuance expenses) (see Note 4B)	234	-	-	234
Benefit component of the granting of options	2,636	-	-	2,636
Balance as of September 30, 2024 (unaudited)	<u>565,094</u>	<u>(508)</u>	<u>(378,532)</u>	<u>186,054</u>

TRANSLATED FROM HEBREW ORIGINAL

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 Nine and of Three Months Ended September 30, 2024

	Regular shares share premium, option warrants, other reserves	Capital reserve on the translation of financial statements	Accumulated losses	Total
	NIS thousands			
Balance as of July 1, 2023 (unaudited)	431,455	(417)	(281,999)	149,039
Movements in the period of 3 months ended September 30, 2023 (unaudited)				
Loss for the period	-	-	(20,482)	(20,482)
Translation differences on the financial statements of foreign operations	-	(1,038)	-	(1,038)
Exercise of option warrants and options	594	-	-	594
Benefit component of the granting of options	1,827	-	-	1,827
Balance as of September 30, 2023 (unaudited)	<u>433,876</u>	<u>(1,455)</u>	<u>(302,481)</u>	<u>129,940</u>
Balance as of January 1, 2023 (audited)	371,658	344	(246,368)	125,634
Movements in the year 2023 (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
Balance as of December 31, 2023 (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 9 and of 3 Months Ended September 30, 2024

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
	NIS thousands				
Cash flows from operating activities:					
Net cash absorbed by operating activities (see Appendix A)	(57,721)	(49,246)	(24,426)	(17,535)	(63,389)
Cash flows from investment activities:					
Purchase of fixed assets	(2,589)	(2,965)	(687)	(798)	(3,376)
Interest received	(7,500)	-	-	-	712
Depositing in a deposit	1,336	680	698	469	-
Net cash absorbed by investment activities	(8,753)	(2,285)	11	(329)	(2,664)
Cash flows from financing activities:					
Consideration from the exercise of option warrants and options (less issuance expenses)	86,224	54,280	49,032	34,465	786
Consideration from the issuance of shares (less issuance expenses)	39,416	786	234	594	54,280
Payments of principal on leasing commitments	(747)	(777)	(257)	(263)	(1,041)
Payments of interest on leasing commitments	(206)	(26)	(85)	(8)	(29)
Net cash generated by financing activities	124,687	54,263	48,924	34,788	53,996
Increase (decrease) in cash and cash equivalents	58,213	2,732	24,509	16,924	(12,057)
Balance of cash and cash equivalents at the beginning of the year	53,831	67,600	87,115	52,612	67,600
Losses from exchange differences on the revaluation of cash and cash equivalents, net	1,012	(1,870)	1,432	(1,074)	(1,712)
Balance of cash and cash equivalents at the end of the year	113,056	68,462	113,056	68,462	53,831

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 9 and of 3 Months Ended September 30, 2024**

	For the 9 months ended September 30		For the 3 months ended September 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
	NIS thousands				
A. Appendix to the condensed statement of cash flows from operating activities					
Loss for the period	(56,331)	(56,113)	(19,273)	(20,482)	(75,833)
Adjustments for:					
Depreciation and amortization	1,973	1,663	691	567	2,318
Amortization of right of use assets	832	804	289	270	1,071
Benefit component in the granting of options	5,265	7,152	2,636	1,827	7,465
Interest income	(1,595)	(815)	(832)	(528)	(899)
Interest expenses on leasing	206	26	85	6	29
Gain on exchange differences on cash and cash equivalents	(749)	(47)	(749)	(37)	(17)
	<u>(50,399)</u>	<u>(47,330)</u>	<u>(17,153)</u>	<u>(18,377)</u>	<u>(65,866)</u>
Changes in asset and liability items					
Decrease (increase) in trade receivables	(8,345)	(2,708)	(6,938)	(3,990)	(6,758)
Decrease (increase) in other receivables	(3,543)	3,402	(4,086)	5,377	10,796
Increase (decrease) in trade and other payables	<u>4,566</u>	<u>(2,610)</u>	<u>3,751</u>	<u>(545)</u>	<u>(1,561)</u>
	<u>(7,322)</u>	<u>(1,916)</u>	<u>(7,273)</u>	<u>842</u>	<u>2,477</u>
Net cash absorbed by operating activities	<u><u>(57,721)</u></u>	<u><u>(49,246)</u></u>	<u><u>(24,426)</u></u>	<u><u>(17,535)</u></u>	<u><u>(63,389)</u></u>
B. Information regarding activities not involving cash flows					
Recognition of an asset against a liability at the inception of a lease	<u>4,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>4,559</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><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 As 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 September 30, 2024 and for the interim periods of Nine 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 – Capital

- A. The Company's Board of Directors approves plans to grant options to the Group's employees from time to time. The total expense is recognized during the vesting period, which is the period during which all the conditions defined for the vesting of the share-based payment arrangement must be met.

Electreon Wireless Ltd.**Notes to the Condensed Financial Statements (Continued)**

(Unaudited)

Note 4 – Capital (continue):**B. Allocation of options to employees and officers:**

Below is a breakdown of the options that the company assigned to officers and employees in accordance with the plan the company's options according to section 102 of the Income Tax Ordinance:

The theoretical economic value of each option, at the time of grant, is calculated according to the Black and Scholes formula.

This value is based on the following assumptions: expected standard deviation and risk-free interest rate according to the estimate at the time of grant and the length of the expected period until the options are exercised. The degree of volatility which was measured in deviation the expected standard is based on a statistical analysis of the company's share price for the relevant periods.

Date of Grant	Number of options granted	Fair value of the option at the time of granting in NIS	Exercise price for the option in NIS	Share price at the time of the grant	Risk-free rate	Standard deviation to the share price	Vesting period in years
January 29, 2024	1,500	59.53	77.68	77.00	4.5%	84%	4
March 7, 2024	26,424	57.64	81.58	81.58	4.5%	84%	3
March 27, 2024	2,750	84.68	111.12	113.00	4.5%	84%	4
April 17, 2024	13,750	139.66	136.41	174.40	4.2%	84%	4
April 17, 2024	5,631	128.10	156.4	174.40	4.2%	84%	2
May 30, 2024	32,500	153.24	195.95	198.10	4.2%	85%	4
September 11, 2024	41,750	138.98	180.5	180.5	4.2%	84%	4
September 29, 2024	7,972	124.05	169.4	169.4	4.2%	84%	2

Options for employees, officers and investors that have been exercised and forfeited

- In the nine months ended September 30, 2024, 1,028,338, 364,060 and 17,890 options and warrants were exercised by interested parties, investors and employees of the Company, respectively, for a total of 1,410,288 options and warrants for 1,410,288 ordinary shares of the Company in exchange for an additional exercise, net, in the sum of approximately NIS 39 million.
- On April 11, 2024, the Company received a warning letter prior to taking derivative action on behalf of a shareholder of the Company in accordance with Section 194 of the Companies Law, 5759-1999. It claimed that the granting of options to the company's directors and officers, which were approved in March 2024, was made in violation of the law and the company's remuneration policy. On August 4, 2024, the Company's Board of Directors decided, for reasons of legal interpretation and for the sake of caution, to cancel the options of the external directors and the independent director. In addition, the officers and the additional director waived the aforementioned options. As of the date of publication of the report, no claim has been filed in this regard, and the company's legal expenses in connection with the handling of the warning letter and the claims mentioned therein are negligible.

Electreon Wireless Ltd.

Notes to the Condensed Financial Statements (Continued)

(Unaudited)

Note 5: - Events in the reporting period and thereafter:

- A.** 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.
- B.** 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.
- C.** 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.

- D.** 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 instillation 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.
- E.** 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 5: - Events in the reporting period and thereafter (Continued):

- F.** 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.
- G.** 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).
- H.** On August 29, 2024, the company's board of directors approved an investment agreement between the company and one of the world's leading automobile manufacturers, according to which it will invest in the company a sum of money amounting to approximately NIS 49 million, reflecting an investment of \$13.5 million in exchange for the allocation of shares by way of a private allocation of 291,911 ordinary shares of the company. On September 29, 2024, a total of approximately 49 million was received NIS is the amount of said investment.
- I.** On October 23, 2024, the company was awarded a joint project with the University of California UCLA in the city of Los Angeles, in which dynamic and static charging systems developed by the company will be installed in various locations throughout the campus. First, it is planned to transfer the university's transportation service, called "BruinBus" to 100% electric, which will provide transportation services throughout the hours of the day for students and the general public, who come to the campus and the hospital located there, through a static charging system at several central stops, and the installation of a dynamic charging system at strategic points along the travel route. In addition to the above, the company will provide operation and maintenance services for the charging system for approximately 3 years.

The scope of the project, including the financing for the purchase of the buses and electric cars and the execution of the necessary infrastructure works, amounts to a total of approximately 35 million dollars, of which the company is expected to receive funding of approximately 4.25 million dollars from the California Transportation Authority for the charging system and services.